



QUARTERLY ACTIVITIES REPORT

PERIOD ENDED 31 MARCH 2015



Focused on the Perth Basin
The emerging hot spot for onshore gas plays

ASX: UIL



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1. Highlights

- The Company's focus is the Perth Basin. This Western Australian Basin has a history of gas production and UIL Energy has permits with pipeline infrastructure in place or in proximity. UIL Energy maintains a high equity position in all permits providing maximum flexibility in the development of potential farm out and funding arrangements.
- Early during the quarter, the Company undertook a further technical review of its Perth Basin permits and identified a substantial number of early stage leads. The review uncovered 14 exploration leads, five in UIL Energy's northern Perth basin permits and nine in its central Perth basin permits. Mapping of data from existing 2D seismic surveys indicates the leads range in a real size up to 50 km².
- Planning is underway for a proposed seismic program over parts of UIL Energy's Perth Basin permits to confirm drilling depths and thicknesses of targeted formations. The optimal time to shoot seismic in the Perth Basin is during the summer months and the Company is progressing government and other approvals to acquire approximately 100 km of 2D seismic at the end of this calendar year or early in 2016.
- On 9 March 2015, Australian Worldwide Exploration Limited (AWE) announced the results of a testing program at Senecio-3, which achieved an average gas flow rate of 12.3 MMscf/d from the Kingia Sandstone and confirmed the commercial potential of Waitsia field. AWE also announced the spudding of the Irwin#1 well. UIL Energy's three 100% owned northern Perth Basin permits are approximately 35 kilometers southeast of AWE's Waitsia gas discovery.

