

QUARTERLY ACTIVITIES REPORT PERIOD ENDED 31 DECEMBER 2017

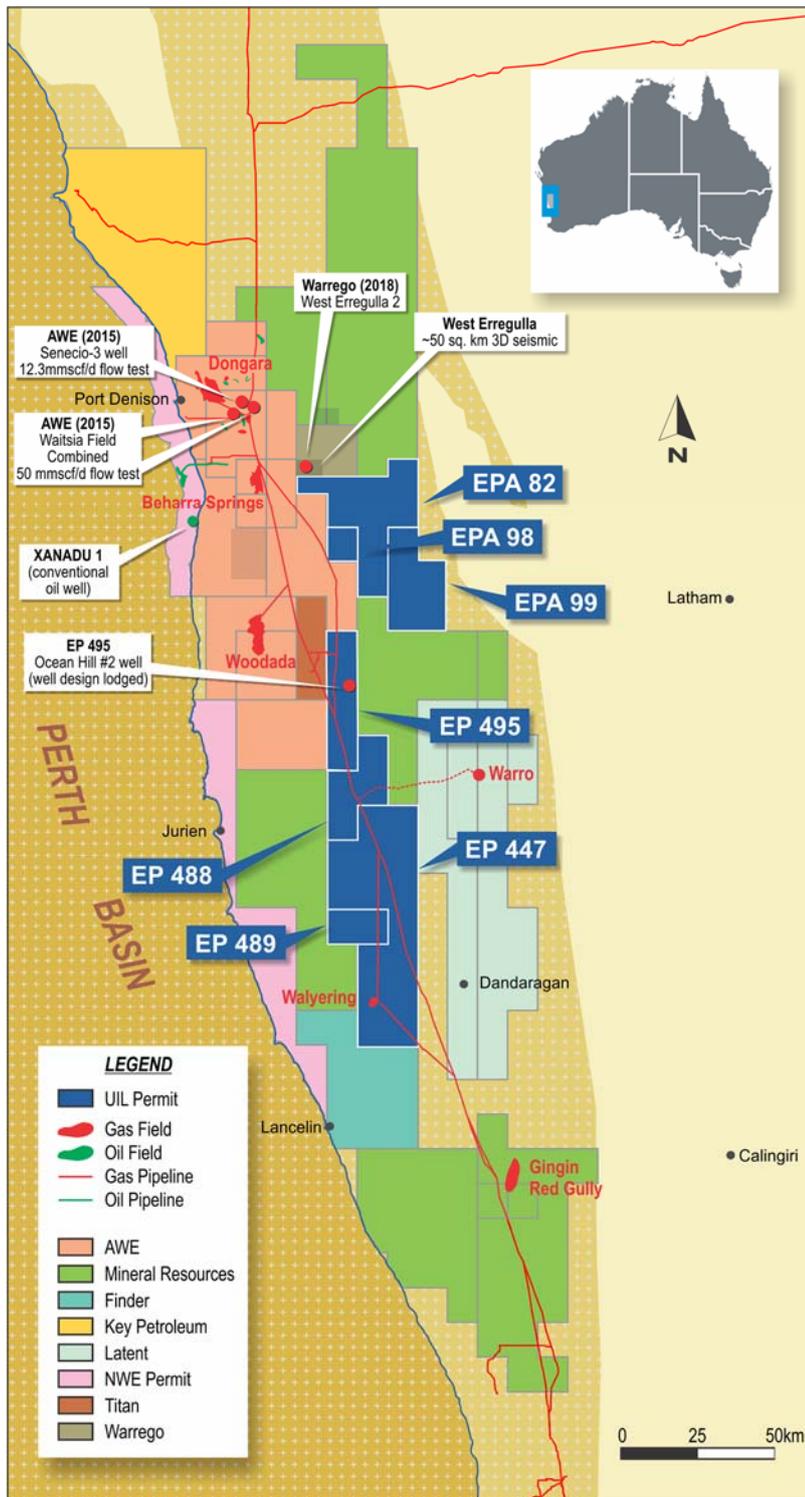


Figure 1: Perth Basin Competitor Activities as reported to the ASX

- Perth Basin corporate activity heating up with AWE receiving takeover offers from a Chinese group and Mineral Resources during December 2017 and more recently a further cash bid on 29 January 2018 from Mitsui & Co Ltd. Mitsui's upgraded cash offer values AWE at approximately \$594m.
- AWE takeover valuation highlights UIL Energy's upside potential:**
 - Mitsui now setting a valuation benchmark for 2P gas reserves for the Western Australian domestic gas market
 - Current offer by Mitsui placing **AWE's 2P gas reserves at approximately \$1.45/GJ** (based on 410PJ net 2P gas reserves to AWE)¹
- UIL Energy's current market valuation has the combined 2C and prospective resources of 637PJ² valued at ~\$0.015/GJ – highlighting significant upside potential as UIL Energy looks to upgrade these prospects**
- UIL Energy's focus is on progressing joint venture opportunities for investment in UIL Energy's permits, particularly on the Ocean Hill prospect.
- In conjunction with focusing on the Perth Basin acreage, management is pursuing opportunities across the east coast gas markets.

1. Sourced from AWE's announcement dated 19/12/2017
2. Combined from Ocean Hill and Coomaloo East Prospects

ASX: UIL

1. Focus on Ocean Hill Prospect

The Ocean Hill prospect has independent certified 2C Contingent Resource of 360 BCF with proven gas productive zones in the Jurassic, which have flow-tested gas without stimulation.

