



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

QUARTERLY ACTIVITIES REPORT PERIOD ENDED 31 MARCH 2018

- Perth Basin corporate activity continues to highlight strong potential of UIL Energy’s portfolio:
 - Mitsui has progressed its takeover of AWE Limited and has commenced the compulsory acquisition process
 - Strike Energy Ltd has announced a farmin to Warrego’s West Erregulla project (EP469) which is located adjacent to UIL Energy’s northern permits; and
 - Lattice Energy is continuing to progress its projects over the Basin

- UIL Energy’s current market valuation has the combined 2C and prospective resources of 637PJ¹ currently valued at ~\$0.015/GJ – highlighting significant upside potential as UIL Energy looks to upgrade these prospects

- Company undertook a A\$1.1 million placement to raise funds to progress evaluation of current 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 activity in the Perth Basin, management is pursuing opportunities across the east coast gas markets.

1. Combined from Ocean Hill and Coomaloo East Prospects (refer to *Competent Person Statement and Definitions* noted at end of this report)

1. Placement – A\$1.1m raised to progress evaluation

During the quarter, UIL Energy received commitments for a A\$1.1 million raising by way of placement of ~31.4 million ordinary shares (including \$101,500 director participation in the placement). Bizzell Capital Partners Pty Ltd and Morgans Corporate Ltd were mandated as Joint Lead Managers (JLMs) for the capital raising. The placement was completed at a price of \$0.035 per share plus 1 free attaching unlisted option (exercisable at \$0.05 each on or before 31 December 2019) for each 3 new shares subscribed for. Placement funds were received subsequent to the end of the quarter.

The funds raised will be utilised to progress evaluation of current projects including:

- Ocean Hill drilling preparation and partnering opportunities (EP495)
- Coomallo East 3D seismic preparation (EP 447/488)
- Walyering project area PanContinental farmin activities (EP447)
- Granting of northern Perth applications (EPA 82/98/99)
- Queensland petroleum tenders

2. Focus on Ocean Hill Prospect – Ready to drill

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.

The company continues discussions with potential 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 the Ocean Hill permit EP495.

3. Coomallo East Prospect – Assessment underway for 3D seismic program

Located mostly in EP 447 to the east of the Coomallo-1 well, the Coomallo prospect is an up-thrown fault closure with Best Estimate Prospective Resources of 277 BCF with associated condensate of 5 MMBLS assessed over this prospect. UIL Energy is now assessing a potential 3D seismic program over the Coomallo East prospect.

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

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.

During the quarter, Strike Energy Ltd announced a farmin to the Warrego project (EP469) located adjacent to the northern boundary of UIL Energy's applications and highlighting significant potential in the area.

Lattice Energy is also aiming to shoot over 200km² of 3D seismic this year on EP320, a permit adjacent to and on the western side of UIL Energy's applications. Lattice Energy 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 Waitisia gas discovery.

5. Walyering Prospect Area – 3D seismic program scheduled later this year

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. PCL has advanced the approvals for the 3D seismic program and aiming to short the program late 2018/early 2019 in conjunction with other 3D seismic programs in the basin.

6. WA Scientific Inquiry

UIL Energy submitted a response to the WA scientific inquiry panel during March 2018. The company notes the recent positive decision from the Northern Territory government allowing hydraulic fracturing subject to implementation of the panel's recommendations.

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 including the placement completed during April 2018 was approximately \$1.6m.

Issued Capital

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

Quoted:

225,537,587 Ordinary shares (ASX:UIL)

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

Unquoted:

11,521,036 Unlisted Options, exercisable at \$0.05 each on or before 31-Dec -19

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

35,000,000 CRP shares

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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.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.