



UIL ENERGY LTD

**FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

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Corporate Information

DIRECTORS

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

COMPANY SECRETARIES

Drew Speedy - CFO and Co-Company Secretary
Duncan Cornish - Co-Company Secretary

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

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COUNTRY OF INCORPORATION

Australia

AUSTRALIAN BUSINESS NUMBER

92 153 352 160

INTERNET ADDRESS

www.uilenergy.com.au

SOLICITORS

HopgoodGanim Lawyers
Level 8, Waterfront Place
1 Eagle Street
Brisbane QLD 4000
Phone: +61 7 3024 000

AUDITORS

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000
Phone: +61 7 3237 5999

Directors' Report

The Directors of UIL Energy Ltd present their report together with the financial statements of the consolidated entity consisting of UIL Energy Ltd ('the Company') and its controlled entities ('the Group') at the end of, or during, the half year ended 31 December 2015 and the Independent Review Report thereon.

DIRECTORS

The following persons were directors of UIL Energy Ltd for the whole of the half year and up to the date of this report, unless otherwise stated:

Simon Hickey	Executive Chairman (appointed 21 September 2011)
John de Stefani	Chief Executive Officer and Director (appointed as a Director, 11 Jan 2012)
Keith Skipper	Non Executive Director (appointed 4 November 2011)
Stephen Bizzell	Non Executive Director (appointed 1 August 2014)

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial period were oil and gas exploration. There were no significant changes in the nature of the consolidated entity's principal activities during the financial period.

REVIEW OF OPERATIONS

UIL Energy Ltd (UIL Energy) is primarily focused on the onshore Perth Basin and is targeting gas and liquids plays in two separate areas. UIL Energy maintains a high equity position in all its permits providing maximum flexibility in securing potential farm out and funding arrangements.

Across its three central Perth Basin permits (EP 447, EP 488 and EP 489), UIL Energy is planning to acquire up to 264 km of 2D seismic to upgrade the nine exploration leads already identified on these permits by previous surveys. UIL Energy, as Operator of the 2D seismic survey on all three permits, has submitted the preliminary environmental documentation to government authorities as well as conducting a field ecological survey to support further environmental approvals.

As shown in Figure 1 below, most of the leads as mapped incorporate potential reservoirs of Jurassic age in the Cattamarra Coal Measures formation on the western margin of the gas charged Dandaragan Trough, and traps are speculated to contain potential natural gas, natural gas liquids and condensate. These reservoirs have been shown to be gas bearing in the Walyering structure in EP 447 and are the producing reservoirs at GinGin, approximately 50 km to the south-east.