Company actively seeking strategic participants to share in the funding for the Ocean Hill #2 well. The Company still awaits government review on the environmental plan for the acquisition of 3D seismic data covering up to 250km² of Ocean Hill permit EP495.

2. Coomallo East Prospect

Located mostly in EP 447 to the east of the Coomallo-1 well, the Coomallo prospect is an up-thrown fault closure and as mapped at the Top Eneabba horizon has an areal closure of 3,716 hectares and vertical closure of 540m. Prospective Resources of 277 BCF with associated condensate of 5 MMBBLS has been assessed over this lead. UIL Energy is currently reprocessing the recently acquired seismic data from Searcher Seismic.

3. Northern Perth Prospects – Third party activity on its doorstep

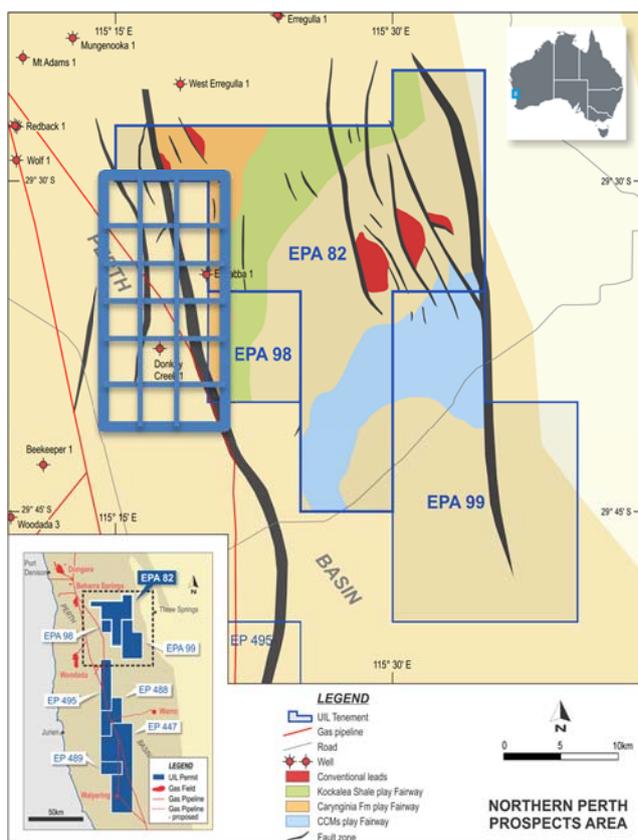


Figure 2: UIL Energy's North Perth Basin Permits

- UIL Energy has 100% ownership of three permits in the northern Perth Basin and actively negotiating with native title claimants to enable the grant of each permit.
- Western flank of the permits is considered prospective for further Waitsia style targets, with depths of these reservoir's to be confirmed.
- As shown in Figure 2 opposite, operator Lattice Energy (currently being acquired by Beach Energy Ltd) is aiming to shoot over 200km² of 3D seismic this year on EP320 (blue grid), a permit adjacent to UIL Energy's permits.
- Lattice is looking to enhance the mapping of the conventional gas formations and the potential deep Kingia/High Cliff formations that are the productive reservoirs containing the giant Waitsia gas discovery.

4. Walyering Prospect Area

Pancontinental (ASX:PCL) has continued with efforts under the farmin agreement to earn a working interest and right to operate in the Walyering project area within UIL Energy's 100% owned EP447. Parties have agreed to extend the farmin arrangement through to the end of 2018.

The focus is 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 MMscf/d. The environmental plan to conduct the 3D seismic survey has been lodged and is under review by the DMIRS.

Corporate and Permit Summary

Petroleum Perth Basin Permits

Permit	UIL Interest	Permit Area (gross km ²)	Permit Area (gross acres)
EP 447	100%	1,108	273,787
EP 488	100%	296	73,142
EP 489	100%	148	36,571
EP 495	100%	298	73,636
EPA 82	100%	559	138,129
EPA 98	100%	75	18,533
EPA 99	100%	372	91,921
TOTAL		2,856	705,719

Cash Position

Cash on hand as at 31 December 2017 was approximately \$0.7 million.

Issued Capital

UIL Energy has the following securities on issue at the date of this report:

Quoted:

196,687,582 Ordinary shares (ASX:UIL)

41,850,000 Options exercisable at 7.5cents on or before 14 June 2018 (ASX: UILO)

Unquoted:

35,000,000 CRP shares

15,804,959 Share options \$0.24 at 31-Dec-18

2,250,000 Share options \$0.075 at 31-Dec-20

12,554,885 performance rights

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Competent Person Statement and Definitions

Reported contingent and prospective resources are in accordance with the Society of Petroleum Engineers (SPE) Reserves Auditing Standards and the SPE-Petroleum Resource Management System (PRMS) guidelines and are based on independent reports compiled by Mr R. M. Shuck of DeGolyer and MacNaughton with regards to EP495 and by Mr T. Saitta of Saitta Petroleum Consultants with regards to the Coomallo East Prospect located across EP488 and EP447. Both Mr Shuck and Mr Saitta qualifications and experience meet the requirements to act as a qualified petroleum reserves and resource evaluator as defined under the ASX Listing Rule 5.42. The resource information has been issued with the prior written consent of both parties.

“**Contingent Resources**” are those quantities of discovered sub-commercial petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality.

“**Prospective Resources**” are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled.