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東方明珠石油有限公司\*  
**Pearl Oriental Oil Limited**

(the "Company")

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 632)**

**STATUS UPDATE**

Reference is made to the announcements of the Company dated 28 June 2013, 15 October 2013 and 21 December 2013 ("Previous Announcements") in relation to a very substantial acquisition by the Company of part of an oil and gas exploration and production with oil reserves mainly located in Russia. Capitalised terms not defined in this announcement shall have the same meaning as those terms defined in the Previous Announcements.

From the Seller, the Company has received US\$500,000 out of the initial consideration paid to the Seller under the S&P Agreement, in the amount of US\$10,000,000 less an amount equal to the costs and expenses of the Seller referred in the S&P Agreement.

Management of the Company has been discussing with the Seller regarding the repayment of the remaining sum being US\$9,500,000 less the said costs and expenses (the "Net Initial Consideration"). Subject to approval of the Board and further legal, financial and operation due diligence on the Target, the Company is considering to retain certain equity interest in the Target as a means of recovering the Net Initial Consideration. The Seller has also intended to offer to appoint one of the senior management of the Company to become a director of the Target.

The Management understands that a general meeting of the Target was held on 17 July 2014, the results of the passed resolutions of the general meeting would enable the Seller to have majority interest in the Target, the Target to convert certain debts into shares and provide the Target certain amount of cash injection. It appears that, after implementation of the passed resolutions, the financial position of the Target will improve with considerable cash injection, which would be used for further drillings and explorations of the Russian oil and gas fields.

The Seller has also indicated their interest in engaging the Company to seek other investors for the Target. The Management has, in fact, commenced discussions with certain Chinese state owned enterprises with the view for them either joining the Company or directly themselves investing into the Target.

Considering all the relevant factors, the Management feels it is the best course of action which would not only be able to recover and enhance the value of the Net Initial Consideration but with other benefit which would bring into the Company due to the improved value of the Target. The current discussion with the Seller would not affect the Company's rights to recover the Net Initial Consideration from the Seller.

The above-mentioned transaction may or may not proceed as no concrete term has been agreed yet. Further announcement in respect of the above-mentioned transaction will be made by the Company in the event that any formal agreement has been signed in accordance with the applicable requirements under the Listing Rules, if and when appropriate.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities in the Company.**

*As at the date hereof, the Board comprises four executive directors, namely Mr. Wong Yuk Kwan (alias: Wong Kwan), Mr. Law Wing Tak, Jack, Mr. Wong Hiu Tung and Mr. Zhou Li Yang; one non-executive director, namely Mr. Baiseitov Bakhytbek; and three independent non-executive directors, namely Mr. Lam Kwan, Mr. Chan Kwan Pak and Ms. Yuen Sau Ying, Christine.*

By Order of the Board  
**Pearl Oriental Oil Limited**  
Law Wing Tak, Jack  
*Executive Director and Chief Executive Officer*

Hong Kong, 8 August 2014

\* *for identification purpose only*