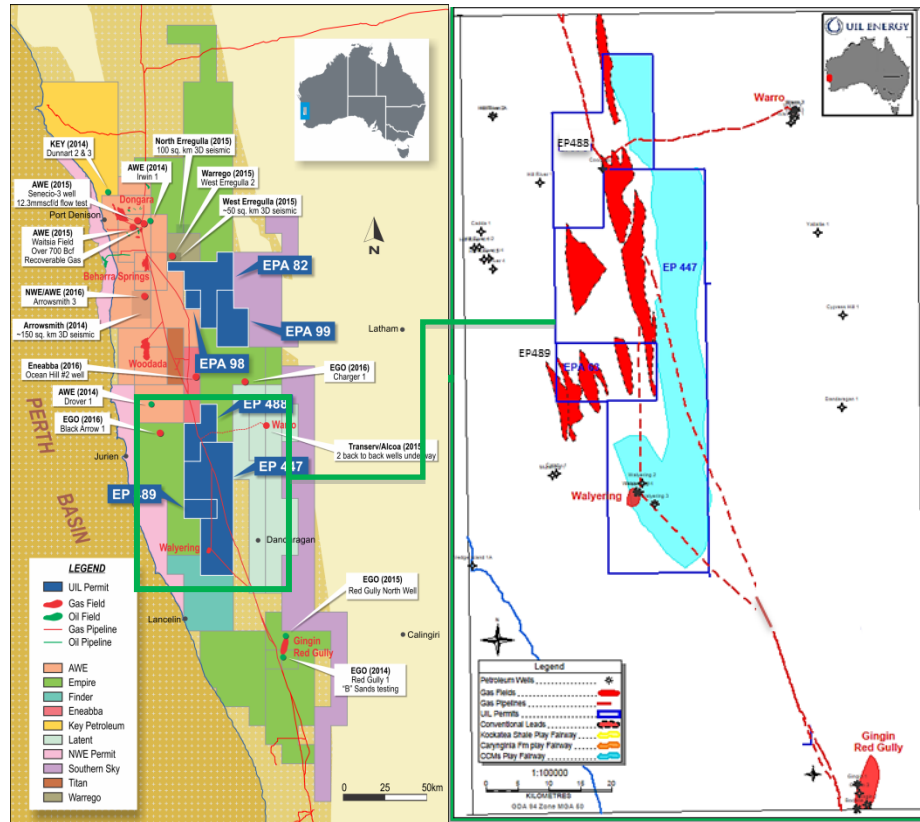


Figure 1: Leads Across UIL Energy's Central Perth Basin permits

As shown in Figure 2 below, UIL Energy's three 100% owned northern Perth Basin permits are approximately 35 km southeast of AWE's 2015 Waitsia conventional gas discovery in reservoirs of Permian age. Based on historic seismic and nearby well data, UIL Energy's permits are interpreted to contain similar reservoirs (although expected at greater depths) to those encountered by AWE and also to contain reservoirs at shallower depths in geologically younger formations. In previously drilled wells, which penetrate these formations and are situated adjacent to UIL acreage, elevated gas shows have been recorded.

UIL Energy will require further technical information including acquiring 2D/3D seismic in its northern Perth Basin permits, to confirm potential traps, formation continuity, the drilling depths and possible thickness variations of the targeted formations.

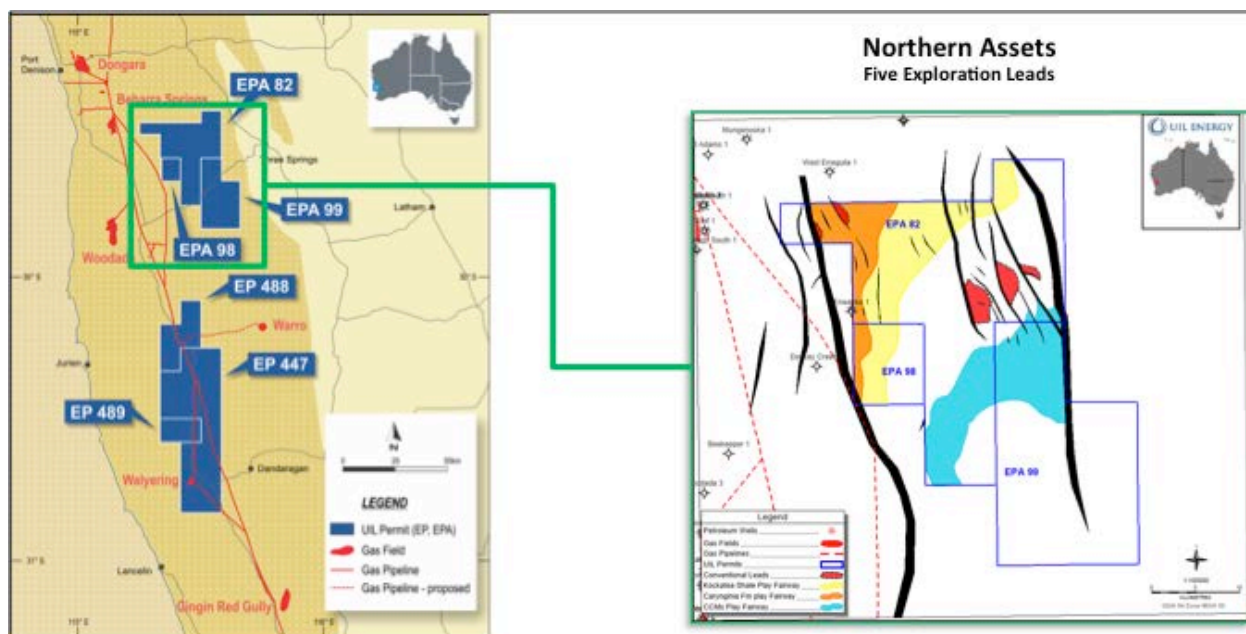


Figure 2: Leads Across UIL Energy's Northern Perth Basin permits

Adjacent to UIL Energy's permits, substantial funds are also being committed, by other companies, over the next six to twelve months focusing on proving and developing further technical and commercial successes in the basin. Drilling and testing by other companies includes the following:

- AWE announced the approval of the first stage development of the Waitsia gas field following the recent flow tests from Waitsia-1 and Senecio-3 gas wells. First stage production is expected mid-2016.
- Transerve has completed drilling and stimulation of the Warro-5 and Warro-6 wells located northeast of UIL Energy's central Perth Basin permits. Long-term gas flow testing is scheduled during early 2016.
- Empire Oil and Gas completed the drilling of the Red Gully North-1 appraisal well with a discovery delivering 53 metres gas pay. Further analysis is underway along with a production flow test.

OPERATING RESULTS

The net result of operations after applicable income tax expense for the consolidated entity for the half year ended 31 December 2015 was a loss of \$473,376 (31 December 2014: loss of \$1,314,448).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial period under review not otherwise disclosed in this report or the financial statements of the Company for the financial period.

AFTER BALANCE DATE EVENTS

As disclosed on 25 February 2016 the Company entered into a binding agreement for the purchase of Eneabba Gas Ltd's (ASX: ENB) Perth Basin Exploration Assets. Pursuant to the Share Sale Agreement ("SSA"), the Company will

purchase Eneabba Gas's two wholly owned subsidiaries, Ocean Hill Pty Ltd and GCC Methane Pty Ltd that respectively own the Ocean Hill prospect (EPA90) and 50% of EP447 (providing UIL Energy with 100% of EP447).

On completion of the SSA, UIL Energy will issue to Eneabba Gas a total of 90 million convertible redeemable preference shares (CRPS) in UIL Energy which Eneabba Gas will, after completion of the SSA, distribute pro-rata to its shareholders. Immediately upon distribution to the shareholders of Eneabba Gas, 55 million of these CRPS will automatically convert into 55 million ordinary shares in UIL Energy that will rank equally with current UIL ordinary shareholders.

The remaining 35 million CRPS distributed to the shareholders of Eneabba Gas will later convert into ordinary UIL Energy shares in the event of successful results from drilling Ocean Hill#2 well. A successful well is defined as gas flow producing at commercial rates and agreement on a further appraisal well. The CRPS can be redeemed by UIL Energy for a nominal amount if the terms relating to the issue are not satisfied by a deemed successful well or if a well is not spudded before the long stop date of 31 December 2019.

Completion of the transaction is subject to certain terms and conditions that include:

- Eneabba Gas becoming the sole registered and beneficial owner of EPA90 permit and the issue of the exploration permit in respect of EPA90;
- Eneabba Gas shareholders approving the SSA;
- UIL Energy shareholders approving the SSA; and
- Lodgement of Eneabba Gas of a prospectus in respect of the in specie distribution of the UIL Energy CRPS to Eneabba Gas shareholders.

There have been no other events since 31 December 2015 that impact upon the financial report as at 31 December 2015.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 6 of this financial report and forms part of this Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors.



John de Stefani
Managing Director

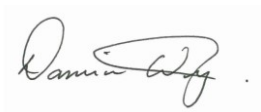
Brisbane
9 March 2016

DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF UIL ENERGY LIMITED

As lead auditor for the review of UIL Energy Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of UIL Energy Limited and the entities it controlled during the period.



D P Wright
Director

BDO Audit Pty Ltd

Brisbane, 8 March 2016

Interests in Petroleum Tenements

UIL Energy Ltd held the following interests in petroleum exploration tenements as at 9 March 2016.

Western Australia Tenements

Tenure Type, Name and Number	Basin	Operator	% Interest of UIL	Notes
EP 447	Perth	UIL Energy Ltd	50%	Joint Operation with Eneabba Gas Ltd
EP 488 (previously EPA 61)	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 28/05/2014
EP 489 (previously EPA 63)	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 28/05/2014
EPA 82	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 14/03/2013 (a)
EPA 98	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 10/10/2013 (a)
EPA 99	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 10/10/2013 (a)

- (a) The application areas are subject to Native Title Claim(s) and accordingly the provisions of the Commonwealth Native Title Act must be complied with before the applications can be granted.
- (b) As detailed in the after balance date events (Note 9) UIL has entered into a binding sale of shares agreement to acquire the following tenements from Eneabba Gas Ltd.
- The remaining 50% interest in EP 447
 - 100% interest in EPA 90 which is located in the Perth Basin.

Consolidated Statement of Comprehensive Income For the half year ended 31 December 2015

	Note	Half year ended 31 December 2015 \$	Half year ended 31 December 2014 \$
Revenue	2	31,276	18,316
Employee benefits expense		(136,738)	(60,944)
Administration costs		(233,921)	(523,141)
Consultants fees		(104,280)	(443,996)
Depreciation expense		(2,380)	(5,064)
Fair value of financial liabilities		-	(299,619)
Exploration impairment		(27,333)	-
Loss before income tax expense	3	(473,376)	(1,314,448)
Income tax expense		-	-
Net loss for the year		(473,376)	(1,314,448)
Other comprehensive loss		-	-
Total comprehensive loss for the year		(473,376)	(1,314,448)
<hr/>			
Loss per share attributable to owners of UIL Energy Ltd		Cents	Cents
Basic loss per share (cents per share)		(0.4)	(1.5)
Diluted loss per share (cents per share)		(0.4)	(1.5)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position As at 31 December 2015

	Note	31 December 2015 \$	30 June 2015 \$
Current Assets			
Cash and cash equivalents		1,936,821	2,553,262
Trade and other receivables		27,238	56,206
Other current assets		17,604	6,081
Total Current Assets		1,981,663	2,615,549
Non-Current Assets			
Property, plant & equipment		7,130	9,510
Exploration and evaluation assets	4	4,073,911	3,760,656
Total Non-Current Assets		4,081,041	3,770,166
TOTAL ASSETS		6,062,704	6,385,715
Current Liabilities			
Trade and other payables		373,614	229,127
Total Current Liabilities		373,614	229,127
TOTAL LIABILITIES		373,614	229,127
NET ASSETS		5,689,090	6,156,588
Equity			
Issued capital	5	12,827,340	12,827,340
Reserves		1,649,315	1,643,437
Retained profits		(8,787,565)	(8,314,189)
TOTAL EQUITY		5,689,090	6,156,588

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity For the half year ended 31 December 2015

	Issued Capital	Retained Profits	Option Reserve	Total
	\$	\$	\$	\$
At 1 July 2014	6,761,248	(6,134,508)	1,218,914	1,845,654
Total comprehensive income for the financial year				
Loss for the year	-	(1,314,448)	-	(1,314,448)
	-	(1,314,448)	-	(1,314,448)
Transactions with owners in their capacity as owners				
Issue of share capital	6,480,997	-	-	6,480,997
Costs associated with issue of share capital	(436,026)	-	-	(436,026)
Issue of options and performance rights	-	-	414,943	414,943
	6,044,971	-	414,943	6,459,914
At 31 December 2014	12,806,219	(7,448,956)	1,633,857	6,991,120
At 1 July 2015	12,827,340	(8,314,189)	1,643,437	6,156,588
Total comprehensive income for the financial year				
Loss for the year	-	(473,376)	-	(473,376)
	-	(473,376)	-	(473,376)
Transactions with owners in their capacity as owners				
Issue of options and performance rights	-	-	5,878	5,878
	-	-	5,878	5,878
At 31 December 2015	12,827,340	(8,787,565)	1,649,315	5,689,090

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows For the half year ended 31 December 2015

Note	Half year ended 31 December 2015	Half year ended 31 December 2014
	\$	\$
Cash Flows from Operating Activities		
Receipts from operations (including refunds of GST)	67,434	26,327
Payments to suppliers and employees (including GST)	(500,674)	(648,550)
Interest received	25,079	11,619
Net cash used in operating activities	(408,161)	(610,604)
Cash Flows from Investing Activities		
Payments for exploration and evaluation	(208,280)	(262,063)
Net cash used in investing activities	(208,280)	(262,063)
Cash Flows from Financing Activities		
Proceeds from issue of shares	-	4,538,200
Capital raising expenses	-	(337,823)
Proceeds from issue of convertible notes	-	160,014
Repayment of a short-term loan	-	(78,846)
Net cash provided by financing activities	-	4,281,545
Net increase/(decrease) in cash held	(616,441)	3,408,878
Cash at the beginning of the financial year	2,553,262	20,694
Cash at the end of the financial year	1,936,821	3,429,572

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of UIL Energy Ltd for the half year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 9 March 2016 and covers the consolidated entity consisting of UIL Energy Ltd and its subsidiaries as required by the Corporations Act 2001.

