

BY E-LODGEMENT

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Our ref 0123162-0000005 AU:10175241.1

24 October 2018

Dear Sir/Madam

Off-market takeover bids by Strike Energy Limited for UIL Energy Limited - service of bidder's statement

We act for Strike Energy Limited ACN 078 012 745 (**Strike**).

We attach, by way of service pursuant to item 5 of section 633(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a copy of the Strike's bidder's statement in relation to Strike's off-market takeover bids for all of the ordinary shares and convertible preference shares in UIL Energy Limited ACN 153 352 160 (**UIL**).

Strike has set 7.00 pm (Sydney time) on 23 October 2018 as the time and date for determining the persons to whom information is to be sent in accordance with section 633(2) of the Corporations Act in relation to the takeover bid.

The Bidder's Statement was lodged with the Australian Securities and Investments Commission and given to UIL earlier today.

Yours faithfully



James Nicholls
Senior Associate

Encl



RECOMMENDED OFFERS

BY

STRIKE ENERGY LIMITED

through its wholly owned subsidiary, Strike West Holdings Pty Ltd ACN 616 395 398

TO ACQUIRE

- all of your UIL Energy Ordinary Shares
- all of your UIL Energy Preference Shares

in UIL Energy Limited ACN 153 352 160

FOR A PRICE OF

- 0.485 Strike Energy Shares for every 1 of your UIL Energy Ordinary Shares
- 0.485 Strike Energy Milestone Options for every 1 of your UIL Energy Preference Shares

ACCEPT NOW

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to how to deal with it, you should consult your financial, legal or other professional adviser as soon as possible.

Financial Adviser



Azure Capital

Legal Adviser

ALLEN & OVERY

IMPORTANT NOTICES

Purpose of this Bidder's Statement

This Bidder's Statement is given by Strike West Holdings Pty Ltd ACN 616 395 398 (**Strike West**), a wholly-owned subsidiary of Strike Energy Limited ACN 078 012 745 (**Strike Energy**), to shareholders in UIL Energy Limited ACN 153 352 160 (**UIL Energy**) under Part 6.5 of the Corporations Act 2001 (Cth) (**Corporations Act**). This Bidder's Statement contains the terms of the Offers made by Strike West to acquire Your UIL Energy Ordinary Shares and Your UIL Energy Preference Shares along with certain disclosures required by the Corporations Act. The Offers are dated 25 October 2018. The Ordinary Share Offer is set out in full in Schedule 1 and the Preference Share Offer is set out in full in Schedule 2. You should read this Bidder's Statement in its entirety before deciding whether or not to accept the Offers.

Defined terms and interpretation

Capitalised terms and certain abbreviations used in this Bidder's Statement have the defined meanings set out in section 11. Section 11 also contains rules of interpretation that apply to this Bidder's Statement.

Information about Target

Strike West has prepared the information on UIL Energy, UIL Energy Shares and the UIL Energy Group contained in this Bidder's Statement from publicly available information. This information has not been independently verified by Strike West or Strike Energy. Accordingly, none of Strike West, Strike Energy and their respective officers, employees and advisers makes, subject to the Corporations Act, any representation or warranty, express or implied, as to the accuracy or completeness of such information or assumes any responsibility for it.

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on UIL Energy and the UIL Energy Group, has also been prepared using publicly available information and the limited information made available to Strike West by UIL Energy. Accordingly, information in relation to the Merged Group is subject to the forgoing disclaimer to that extent.

Further information relating to UIL Energy, UIL Energy Shares and the UIL Energy Group may be included in the Target's Statement which UIL Energy must provide in response to this Bidder's Statement.

Role of ASIC

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 24 October 2018. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

Forward looking statements

Certain statements in this Bidder's Statement relate to the future. Such forward looking statements are not based on historical facts, but rather reflect the current assumptions and expectations of Strike West and Strike Energy concerning future events and circumstances including the operations of Strike West, Strike Energy and UIL Energy and the economic and regulatory environment in which Strike West, Strike Energy and UIL Energy will operate in future. Forward looking statements

may generally be identified by the use of forward looking verbs such as aim, anticipate, believe, estimate, expect, foresee, intend or plan, by words denoting uncertainty such as likely, may, potential or should, or by derived or similar words. Similarly, statements that describe the expectations, objectives, plans or targets of Strike West, Strike Energy or UIL Energy may be forward looking statements.

The assumptions and expectations on which forward looking statements are based are subject to a number of risks and uncertainties that could cause the actual outcomes, and the actual performance or results of Strike West, Strike Energy or UIL Energy to be materially different from the outcomes, or the performance or results of Strike West, Strike Energy or UIL Energy, expressed in, or implied by, such statements. These risks and uncertainties include among other things, general economic conditions, changes in law, regulation or government policy, the impact of increased competition and certain other operational and financial risks and uncertainties associated with carrying on business in the industries in which Strike West, Strike Energy and UIL Energy operate. All forward looking statements should be read in light of such risks and uncertainties.

None of Strike West, Strike Energy and their respective officers, employees and advisers makes any representation or warranty that any outcome, performance, or result expressed in or implied by any forward looking statement in this Bidder's Statement will actually occur. You should treat all forward looking statements with caution and not place undue reliance on them.

Any forward looking statements in this Bidder's Statement reflect the assumptions and expectations of Strike West and Strike Energy as at the date of this Bidder's Statement. Except as required by law, Strike West, Strike Energy and their respective officers, employees and advisers, and any person named in this Bidder's Statement with their consent, and any person involved in the preparation of this Bidder's Statement, disclaim any obligation to revise or update any forward looking statements after the date of this Bidder's Statement to reflect any change in the assumptions or expectations on which those statements are based.

Notices to persons outside Australia

The distribution of this Bidder's Statement in some countries may be restricted by law or regulation. If you receive this Bidder's Statement outside Australia you should inform yourself of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify Strike Energy or to otherwise permit a public offering of Strike Energy Securities outside Australia.

Strike Energy Shares have not been, and will not be, registered under the United States Securities Act of 1933 (**Securities Act**) and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities law.

This Bidder's Statement has been prepared having regard to Australian disclosure requirements and Australian accounting standards. These disclosure requirements and accounting standards may be different from those in other countries.

If you are not an Australian resident taxpayer or are liable for tax outside Australia you should seek specific tax advice in relation to the Australian and overseas tax consequences of accepting the Offers.

Notices to persons in Singapore

The Offers are being made pursuant to section 273(1)(b) of the Securities and Futures Act (Chapter 289) of Singapore (the **SFA**). Accordingly no prospectus is required to be registered with the Monetary Authority of Singapore (**MAS**) in connection with the Offers.

This Bidder's Statement and any other document or material in connection with the Offers made by Strike have not been and will not be registered as a prospectus with the MAS. Accordingly, statutory liabilities in connection with the contents of prospectuses under the SFA will not apply.

No offer is being made to a UIL Energy Securityholder with a view to the Strike Energy Shares or the Strike Energy Milestone Options being subsequently offered for sale to any other party. UIL Energy Securityholders are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

This Bidder's Statement and any other document or material in connection with the Offers are distributed only to investors in Singapore who are UIL Energy Securityholders. None of this Bidder's Statement, any other document or material in connection with the Offers, or any part thereof may be (a) copied, photocopied, duplicated or otherwise reproduced in any form or by any means, or (b) forwarded, published, redistributed, passed on or otherwise disseminated or quoted, directly or indirectly, to any other person.

The Strike Energy Shares and Strike Energy Milestone Options are classified as prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Privacy and personal information

Strike West and its share registry have collected personal information about UIL Energy Shareholders and UIL Energy Preference Shareholders for the purpose of making the Offers and, if the Offers are successful, for the purpose of administering holdings of UIL Energy Shares. The personal information collected includes the names and addresses of UIL Energy Shareholders and UIL Energy Preference Shareholders and details of their holdings of UIL Energy Shares. This personal information may be disclosed to professional advisers, printers, mailing houses and other organisations providing services to Strike West and Strike Energy in connection with the Offers, to other members of the Strike Energy Group, and to ASIC and other regulatory authorities.

Individuals in respect of whom personal information is collected have certain rights to access that personal information. You should contact Strike Energy's share registry, Boardroom Pty Limited, on 1300 737 760 from within Australia or (+61) 2 9290 9600 from outside Australia between 8.15am and 5.30pm, (Sydney time), Monday to Friday if you wish to request access to your personal information.

Investment decisions

This Bidder's Statement does not constitute financial product advice and has been prepared without reference to your individual investment objectives, financial situation or other circumstances. This Bidder's Statement should not be relied upon as the sole basis for any decision as to whether or not to accept the Offers and Strike Energy's board recommends that you should consider seeking independent financial, legal or other professional advice before making any such investment decision.

Effect of rounding

Certain amounts or figures in this Bidder's Statement, including those relating to the Offer Consideration, are subject to the effect of rounding. Accordingly, the actual calculation of these amounts or figures may differ from the amounts or figures set out in this Bidder's Statement.

Diagrams, maps and data in charts, graphs and tables

Diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless otherwise indicated, all data contained in charts, graphs and tables is based on information current at the date of this Bidder's Statement.

References to currency

Unless otherwise indicated, all references to \$, A\$, dollars or cents in this Bidder's Statement are to Australian currency.

References to time

Unless otherwise indicated, all references to time in this Bidder's Statement are to the time in Sydney, Australia.

Websites

Strike Energy maintains a website at www.strikeenergy.com.au and UIL Energy maintains a website at www.uilenergy.com.au. Any references to these and any other websites are for information only and no material contained on any such website forms part of this Bidder's Statement.

Further questions

If you have further questions in relation to the Offers or how to accept them, please call the Offer Information Line from within Australia on 1300 737 760 (toll-free) or from outside Australia on +61 2 9290 9600 (charges apply) between 8.30 am and 5.00 pm (Sydney time) Monday to Friday.

Date of this Bidder's Statement

This Bidder's Statement is dated 24 October 2018.

TEN REASONS WHY YOU SHOULD **ACCEPT** STRIKE ENERGY'S OFFERS

Strike Energy believes you should accept the Offers for the reasons outlined below.

- 1 YOUR BOARD UNANIMOUSLY RECOMMENDS YOU ACCEPT THE OFFERS**

- 2 THE SHARE OFFER REPRESENTS AN ATTRACTIVE PREMIUM**

- 3 YOUR BOARD INTENDS TO ACCEPT THE OFFERS**

- 4 STRATEGIC BENEFITS, DIVERSITY AND OPERATIONAL SYNERGIES**

- 5 NEAR TERM COMMITMENTS FUNDED WITH GREATER FUNDING ABILITY MOVING FORWARD**

- 6 ACCESS TO IMPROVED LIQUIDITY**

- 7 ACCESS TO STRIKE ENERGY'S EXPERIENCED BOARD AND SENIOR MANAGEMENT TEAM**

- 8 THE TRADING PRICE OF YOUR SHARES MAY FALL IF THE OFFERS ARE UNSUCCESSFUL**

- 9 YOU FACE THE RISK OF BEING A MINORITY IF YOU DO NOT ACCEPT THE OFFERS**

- 10 THE OFFERS ARE SUBJECT TO LIMITED CONDITIONALITY**

LETTER FROM THE CHAIRMAN & MANAGING DIRECTOR

24 October 2018

Dear UIL Energy Securityholders

RECOMMENDED STRIKE ENERGY TAKEOVER BID FOR UIL ENERGY LIMITED

On behalf of Strike Energy Limited (**Strike Energy**), we are pleased to present our Offers to acquire all your Ordinary Shares and Preference Shares in UIL Energy Limited (**UIL Energy**).

The Offer Consideration includes 0.485 Strike Energy Shares for every 1 UIL Energy Share that you own, which represents a premium of ~43.4% to UIL Energy's 30-day VWAP up to and including 19 October 2018¹, and 0.485 Strike Energy Milestone Options for every 1 UIL Energy Preference Shares that you own.

About Strike Energy

Strike Energy is an ASX listed oil and gas exploration, appraisal and development company (ASX:STX) with a market capitalisation of ~\$163 million² and assets located across two of Australia's proven petroleum systems, the Cooper Basin in South Australia (**Southern Cooper Basin Gas Project**) and the Perth Basin in Western Australia (**West Erregulla Project**).

Following the rejuvenation of Strike Energy's board and management team in mid-2017, Strike Energy has been delivering on its core focus involving the rapid commercialisation of the gas resource within the Southern Cooper Basin Gas Project, expanding and diversifying its asset portfolio into the Perth Basin with the acquisition of an interest in the West Erregulla Project and creating substantial shareholder value with the share price recently trading at five-year highs.

As per the announcement made on 22 October 2018, Strike Energy has received binding commitments in respect of a placement to institutional and professional investors to raise approximately \$13 million (before costs) (**Placement**) and has launched a share purchase plan to raise \$5 million (before costs) (**SPP**, together with the Placement, the **Capital Raising**). Funds raised from the Capital Raising will be used to support drilling of the West Erregulla-2 well at the West Erregulla Project, the piloting activities of the Jaws wells at the Southern Cooper Basin Gas Project and the progression of UIL Energy's work commitments in respect of its Perth Basin permits (should the Offers be successful), and to provide general working capital.

About the Merged Group

The Offers represent a compelling opportunity to gain exposure to a diversified oil and gas portfolio with scale, and access to high-impact exploration and appraisal activities in the near-term as part of the Merged Group.

Strike Energy brings significant in-house technical expertise and knowledge of oil and gas assets in Australia, with a track-record of delivering top class and innovative upstream solutions designed at proving-up exploration assets.

There are strategic benefits that will be generated by combining the complementary acreage positions of Strike Energy and UIL Energy, including:

- the creation of a meaningful Perth Basin operator with scale and a portfolio of conventional and unconventional assets;
- the addition of exploration potential immediately adjacent and down-dip of West Erregulla;
- operational synergies that will ultimately reduce the unit finding cost of any discoveries; and
- increased diversity across the portfolio.

¹ Based on the 30-day VWAP ending on 19 October 2018 (being the last practicable Trading Day prior to the Announcement Date) for UIL Energy of \$0.046 and Strike Energy of \$0.136.

² Based on Strike Energy's closing share price on 19 October 2018 (being the last practicable Trading Day prior to the Announcement Date).

UIL Energy Board Support

All of the UIL Energy Directors unanimously recommend that you accept the Offers in the absence of a superior proposal and subject to settlement of the Placement and the Independent Expert concluding the Offers are reasonable, and have indicated their intention to do so for all the UIL Energy Shares they own or control including from the exercise of all UIL Energy 5c Options they own or control provided that such options are not Out-of-the money (subject only to the terms of their recommendation).

Conditions of the Offers

The Ordinary Share Offer is subject to a limited number of conditions including settlement of the Placement, a 50.1% minimum acceptance condition, no prescribed occurrences, no index fall and no material breach of the Target conduct of business prohibitions or Target warranties under the Implementation Deed. The Preference Share Offer is only subject to Strike Energy acquiring a relevant interest in at least 90% of the UIL Energy Ordinary Shares and the Ordinary Share Offer becoming or being declared unconditional. Further details of the Offers including the full terms and conditions are set out in this Bidder's Statement, which we encourage you to read in full.