2. Tenement Summary

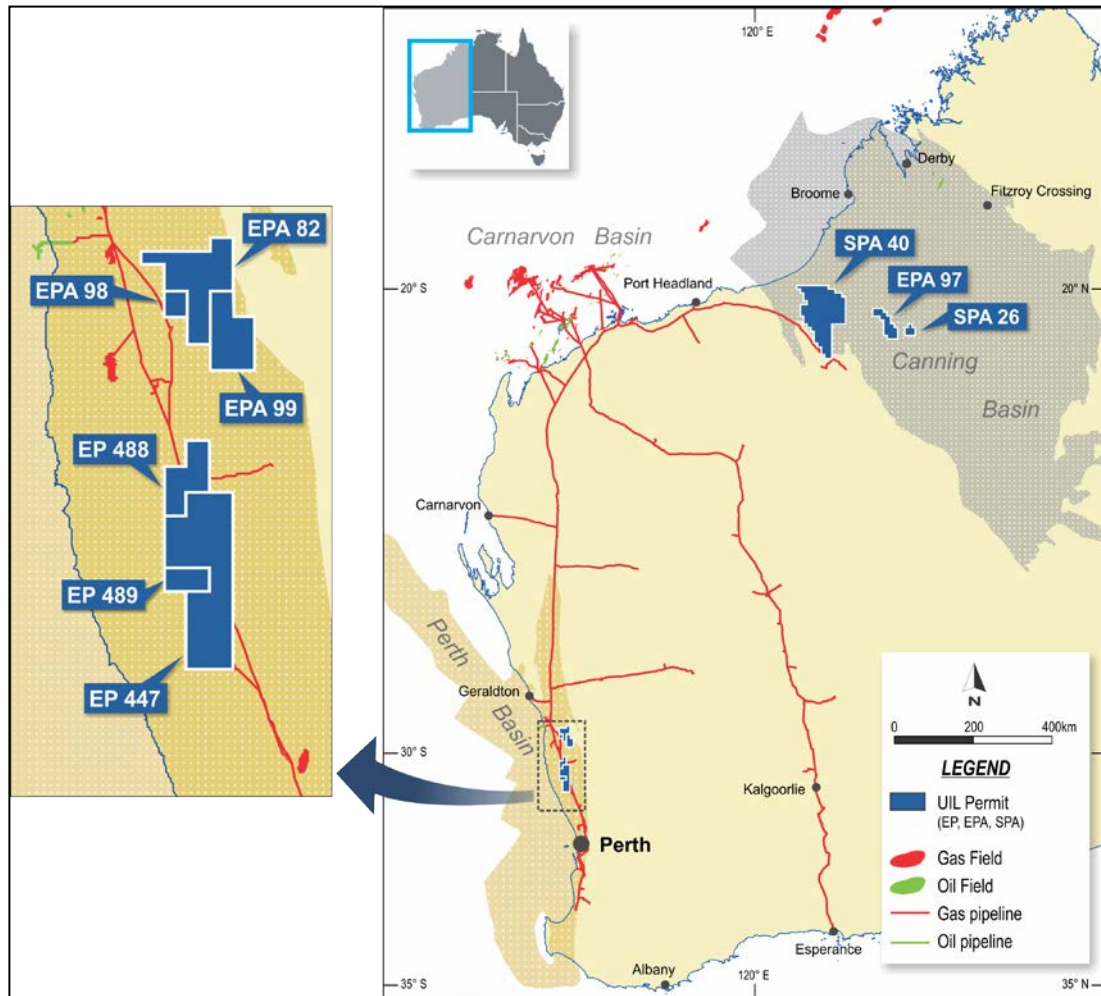


Figure 1 – UIL Energy’s Highly Prospective Onshore WA Permits

UIL Energy is targeting onshore oil and gas plays in proven hydrocarbon basins in Western Australia.

The Company’s key focus is on the Perth Basin where it has over 0.6 million gross acres ($\approx 2,558\text{km}^2$). These areas have significant gas potential with multiple targets in a known producing basin with pipeline infrastructure in place or in proximity to UIL’s permits.

UIL Energy’s joint venture partner in EP447, Greenpower Energy Ltd (GPP) announced on 4 March 2015 they had signed a 45-day option with Eneabba Gas Limited to acquire GPP’s 50% interest in EP447.

Basin	Permit	Operator	UIL Interest	Permit Area (gross km ²)	Permit Area (gross acres)
Perth	EP 447	UIL	50%	1,108	273,787
	EP 488	UIL	100%	296	73,142
	EP 489	UIL	100%	148	36,571
	EPA 82	UIL	100%	559	138,129
	EPA 98	UIL	100%	75	18,533
	EPA 99	UIL	100%	372	91,921
Canning	EPA 97	UIL	100%	2,080	513,968
	SPA 40	UIL	100%	12,504	3,089,738
	SPA 26	UIL	100%	560	138,376
Total				17,702	4,374,164

