



UIL ENERGY LTD

**FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2016**

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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
Garry Marsden – 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

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SOLICITORS

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AUDITORS

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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 2016 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
John de Stefani	Chief Executive Officer and Director
Keith Skipper	Non Executive Director
Stephen Bizzell	Non Executive Director
Garry Marsden	Non Executive Director (appointed 23 September 2016)

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 a number of project areas. UIL Energy has 100% equity position in all its permits providing maximum flexibility in securing potential farm out and funding arrangements. The Company has already benefited from this strategy with the farmout of four blocks within EP447 to Bombora Natural Energy Pty Ltd.

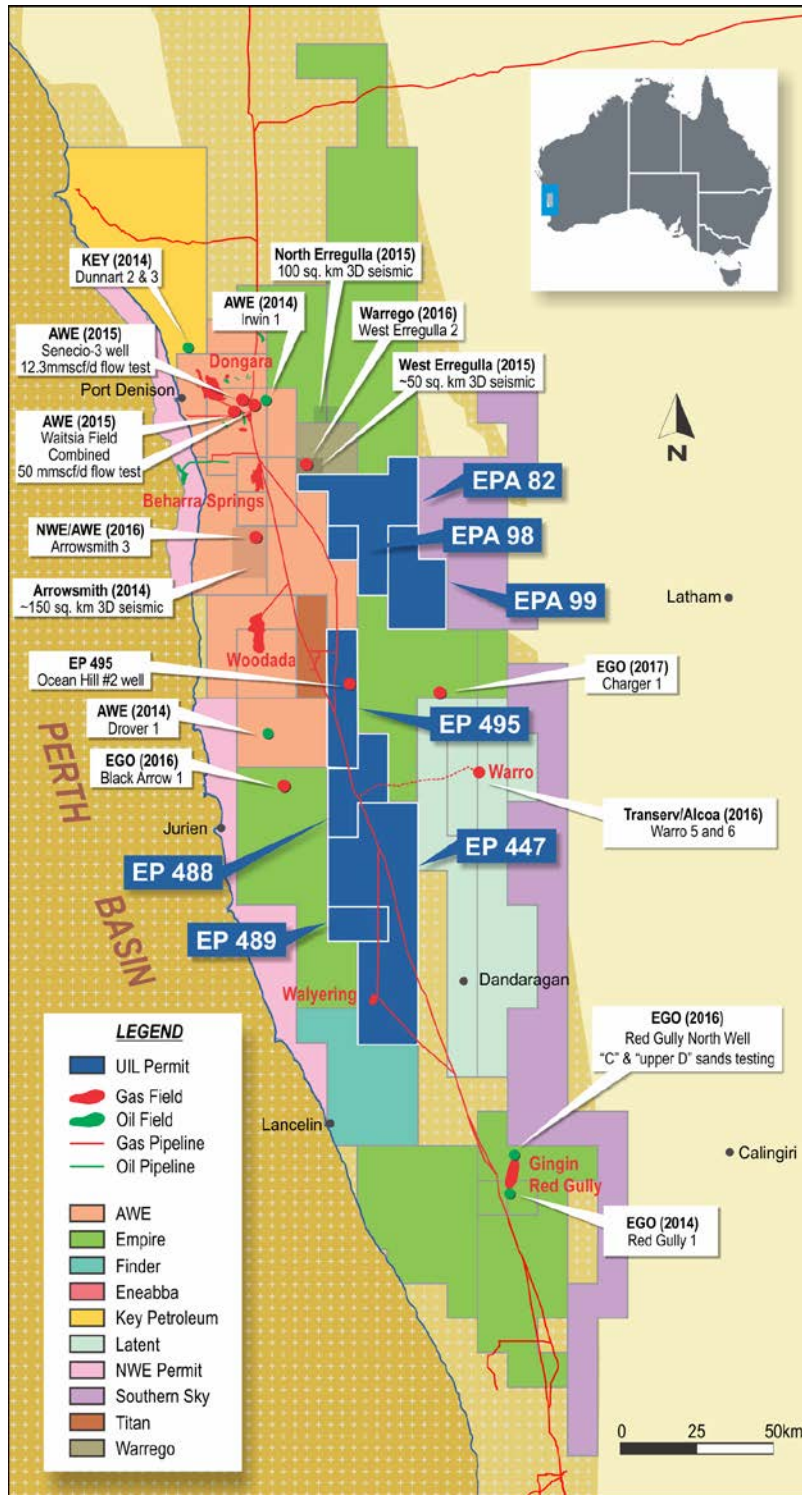
The Company completed a \$1.39 million capital raising during the period to advance its Perth Basin exploration, where it is focused on having two highly prospective locations ready to drill in 2017.

UIL Energy and Eneabba Gas Ltd completed the consolidation of their respective Perth Basin permits, creating a larger, more diverse Perth Basin explorer. The addition of two Perth Basin permit interests, including the Ocean Hill prospect, provides further strategic growth opportunity for UIL Energy in this active basin and expands UIL Energy's footprint in the Perth Basin to over 700,000 acres – one of the largest holdings in this exploration and producing region.

UIL's primary focus is on the Ocean Hill prospect, which combined with UIL Energy's current Perth Basin portfolio, provides one of the most highly prospective acreage positions in the Perth Basin. The earlier Ocean Hill #1 discovery well, initially identified a gas resource that has the potential to become significantly larger with further drilling. The Ocean Hill prospect demonstrates some geological attributes similar to those seen in the Gingin Gas Field and Red Gully Gas Projects, where Empire Oil and Gas commenced production in late 2013.

UIL Energy and Bombora Natural Energy Pty Ltd (Bombora) signed a Farmin Agreement and Joint Operating Agreement to enable Bombora to farmin on the Walyering project area within permit EP447. Bombora agreed to fund \$2.5 million for up to 100km² 3D seismic survey and earn a 70% working interest in four graticular blocks within EP447. Bombora will focus on the evaluation of the previously discovered Walyering Gas Field, where 3 of 4 historical wells encountered gas within multiple Jurassic age sands, with the best-tested unstimulated zone flowing initially at 13.5 MMCF/D.

Figure 1: Perth Basin Competitor Activities as reported to the ASX



Following the expected 3D seismic on both the Ocean Hill and Walyering project areas, UIL Energy could have two potentially highly prospective drilling locations ready to drill during 2017.

UIL Energy is also planning to acquire up to 264km of 2D seismic across its three central Perth Basin permits (EP447, EP488 and EP489) to upgrade the nine exploration leads already identified in these permits. UIL Energy, as Operator of all three permits, is continuing to consult with relevant government authorities and community groups on all operations. Timing of the seismic survey is dependent on approvals from the various State departments.

UIL Energy's three 100% owned northern Perth Basin permits (EPA 82,98 and 99) are approximately 35 kilometres southeast of AWE's Waitsia gas discovery. 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 in permits to the northwest. Wells intersecting these formations, adjacent to the UIL Energy's acreage, have historically exhibited elevated gas shows. UIL Energy is progressing discussions and negotiations with the Native Title groups to enable the permits to be granted.

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.

OPERATING RESULTS

The net result of operations after applicable income tax expense for the consolidated entity for the half year ended 31 December 2016 was a loss of \$490,483 (31 December 2015: loss of \$473,376).

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

The following significant events occurred following the reporting period:

- On 17 January 2017, 1,228,226 new fully paid ordinary shares were issued to Directors, employees and consultants of the Company in lieu of accrued salary and fees of \$61,411 for the December 2016 quarter.

There have been no other events since 31 December 2016 that impact upon the financial report as at 31 December 2016.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 5 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
15 March 2017

Declaration of Independence



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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF UIL ENERGY LIMITED

As lead auditor for the review of UIL Energy Limited for the half-year ended 31 December 2016, 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.

A handwritten signature in black ink that reads 'T J Kendall'. The signature is written in a cursive style with a prominent 'T' and 'K'.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 15 March 2017

Interests in Petroleum Tenements

UIL Energy Ltd held the following interests in petroleum exploration tenements as at 15 March 2017.

Western Australia Tenements

Tenure Type, Name and Number	Basin	Operator	% Interest of UIL	Notes
EP 447	Perth	UIL Energy Ltd	100%	Acquired additional 50% from Eneabba Gas Ltd on 8/09/16
EP 488	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 28/05/2014
EP 489	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 28/05/2014
EP 495	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit acquired from Eneabba Gas Ltd on 8/09/16
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.

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the half year ended 31 December 2016

	Note	Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$
Revenue	2	13,449	31,276
Employee benefits expense		(152,142)	(136,738)
Administration costs		(241,715)	(233,921)
Consultants fees		(109,070)	(104,280)
Depreciation expense		(1,005)	(2,380)
Exploration impairment		-	(27,333)
Loss before income tax expense	3	(490,483)	(473,376)
Income tax expense		-	-
Net loss for the year		(490,483)	(473,376)
Other comprehensive loss		-	-
Total comprehensive loss for the year		(490,483)	(473,376)
<hr/>			
Loss per share attributable to owners of UIL Energy Ltd		Cents	Cents
Basic loss per share (cents per share)		(0.3)	(0.4)
Diluted loss per share (cents per share)		(0.3)	(0.4)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position As at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents		1,896,013	1,216,148
Trade and other receivables		9,939	56,766
Other current assets		28,424	6,216
Total Current Assets		1,934,376	1,279,130
Non-Current Assets			
Property, plant & equipment		3,770	4,775
Exploration and evaluation assets	4	8,787,194	4,138,094
Total Non-Current Assets		8,790,964	4,142,870
TOTAL ASSETS		10,725,340	5,422,000
Current Liabilities			
Trade and other payables		405,471	232,897
Total Current Liabilities		405,471	232,897
TOTAL LIABILITIES		405,471	232,897
NET ASSETS		10,319,869	5,189,103
Equity			
Issued capital	5(a)	18,141,500	12,827,340
Preference Equity	5(b)	262,500	-
Reserves		1,715,739	1,671,150
Accumulated Losses		(9,799,870)	(9,309,387)
TOTAL EQUITY		10,319,869	5,189,103

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 2016

	Issued Capital	Preference Equity	Accumulated Losses	Option Reserve	Total
	\$	\$	\$	\$	\$
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
At 1 July 2016	12,827,340	-	(9,309,387)	1,671,150	5,189,103
Total comprehensive income for the financial year					
Loss for the year	-	-	(490,483)	-	(490,483)
	-	-	(490,483)	-	(490,483)
Transactions with owners in their capacity as owners					
Issue of share capital	5,555,075	-	-	-	5,555,075
Issue of preference equity	-	262,500	-	-	262,500
Costs associated with issue of share	(240,915)	-	-	-	(240,915)
Issue of options and performance rights	-	-	-	44,589	44,589
	5,314,160	262,500	-	44,589	5,621,249
At 31 December 2016	18,141,500	262,500	(9,799,870)	1,715,739	10,319,869

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 2016

Note	Half year ended 31 December 2016	Half year ended 31 December 2015
	\$	\$
Cash Flows from Operating Activities		
Receipts from operations (including refunds of GST)	37,244	67,434
Payments to suppliers and employees (including GST)	(503,596)	(500,674)
Interest received	10,277	25,079
Net cash used in operating activities	(456,075)	(408,161)
Cash Flows from Investing Activities		
Payments for exploration and evaluation	(176,607)	(208,280)
Receipts from Joint Venture Partners	50,000	-
Net cash used in investing activities	(126,607)	(208,280)
Cash Flows from Financing Activities		
Proceeds from issue of shares	1,392,500	-
Capital raising expenses	(129,953)	-
Proceeds from issue of convertible notes	-	-
Repayment of a short-term loan	-	-
Net cash provided by financing activities	1,262,547	-
Net increase/(decrease) in cash held	679,865	(616,441)
Cash at the beginning of the financial year	1,216,148	2,553,262
Cash at the end of the financial year	1,896,013	1,936,821

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 2016 were authorised for issue in accordance with a resolution of the Directors on 14 March 2017 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 2016.

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 2016 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 report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. For the half year ended 31 December 2016, the Group generated a consolidated loss of \$490,483 and incurred operating cash outflows of \$456,075. As at 31 December 2016 the Group had cash and cash equivalents of \$1,896,013 and net assets of \$10,319,869.

These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern is dependent upon the Group being able to manage its liquidity requirements by taking some or all of the following actions:

1. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the Group to continue to progress its petroleum tenements and to meet the Group's working capital requirements;
2. Reducing its level of capital expenditure through farm-outs and/or joint ventures;
3. Reducing its working capital expenditure; and
4. Disposing of non-core assets.

Notwithstanding the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis for the following reasons:

Notes to the Financial Statements for the half year ended 31 December 2016

1. The Company is investigating opportunities to reduce its level of capital expenditure through farm-outs and/or joint ventures
2. The Group has the ability to scale down its current cash outflows.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

	For the half year ended 31 Dec 2016	For the half year ended 31 Dec 2015
	\$	\$

NOTE 2 REVENUE

Revenue

- interest from other persons	13,449	31,276
Total revenue	13,449	31,276

NOTE 3 LOSS FOR THE PERIOD

Loss before tax includes the following:

Superannuation contributions	(16,652)	(23,262)
Share-based payment expense	(5,879)	(5,878)
Depreciation of property, plant and equipment	(1,005)	(2,380)

	For the half year ended 31 Dec 2016	For the year ended 30 Jun 2016
	\$	\$

NOTE 4 EXPLORATION AND EVALUATION EXPENDITURE

Non-Current

Exploration and evaluation expenditure capitalised:

- exploration and evaluation	8,787,194	4,138,094
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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	4,138,094	3,760,656
Acquisition of subsidiaries ^(a)	4,387,501	-
Additions	261,599	404,771
Exploration impairment ^(b)	-	(27,333)
Carrying amount at the end of the period	8,787,194	4,138,094

- (a) During the period the Company completed the Share Sale Agreement ("SSA") with Eneabba Gas Ltd ("ENB"). Under the agreement the Company acquired Eneabba's Perth Basin Exploration Assets through the acquisition of Eneabba's two wholly owned subsidiaries, Ocean Hill Pty Ltd and GCC Methane Pty Ltd that respectively own the Ocean Hill prospect (EP 495) and 50% of EP447 (providing UIL Energy with 100% of EP447). Neither Company meets the definition of a business under AASB 3, hence the transaction is accounted for as an asset acquisition under AASB 2.

Notes to the Financial Statements for the half year ended 31 December 2016

UIL Energy issued to ENB shareholders the following Convertible Redeemable Preference Shares (CRPS) as consideration for the transaction:

- 55 million Class A CRPS which converted immediately into ordinary shares of UIL Energy. The valuation of this consideration was calculated utilising the spot price of UIL Energy ordinary shares on the date of issue being \$0.075 per shares (total consideration \$4,125,001).
- 35 million Class B CRPS which 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. The UIL Energy Board considered the probability that the conversion conditions will be met and have applied a 10% probability with respect to the valuation of the Class B CRPS (total consideration \$262,500).

(b) During the comparative period the Company withdrew the application for EPA 97.

	As at 31 Dec 2016	As at 30 Jun 2016
	\$	\$

NOTE 5 EQUITY

(a) Contributed Equity

191,766,715 Fully paid ordinary shares (30 June 2016: 108,023,755)	19,051,443	13,496,368
Costs associated with issue of share capital ⁽ⁱ⁾	(909,943)	(669,028)
	18,141,500	12,827,340

(i) Costs associated with the issue of share capital include the issue of options over shares in the Company, issued as part payment of Broker fees.