We encourage you to **ACCEPT** the Offers for the reasons set out in this Bidder's Statement, which are open for your acceptance until 7.00 pm (Sydney time) on 30 November 2018 unless the Offer Period is extended. To accept the Offers please follow the instructions in this Bidder's Statement and the enclosed Acceptance Form.

If you have any questions about the Offers please call the Offer Information Line, on 1300 737 760 from within Australia (toll-free) or +61 2 9290 9600 from outside Australia (charges apply) between 8.30 am and 5.00 pm (Sydney time) Monday to Friday. We also recommend you consult your financial, legal or other professional adviser.

Yours sincerely



John Poynton AO
Chairman



Stuart Nicholls
Managing Director



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KEY DATES

Offers announced	22 October 2018
Date of this Bidder's Statement	24 October 2018
Date of the Offers	25 October 2018
Offer Period for each Offer ends (unless extended)	7.00 pm (Sydney time) 30 November 2018

TEN REASONS WHY YOU SHOULD ACCEPT STRIKE ENERGY'S OFFERS

1. YOUR BOARD UNANIMOUSLY RECOMMENDS YOU ACCEPT THE OFFERS

The UIL Energy Board unanimously recommends that UIL Energy Shareholders and UIL Energy Preference Shareholders **ACCEPT** the Offers, in the absence of a superior proposal and subject to the settlement of the Placement and the Independent Expert concluding that the Offers are reasonable.

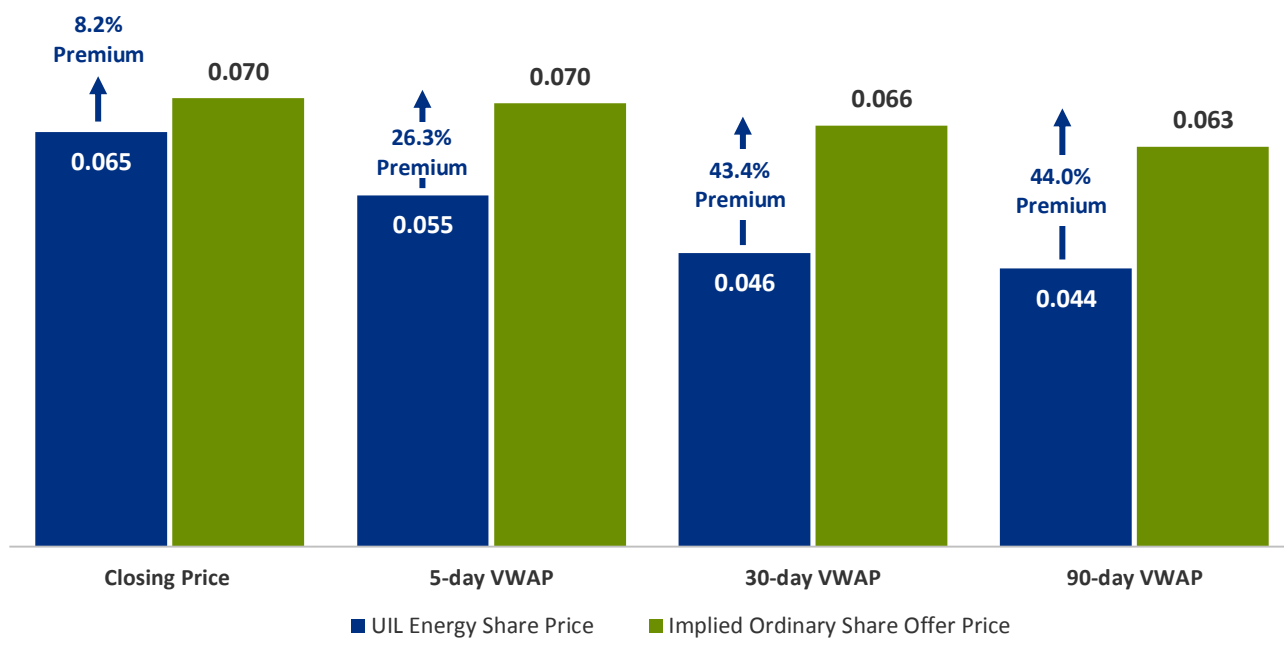
2. THE ORDINARY SHARE OFFER REPRESENTS AN ATTRACTIVE PREMIUM

The Ordinary Share Offer of 0.485 ordinary fully paid shares in Strike Energy for every existing UIL Energy Share held implies a value of \$0.070 based upon the closing price of Strike Energy Shares on 19 October 2018 (being the last practicable Trading Day prior to the date of this Bidder's Statement). The Ordinary Share Offer represents an attractive premium of:

- 8.2% premium to the closing price of UIL Energy Ordinary Shares on 19 October 2018 (being the last practicable Trading Day before the date of this Bidder's Statement)³;
- 26.3% premium to the 5-day VWAP of UIL Energy Shares before announcement of the Offers⁴; and
- 43.4% premium to the 30-day VWAP of UIL Energy Shares before announcement of the Offers⁵; and
- 44.0% premium to the 90-day VWAP of UIL Energy Shares before announcement of the Offers⁶.

The implied value of the Ordinary Share Offer will change with fluctuations in the Strike Energy Share price.

Figure 1. Ordinary Share Offer premiums to UIL Energy Share prices prior to announcement of the Offers (\$/share)



3. YOUR BOARD INTENDS TO ACCEPT THE OFFERS

³ Based on the closing prices as at 19 October 2018 for UIL Energy of \$0.065 and Strike Energy of \$0.145.

⁴ Based on the 5-day VWAP ending on 19 October 2018 for UIL Energy of \$0.055 and Strike Energy of \$0.143.

⁵ Based on the 30-day VWAP ending on 19 October 2018 for UIL Energy of \$0.046 and Strike Energy of \$0.136.

⁶ Based on the 90-day VWAP ending on 19 October 2018 for UIL Energy of \$0.044 and Strike Energy of \$0.129.

The UIL Energy Directors intend to accept the Offers in respect of UIL Energy Securities they own or control, including all UIL Energy Shares issued on exercise of all UIL Energy 5c Options they own or control, which they have undertaken to exercise provided that such Options are not Out-of-the money at the relevant time, in the absence of a superior proposal and subject to the settlement of the Placement and the Independent Expert concluding that the Offers are reasonable.

In accordance with their publicly stated intentions, the UIL Energy Directors will accept the Offers, representing ~25% of UIL Energy’s Ordinary Shares, on the later of 21 days after the Offer has opened for acceptance and 5 days after the despatch of the Target’s Statement subject to the carve-outs above.

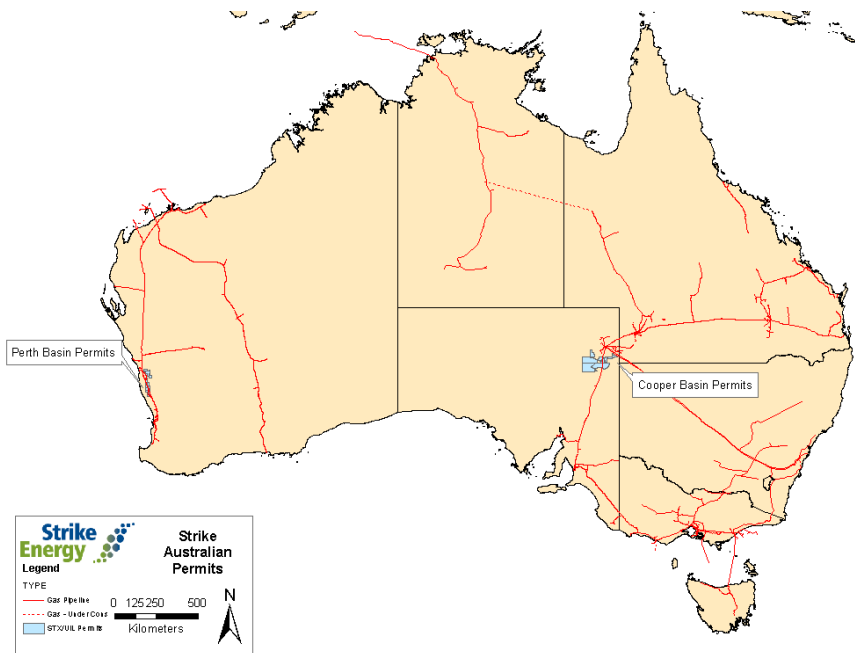
4. STRATEGIC BENEFITS, DIVERSITY AND OPERATIONAL SYNERGIES

The Offers represent a compelling opportunity to gain exposure to a diversified oil and gas portfolio with scale, and access to high-impact exploration activities in the near-term as part of the Merged Group. There are strategic benefits of combining the complementary acreage positions of Strike Energy and UIL Energy in the Perth Basin as part of the Merged Group, including:

- the creation of a meaningful Perth Basin operator with scale and a portfolio of conventional and unconventional assets;
- the addition of exploration potential immediately adjacent and down-dip of West Erregulla in the valuable Kingia-High Cliff play that will benefit from the drilling of the West Erregulla-2 well (which is anticipated to be drilled in March 2019), which has the potential to delineate new high confidence drillable targets along the trend;
- operational synergies that will ultimately reduce the unit funding cost of any discoveries across the portfolio as the Merged Group will have greater scale and therefore ability to negotiate improved terms with its primary contractors; and
- increased exposure in the Perth Basin and a diversified geographical exposure in the Southern Cooper Basin, with assets at varying stages of exploration and appraisal.

The map in figure 2 below illustrates the potential combined portfolio of the Merged Group.

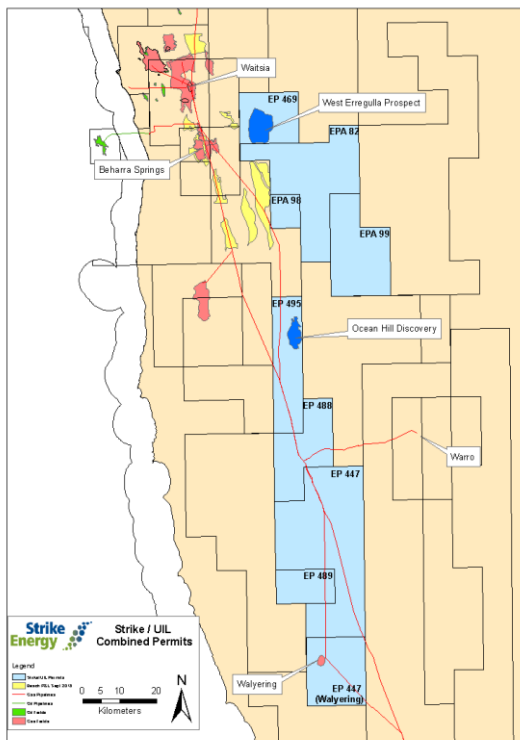
Figure 2. Merged Group Combined Portfolio



UIL Energy’s northern permits (which are currently the subject of applications for grant, being EPA 82, EPA 98 and EPA 99) complement Strike Energy’s recently acquired EP 469 (West Erregulla Project) (Strike Energy 50% and Operator: Warrego Energy Pty Ltd 50%), which is focused on the highly prospective Kingia-High Cliff sands. The combination of these permits within a single portfolio, provides the Merged Group with exposure to high-impact drilling at the West Erregulla Project in the near-term and exploration potential to the south and east in a proven oil and gas fairway

(proximate to both the Waitsia and Beharra Springs discoveries, which also target conventional accumulations in both the Kingia-High Cliff and Dongara-Wagina sands). Figure 3 below illustrates the potential combined portfolio of the Merged Group in the Perth Basin.

Figure 3. Merged Group Combined Portfolio in Perth Basin



The Merged Group will also benefit from exposure to Strike Energy’s broader portfolio of assets and potential near term share price catalysts including commercial success and declaration of an initial reserve from Jaws-1 (as part of the Southern Cooper Basin Gas Project), and the drilling and commercial discovery at West Erregulla-2 (as part of the West Erregulla Project).

The Merged Group is expected to benefit from a number of potential synergies, including:

- ability to negotiate better arrangements, particularly in the Perth Basin, given the increased scale;
- reduction in corporate overheads by removal of duplication; and
- ability to utilise Strike Energy’s fully resourced in-house team, rather than out-sourcing to consultants.

5. NEAR TERM COMMITMENTS FUNDED WITH GREATER FUNDING ABILITY MOVING FORWARD

Assuming settlement of the Placement and receiving applications under the SPP for the targeted amount, announced on 24 October 2018, the Merged Group will be well positioned to execute the near-term West Erregulla 2 drilling program, to complete the piloting activities of the Jaws wells at the Southern Cooper Basin Gas Project and to progress UIL Energy’s currently unfunded commitments that fall due in the first half of 2019.

As at 30 June 2018, UIL Energy had a cash and cash equivalents balance of only \$1,358,260 and commitments of ~\$5.2 million due within the next 12 months or a requirement to relinquish permits (in the absence of the Minister granting an extension and variation). The pro-forma cash and cash equivalents balance of the Merged Group is expected to be ~\$24.5 million⁷.

The Merged Group is also likely to benefit from greater access to funding moving forward, as a larger organisation with scale and a diversified portfolio of assets. This is likely to include the availability of both equity and debt as the

⁷ Assuming \$5 million is raised under the SPP (before costs) in addition to the \$13 million received in binding commitments under the placement.

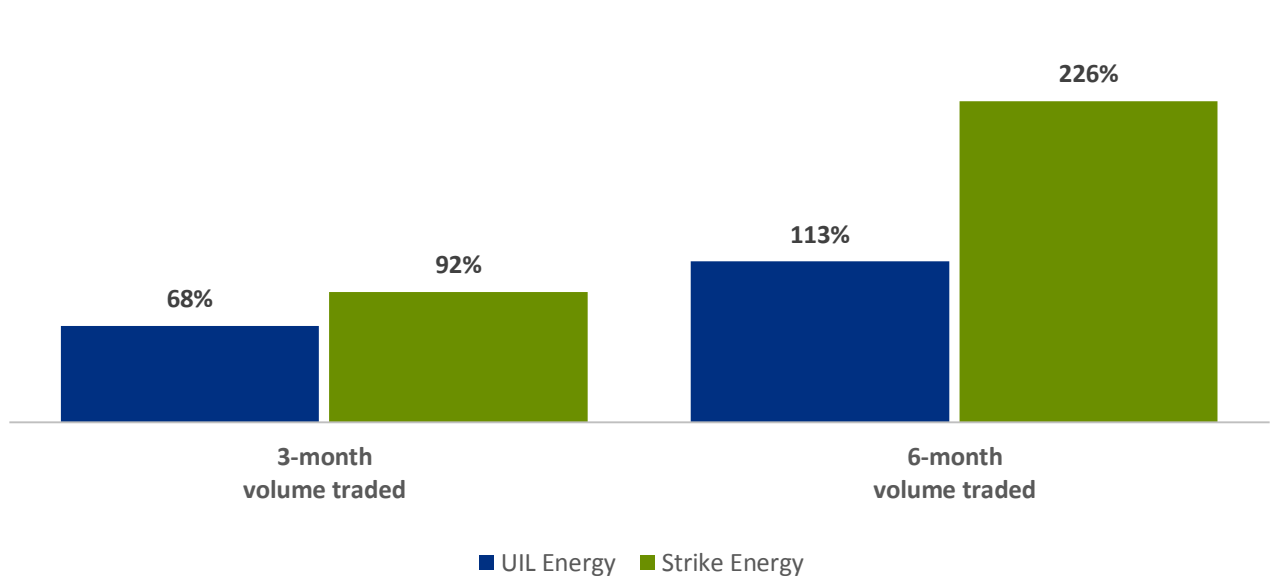
Merged Group progresses from an exploration and appraisal company to a development and eventually production company.

6. ACCESS TO IMPROVED LIQUIDITY

UIL Energy Shareholders who accept the Ordinary Share Offer will receive Strike Energy Shares, which historically have benefited from greater liquidity when compared to the trading of UIL Energy Ordinary Shares. Improved liquidity is likely to provide UIL Energy Shareholders with an enhanced ability to realise the inherent value in their shareholding.

By way of comparison, the volume of Strike Energy Shares that have traded over the last 6 months up to 19 October 2018 (being the last practicable Trading Day prior to the Announcement Date) is ~226% of Strike Energy's current market capitalisation, which compares favourably to the volume of UIL Energy Ordinary Shares that have traded over the same period of only ~113% of UIL Energy's market capitalisation. A comparison of the average volume traded over the last three and six months is shown in figure 4 below.

Figure 4. Volume traded as a percentage of market capitalisation (%)⁸



7. ACCESS TO STRIKE ENERGY'S EXPERIENCED BOARD AND SENIOR MANAGEMENT TEAM

Shareholders in the Merged Group will benefit from the experience of Strike Energy's board and senior management team who have a proven track record in oil and gas exploration, appraisal and development. Strike Energy's team have worked across a number of global oil and gas companies including Santos, Royal Dutch, Shell and Origin Energy.

Strike Energy brings significant in-house technical expertise and knowledge of oil and gas assets in Australia, with a track-record of proving-up early-stage exploration assets and a proven ability to create value through corporate and project transaction activity including the acquisition of a 50% interest in the West Erregulla Project (for further information about the transaction please refer to Strike Energy's ASX announcement on 28 March 2018).

8. THE TRADING PRICE OF YOUR SHARES MAY FALL IF THE OFFERS ARE UNSUCCESSFUL

While the trading price of UIL Energy Ordinary Shares on the ASX is impacted by a range of factors, if the Offers are unsuccessful and / or an alternative proposal does not emerge, there is a risk that the UIL Energy Share price may fall to a lower price than the price at which it has traded during the period prior to the date of this Bidder's Statement.

9. YOU FACE THE RISK OF BEING A MINORITY SHAREHOLDER IF YOU DO NOT ACCEPT THE OFFERS

⁸ Volume traded as a percentage of market capitalisation equal to ~\$15 million for UIL Energy ~\$163 million for Strike Energy, based on the closing prices on 19 October 2018 (being the last Trading Day prior to announcement of the Offers).

If Strike Energy achieves the minimum acceptance condition of 50.1%, then it is possible that effective control of UIL Energy passes without the ability of Strike Energy to compulsorily acquire the remaining UIL Energy Shares, which requires a relevant interest in at least 90% of UIL Energy Shares.

Once effective control passes, Strike Energy will have the ability to appoint a majority of directors to the UIL Energy Board and, in doing so, take control of the day-to-day operations of the business. UIL Energy Shareholders who do not accept the Ordinary Share Offer will remain as minority shareholders and be subject to a number of additional risks, including:

- reduced liquidity noting that UIL Energy is already thinly traded;
- a potential fall in the price of UIL Energy Ordinary Shares below the implied value of the Ordinary Share Offer and potentially lower than the price of UIL Energy Ordinary Shares prior to announcement of the Offers; and
- greater difficulty in realising value for UIL Energy Shares with Strike Energy likely to hold a blocking stake to any proposals received from a rival bidder.

For further information on the risks associated with not accepting the Offer, refer to section 8.

10. THE OFFERS ARE SUBJECT TO LIMITED CONDITIONALITY

The Ordinary Share Offer is subject to a limited number of conditions. These conditions include completion of a capital raising of not less than \$13 million, a 50.1% minimum acceptance condition, no prescribed occurrences, no index fall and no material breach of the Target conduct of business prohibitions or Target warranties under the Implementation Deed.

In respect of the capital raising condition, Strike Energy has received binding commitments under the Placement to raise at least \$13 million as part of the Placement. Settlement of the Placement is expected to occur on or about Tuesday, 30 October 2018, which in combination with the binding commitments already received, will result in the satisfaction of the capital raising condition.

The Preference Share Offer is subject to Strike Energy acquiring a relevant interest in at least 90% of the UIL Energy Ordinary Shares and the Ordinary Share Offer becoming or being declared unconditional.

Further details of the Offers including the full terms and conditions are set out in this Bidder's Statement, which we encourage you to read in full.