Table 1: UIL Energy permit summary

3. Exploration Projects

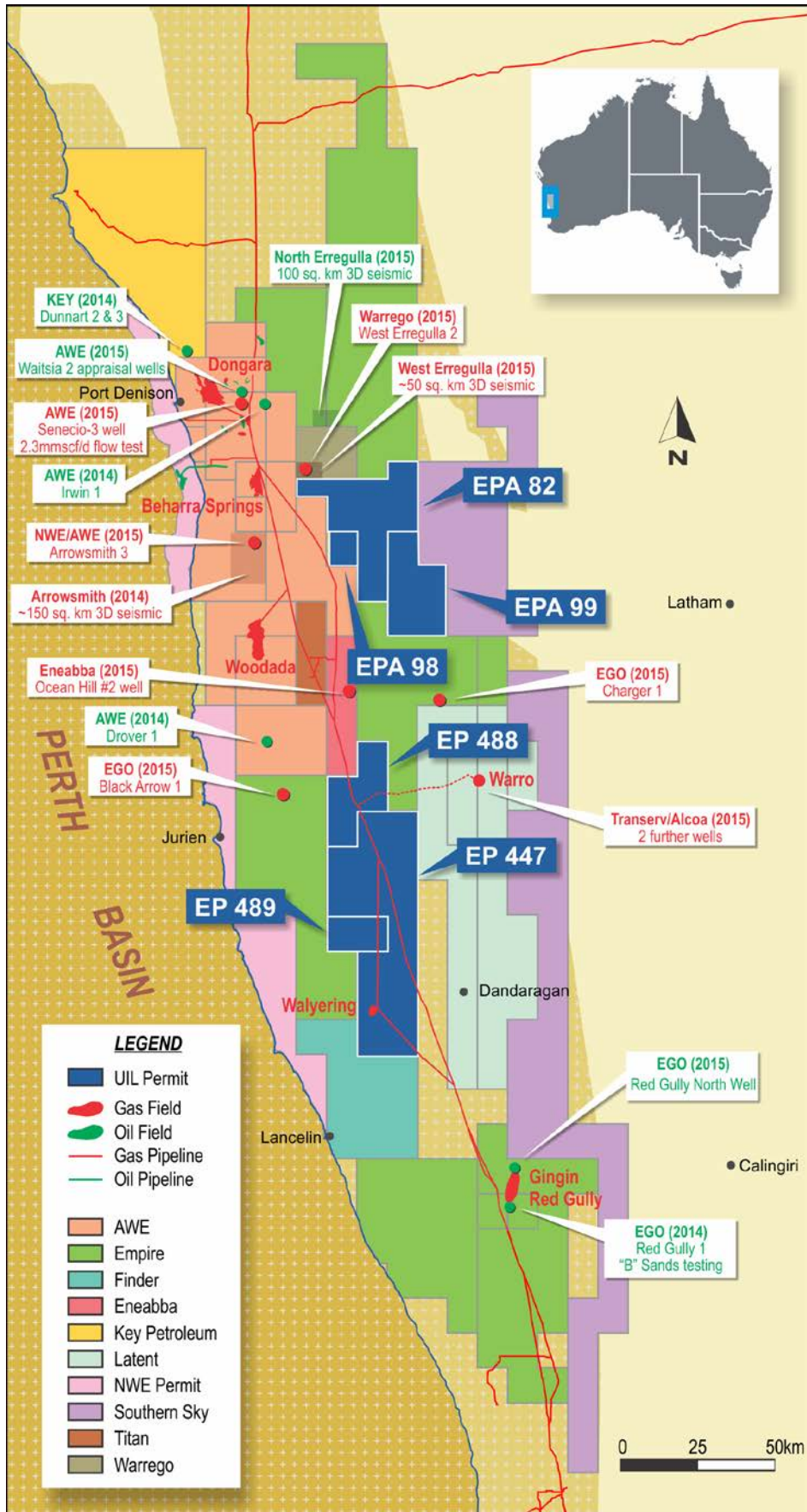


Figure 2: Perth Basin Competitor Activities

UIL Energy’s permits are favorably located to leverage off successes and key learnings as a result of exploration activities from nearby companies.

Australian Worldwide Exploration Limited (AWE) announced during September 2014 that the Waitsia/Senecio field had the potential to be the largest onshore gas discovery in Western Australia since the 1960s, with the Permian age sequence providing initial Contingent Resources of up to 1,170 billion cubic feet. AWE’s reported on 9 March 2015 on the testing program at Senecio-3, which achieved an average gas flow rate of 12.3 MMscf/d from the Waitsia Sandstone and confirmed the commercial potential of Waitsia field.

UIL Energy’s three 100% owned northern Perth Basin permits are approximately 35 kilometers southeast of AWE’s Waitsia gas discovery. Based on historic seismic and nearby well data, UIL Energy permits are interpreted to contain similar reservoirs (although expected at greater depths) to those encountered by AWE. These formations have historically shown elevated or very high gas shows. UIL Energy will require further technical information, initially shooting 2D seismic in its northern Perth Basin permits, to confirm the drilling depths and possible thickness variations of the targeted formations.

In addition to AWE’s discovery, Warrego Energy Ltd (Warrego), in conjunction with their Dutch joint venture partners, Dyas BV and Mazarine Energy BV, have completed their 3D seismic program on EP 469, a permit which is adjacent to UIL Energy’s EPA 82. Warrego are planning the first horizontal well in the Perth Basin later this year approximately 5 kilometers adjacent to UIL Energy’s EPA 82.