	For the half year ended 31 Dec 2016		For the year ended 30 Jun 2016	
	Number of shares	\$	Number of shares	\$
Movements in ordinary fully paid shares on issue				
Balance at the beginning of the period	108,023,755	12,827,340	108,023,755	12,827,340
Issue of shares during the period:				
Equity Raising ^(a,b)	27,850,000	1,392,500	-	-
Issue to ENB shareholders ^(c)	55,000,000	4,125,001	-	-
In lieu of salary and fees ^(d)	727,960	37,574	-	-
Issue of Performance Rights ^(e)	165,000	-	-	-
Transaction costs on shares issued	-	(240,915)	-	-
Balance at the end of the period	191,766,715	18,141,500	108,023,755	12,827,340

- a) On 29 September 2016 the Company announced that it had completed a placement to issue 15,000,000 new ordinary shares paid up to \$0.05 (total consideration \$750,000).
- b) On 25 November 2016 the Company announcement it had completed a Share Purchase Plan to issue 12,850,000 new ordinary shares paid up to \$0.05 (total consideration \$642,500).
- c) As detailed in Note 4, the Company issued 55,000,000 Class A Convertible Redeemable Preference Shares to Eneabba Gas Ltd Shareholders during the period, which converted to 55,000,000 new ordinary shares on 21 September 2016. The shares were measured at fair value on grant date.
- d) On 14 October 2016, 727,960 new ordinary shares paid up to \$0.0516 (total consideration \$37,574) were issued to Directors and consultants in lieu of accrued salary and fees for the September 2016 quarter.

Notes to the Financial Statements for the half year ended 31 December 2016

- e) On 29 August 2016, 165,000 new ordinary shares were issued on the vesting and exercise of 165,000 performance rights. The remaining balance of performance rights (835,000) either lapsed or were cancelled on that date.

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

	As at 31 Dec 2016 Number	As at 30 Jun 2016 Number
(b) Preference Equity		
Class B Convertible Redeemable Preference Shares (CRPS)	35,000,000	-

As detailed in Note 4 on 21 September 2016 the Company issued 35 million Class B CRPS which 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. The UIL Energy Board considered the probability that the conversion conditions will be met and have applied a 10% probability with respect to the valuation of the Class B CRPS (total consideration \$262,500).

(c) Options

As at the reporting date there were 65,654,959 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
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
14/12/2016	14/12/2016	14/06/2018	\$0.075	41,850,000
Total				65,654,959

During the period the Company issued 41,850,000 listed share options with an exercise price of \$0.075 and an expiry date of 14 June 2018. The listed options were issued as part of the capital raising activities completed during the period and were issued to participants in the share placement, SPP and as part payment of Broker fees.

During the period 2,000,000 options with an exercise price of \$0.24 and an expiry date of 31 December 2016 expired.

(d) Performance Rights

As at the reporting date there were Nil (30 June 2016: 1,000,000) performance rights granted to employees and consultants.

On 18 August 2016 165,000 performance rights were exercised and converted to fully paid ordinary shares upon the satisfaction of certain performance conditions. The remaining 835,000 performance rights were cancelled.

NOTE 6 DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the financial period (2015: 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

- On 17 January 2017, 1,228,226 new fully paid ordinary shares were issued to Directors, employees and consultants of the Company in lieu of accrued salary and fees of \$61,411 for the December 2016 quarter.

There have been no other events since 31 December 2016 that impact upon the financial report as at 31 December 2016.

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 2016 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
15 March 2017

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 2016, the consolidated statement of profit or loss and other 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 2016 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:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to 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. Our conclusion is not modified in respect of this matter.

BDO Audit Pty Ltd

BDO



T J Kendall
Director

Brisbane, 15 March 2017