UIL Energy Ltd is a company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

The half year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements.

The half year financial statements should be read in conjunction with the annual report of UIL Energy Ltd as at 30 June 2015.

It is also recommended that the half year financial statements be considered together with any public announcements made by the Group during the half year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and Australian Securities Exchange Listing Rules.

The half year consolidated financial statements are general-purpose condensed financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

The financial statements have been prepared on a historical costs basis and are presented in Australian dollars (\$).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the consolidated entity to maintain continuity of normal business activities, to pay its debts as and when they fall due and to recover the carrying value of the capitalised exploration and evaluation expenditure, is dependent on the ability of the consolidated entity to successfully raise additional capital and the successful exploration and subsequent exploitation of areas of interest through sale, farm-out or development. In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

Notes to the Financial Statements for the half year ended 31 December 2015

	For the half year ended 31 Dec 2015	For the half year ended 31 Dec 2014
	\$	\$

NOTE 2 REVENUE

Revenue

- interest from other persons	31,276	18,316
Total revenue	31,276	18,316

NOTE 3 LOSS FOR THE PERIOD

Loss before tax includes the following:

Superannuation contributions	(23,262)	(30,546)
Minimum lease rentals	-	(53,713)
Share-based payment expense	(5,878)	(345,491)
Depreciation of property, plant and equipment	(2,380)	(5,064)

	For the half year ended 31 Dec 2015	For the year ended 30 Jun 2015
	\$	\$

NOTE 4 EXPLORATION AND EVALUATION EXPENDITURE

Non-Current

Exploration and evaluation expenditure capitalised:

- exploration and evaluation	4,073,911	3,760,656
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Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of oil and/or gas, or alternatively, sale of the respective areas of interest.

Movements in carrying amounts

Balance at the beginning of the year	3,760,656	3,674,982
Additions	340,588	464,256
Exploration impairment ^(a)	(27,333)	(378,582)
Carrying amount at the end of the period	4,073,911	3,760,656

(a) During the current period the Company withdrew the application for EPA 97.

	As at 31 Dec 2015	As at 30 Jun 2015
	\$	\$

NOTE 5 ISSUED CAPITAL

108,023,755 Fully paid ordinary shares (30 June 2015: 108,023,755)	13,496,368	13,496,368
Costs associated with issue of share capital ⁽ⁱ⁾	(669,028)	(669,028)
	12,827,340	12,827,340

(i) Costs associated with the issue of share capital include the issue of options over shares in the Company.

NOTE 5 ISSUED CAPITAL (continued)

	For the half year ended 31 Dec 2015		For the year ended 30 Jun 2015	
	Number of shares	\$	Number of shares	\$
(a) Movements in ordinary fully paid shares on issue				
Balance at the beginning of the period	108,023,755	12,827,340	72,051,560	6,761,248
Issue of shares during the period:				
Equity Raising	-	-	23,696,000	4,538,200
In lieu of salary and fees	-	-	3,466,552	467,069
Conversion of convertible notes	-	-	8,809,643	1,475,729
Transaction costs on shares issued	-	-	-	(414,906)
Balance at the end of the period	108,023,755	12,827,340	108,023,755	12,827,340

There was no movement in ordinary fully paid shares during the period.

(b) Options

As at the reporting date there were 25,804,959 unissued ordinary shares of UIL Energy Ltd under option as follows:

Grant / Amend Date	Vesting Date	Expiry Date	Exercise Price	Number of Options
1/10/2013	1/10/2013	30/06/2017	\$0.30	3,000,000
1/10/2013	1/10/2013	30/06/2017	\$0.30	2,000,000
1/10/2013	1/10/2013	30/06/2017	\$0.30	500,000
11/03/2013	11/03/2013	31/12/2016	\$0.24	2,000,000
20/06/2013	1/07/2013	31/12/2018	\$0.25	2,000,000
31/07/2014	31/07/2014	31/12/2018	\$0.24	400,000
18/08/2014	4/02/2015	31/12/2018	\$0.24	10,631,959
6/11/2014	6/11/2014	31/12/2018	\$0.24	4,773,000
26/11/2014	24/02/2015	30/06/2017	\$0.30	500,000
Total				25,804,959

During the period 10,508,000 options with an exercise price of \$0.20 and an expiry date of 31 December 2015 expired.

(c) Performance Rights

As at the reporting date there were 1,000,000 performance rights granted to employees and consultants as follows:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Number of Rights
18/08/2014 ⁽ⁱ⁾	18/08/2016	30/06/2017	\$0.00	1,000,000
Total				1,000,000

(i) These rights are subject to Company performance conditions including Total Shareholder Return and employment retention conditions.

Notes to the Financial Statements for the half year ended 31 December 2015

NOTE 6 DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the financial period (2014: nil).

There were no franking credits available to the shareholders of the Company.

NOTE 7 CONTINGENT LIABILITIES & ASSETS

The directors are not aware of any significant contingent liabilities or contingent assets at the date of this report.

NOTE 8 SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company is managed primarily on a geographic basis - that is the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board. The Company does not have any products/services from which it derives revenue. Accordingly, management currently identifies the Company as having only one operating segment, being exploration. All significant operating decisions are based upon analysis of the Company as one segment. The financial results from the segment are equivalent to the financial statements of the Company as a whole.

NOTE 9 EVENTS AFTER BALANCE DATE

As disclosed on 25 February 2016 the Company entered into a binding agreement for the purchase of Eneabba Gas Ltd's (ASX: ENB) Perth Basin Exploration Assets. Pursuant to the Share Sale Agreement ("SSA"), the Company will purchase Eneabba Gas's two wholly owned subsidiaries, Ocean Hill Pty Ltd and GCC Methane Pty Ltd that respectively own the Ocean Hill prospect (EPA90) and 50% of EP447 (providing UIL Energy with 100% of EP447).

On completion of the SSA, UIL Energy will issue to Eneabba Gas a total of 90 million convertible redeemable preference shares (CRPS) in UIL Energy which Eneabba Gas will, after completion of the SSA, distribute pro-rata to its shareholders. Immediately upon distribution to the shareholders of Eneabba Gas, 55 million of these CRPS will automatically convert into 55 million ordinary shares in UIL Energy that will rank equally with current UIL ordinary shareholders.

The remaining 35 million CRPS distributed to the shareholders of Eneabba Gas will later convert into ordinary UIL Energy shares in the event of successful results from drilling Ocean Hill#2 well. A successful well is defined as gas flow producing at commercial rates and agreement on a further appraisal well. The CRPS can be redeemed by UIL Energy for a nominal amount if the terms relating to the issue are not satisfied by a deemed successful well or if a well is not spudded before the long stop date of 31 December 2019.

Completion of the transaction is subject to certain terms and conditions that include:

- Eneabba Gas becoming the sole registered and beneficial owner of EPA90 permit and the issue of the exploration permit in respect of EPA90;
- Eneabba Gas shareholders approving the SSA;
- UIL Energy shareholders approving the SSA; and
- Lodgement of Eneabba Gas of a prospectus in respect of the in specie distribution of the UIL Energy CRPS to Eneabba Gas shareholders.

There have been no other events since 31 December 2015 that impact upon the financial report as at 31 December 2015.

Declaration by Directors

The directors of the company declare that:

1. The financial statements and notes, are in accordance with the *Corporations Act 2001*, including:
 - (a) comply with Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the directors.



John de Stefani
Managing Director

Brisbane
9 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of UIL Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of UIL Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of UIL Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of UIL Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

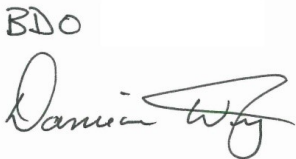
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of UIL Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit Pty Ltd



Damian Wright
Director

Brisbane, 9 March 2016