In the UIL Prospectus, an independent geological assessment by McDaniel & Associates of the Basin Centered Gas Accumulation, encompassing only parts of UIL Energy’s Central Perth Basin permits (EP 447, EP 488 and EP 489), led to an initial definition of Prospective Resources covering the Cattamarra Coal Measures.

Prospective Resource (BCF)	Low	Best	High
EP 447 / EP 488 / EP 489	69	328	1,450

Table 2: Cattamarra Coal Measures Prospective Resources as at 30 June 2014

UIL Energy has reviewed historic 2D seismic data along with the drilling results of wells within, and adjacent to UIL Energy’s central (EP 447, EP 488 and EP 489) and north Perth basin permits (EPA 82, EPA 98 and EPA 99). The review has resulted in UIL Energy upgrading its technical assessment of the exploration potential in these areas.

The leads are primarily Jurassic in age, comprising the Cockleshell Gully (Cattamarra Coal Measures and Eneabba) and Cadda Formations. Reservoirs in these formations are found in the Gingin, Red Gully, Warro, Mt Horner, North Yandanogo, Erregulla and Ocean Hill gas and liquids fields and accumulations in neighboring tenements and the Walyering field in UIL Energy’s permit EP 447.

The 14 conventional leads currently mapped are in addition to unconventional tight gas plays that have previously been identified. UIL Energy will hope to optimise well locations to test both conventional and unconventional targets that may occur in stacked sequences to maximise the chance of a commercial success.

The leads are interpreted to contain potentially gas and gas/liquids which, if successfully encountered, can readily be commercialised in the undersupplied Western Australia gas market. UIL Energy plans to further de-risk the leads by shooting 2D and 3D seismic over them in order to confirm prospects, which may be drilled.

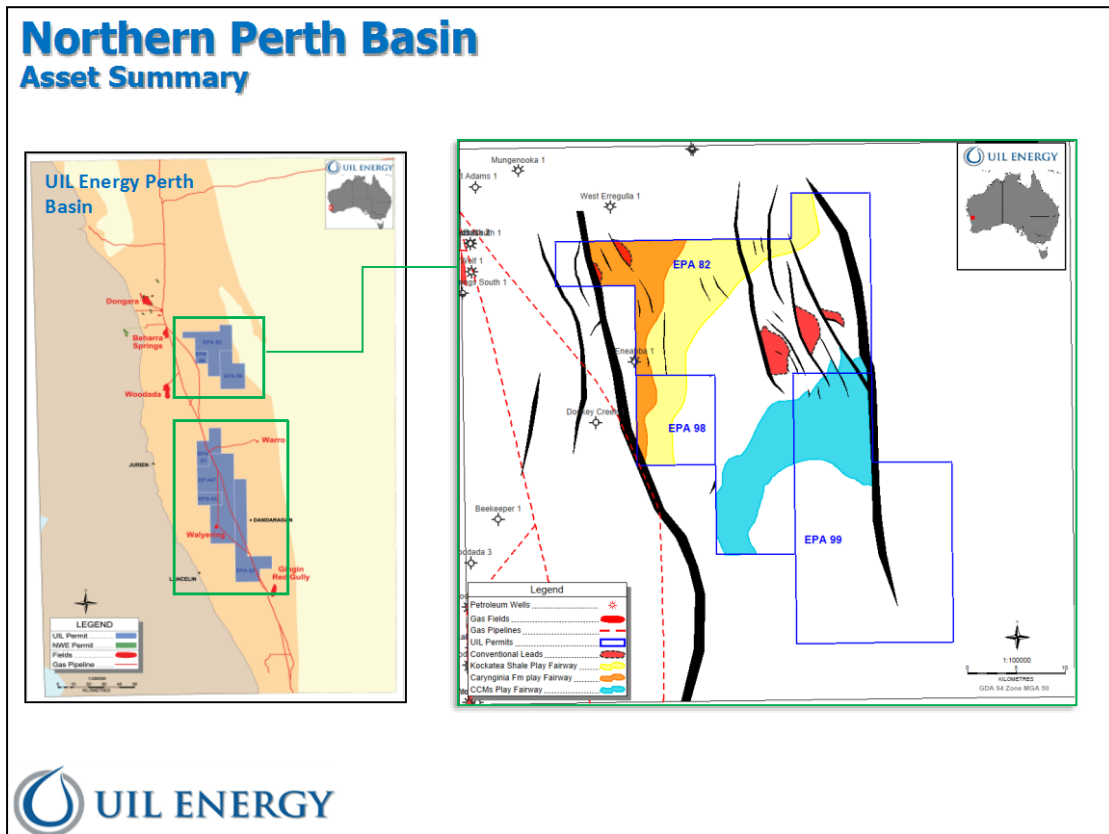


Figure 3: Leads Across UIL Energy’s Northern Perth Basin permits

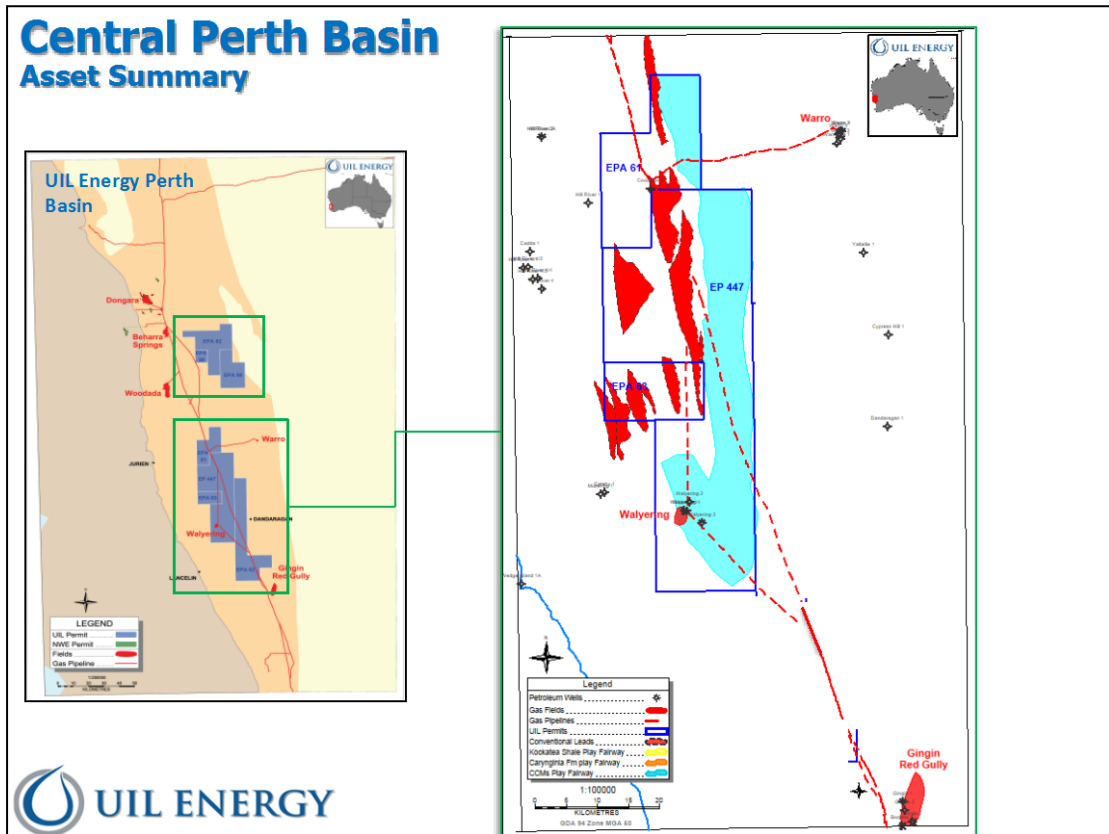


Figure 4: Leads Across UIL Energy's Central Perth Basin permits

4. Planned Activities for Next Quarter

- UIL Energy is progressing the various approvals and commercial arrangements with contractors for a proposed seismic program over parts of its Central Perth Basin permits. Seismic is aimed at upgrading the exploration leads identified in these permits. The optimal time to shoot seismic in the Perth Basin is during the summer months. The Company will progress approvals during the upcoming quarter to enable the seismic program to start end of this calendar year or early in 2016.
- Adjacent to UIL Energy's permits, substantial funds are also committed by other companies during the next 12 months focusing on proving and developing the recent technical success in the basin. Drilling and testing by other companies includes the following:
 - AWE drilling three wells including two appraisal wells in the Waitsia feature and an exploration well, Irwin #1, a step out of the Senecio discovery.
 - Alcoa drilling two pilot production wells at the Warro project
 - Empire drilling Red Gully North production well
- UIL Energy will continue to analyze its permits that are interpreted to contain similar reservoirs of the above neighboring drilling activity.
- Initiate discussions with parties for potential farmout of UIL Energy's Perth Basin acreage.
- Perform a strategic review of the tenement portfolio, including evaluation of Canning permits, to optimize opportunity and efficiently deploy available cash resources.

5. Other Information

5.1 Corporate Overheads

Cost control measures have been implemented including staff working reduced hours and the corporate office has been moved to a less expensive accommodation.

5.2 Cash Position

Cash on hand as at 31 March 2015 was \$2.77 million.

5.3 Shares and Options Issued

During the quarter the Company did not issue any new shares or options. A total of 375,000 ordinary shares were released from ASX mandatory escrow during the quarter. Total ordinary shares issued are 108,023,755.

5.4 Competent Person Statement

The technical information that relates to Prospective Resources in this quarterly report has been compiled in accordance with 2007 SPE/WPC/AAPG/SPEE Petroleum Resource Management System and has been prepared by McDaniel & Associates Consultants Ltd (**McDaniel**), an independent petroleum consultancy firm registered with the Association of Professional Engineers and Geoscientists of Alberta (**APEGA**) with over 50 years of experience in the evaluation of oil and gas properties.

6. Corporate Information & Directory

DIRECTORS

John de Stefani (Managing Director)
Simon Hickey (Executive Chairman)
Keith Skipper (Non-Executive Director)
Stephen Bizzell (Non-Executive Director)

EXECUTIVES

John de Stefani (Managing Director)
Vic Palanyk (Chief Operating Officer)
Drew Speedy (Chief Financial Officer and Co-Company Secretary)
Duncan Cornish (Co-Company Secretary)

SHAREHOLDER ENQUIRIES

Link Market Services Limited manages UIL Energy Ltd's share registry.

If you would like to manage your shareholding online, you can do so by visiting Link Market Services Ltd's website: www.linkmarketservices.com.au and follow the instructions.

For issuer-sponsored shareholders, if you change address, or if you have any other queries regarding details of your shareholding, please contact the Company's share registry directly:

Level 15 ANZ Building
324 Queen Street
Brisbane, QLD 4000

Phone: 1300 554 474
Fax: +61 2 828 7454

AUSTRALIAN STOCK EXCHANGE ("ASX")

ASX Code: UIL (Ordinary shares)

ISSUED CAPITAL

UIL Energy has the following securities on issue at 31 March 2015:

Quoted:
Ordinary shares 79,189,100

Unquoted:
Ordinary shares 28,834,655
Share options 15,804,959 \$0.24 at 31-Dec-18
Share options 10,508,000 \$0.20 at 31-Dec-15
Share options 6,000,000 \$0.30 at 30-Jun-17
Share options 2,000,000 \$0.24 at 31-Dec-16
Share options 2,000,000 \$0.25 at 31-Dec-18
Performance Rights 1,000,000

INTERNET ADDRESS

All Company announcements, reports and presentations are posted on our website. www.uilenergy.com.au

AUSTRALIAN BUSINESS NUMBER

ABN 92 153 352 160

REGISTERED OFFICE AND HEAD OFFICE

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