1. SUMMARY OF THE OFFERS

This section provides a summary of the Offers and refers you to other sections of this Bidder's Statement where you will find more information on the subjects mentioned. This section does not provide all the information that may be relevant. You should read this Bidder's Statement in full before deciding whether or not to accept the Offers.

What is this Bidder's Statement?	This Bidder's Statement was prepared by Strike West and Strike Energy for distribution to UIL Energy Shareholders and UIL Energy Preference Shareholders. It sets out the terms of the Offers and other information relating to the Offers.
What are the Offers?	<p>Strike West is offering to buy all UIL Energy Ordinary Shares, including UIL Energy Ordinary Shares issued during the Offer Period, by way of an off-market takeover offer on the terms and conditions set out in Schedule 1.</p> <p>Strike West is also offering to buy all UIL Energy Preference Shares by way of an off-market takeover offer on the terms and conditions set out in Schedule 2.</p> <p>You may only accept the Ordinary Share Offer in respect of Your UIL Energy Ordinary Shares.</p> <p>You may only accept the Preference Share Offer in respect of Your UIL Energy Preference Shares.</p>
What you will receive if you accept the Ordinary Share Offer	If you accept the Ordinary Share Offer, subject to the satisfaction of the conditions to the Ordinary Share Offer, for each of Your UIL Energy Ordinary Shares you will receive 0.485 Strike Energy Shares.
What you will receive if you accept the Preference Share Offer	If you accept the Preference Share Offer, subject to the satisfaction of the conditions to the Preference Share Offer, for each of Your UIL Energy Preference Shares you will receive 0.485 Strike Energy Milestone Options.
Do the UIL Energy Directors recommend the Offers?	<p>The UIL Energy Directors unanimously recommend that:</p> <ul style="list-style-type: none">• UIL Energy Shareholders accept the Ordinary Share Offer in respect of all of their UIL Energy Ordinary Shares; and• UIL Energy Preference Shareholders accept the Preference Share Offer in respect of all of their UIL Energy Preference Shares, <p>in the absence of a superior proposal and subject to the settlement of the Placement and the Independent Expert concluding that the Offers are reasonable.</p>
Who is the Bidder?	Strike West Holdings Pty Ltd ACN 616 395 398 is a wholly owned subsidiary of Strike Energy Limited ACN 078 012 745. Strike Energy Limited is an Australian based, independent oil and gas exploration company focused on the development of its substantial gas resource in the Southern Cooper Basin and proving up a further substantial resource in the Perth Basin.
When do the Offers close?	The Offers close at 7.00pm (Sydney time) on 30 November 2018 unless Strike West extends the Offer Period in accordance with the Corporations Act or the Offer Period is automatically extended. Strike Energy has agreed with UIL Energy under the Implementation Deed that it will not extend the Offer Period beyond 15 March 2019 except in certain circumstances, including where the Ordinary Share Offer has become or been declared unconditional and Strike Energy has voting power in UIL Energy of 50.1% or more.

You will be sent written notice of any extension, as required by the Corporations Act. Further details about Strike West's right to extend the Offer Period and the circumstances in which the Offer Period will be automatically extended are set out in paragraph 2 of Schedule 1 and paragraph 2 of Schedule 2.

If I accept the Offer, when will I receive the Strike Energy Shares?

If you accept the Ordinary Share Offer or the Preference Share Offer and that Offer becomes unconditional, Strike Energy will issue the Strike Energy Shares or Strike Energy Milestone Options (as applicable) to you on or before the earlier of:

- the date that is one month after the date of your acceptance or, if at the time of your acceptance the Offer is still subject to one or more Conditions, the date that is one month after the Ordinary Share Offer becomes unconditional; and
- 21 days after the end of the Offer Period.

Full details regarding the consideration for Your UIL Energy Ordinary Shares and Your UIL Energy Milestone Securities are set out in Schedule 1 and Schedule 2 respectively.

What are the Conditions of the Offers?

The Ordinary Share Offer is subject to the Ordinary Share Offer Conditions which are set out in full in Schedule 1. Strike West may waive any Ordinary Share Offer Condition at its discretion, other than the Condition relating to the Capital Raising (in respect of which the only outstanding requirement is the settlement of the Placement). If any of the Ordinary Share Offer Conditions have not been fulfilled or waived by Strike West by the time the Ordinary Share Offer closes, the Ordinary Share Offer will lapse and you will continue to hold Your UIL Energy Ordinary Shares even if you have accepted the Ordinary Share Offer.

The Preference Share Offer is subject to Strike Energy having a relevant interest in at least 90% of UIL Energy Ordinary Shares and the Ordinary Share Offer being or becoming declared unconditional. If the Preference Share Offer has not become or been declared unconditional by the time the Preference Share Offer closes, the Preference Share Offer will lapse and you will continue to hold Your UIL Energy Preference Shares even if you have accepted the Preference Share Offer.

Details about the status of the Conditions as at the date of this Bidder's Statement are set out in section 10.7.

Will I need to pay stamp duty or brokerage if I accept the Offer?

You will not pay any stamp duty on accepting the Offers.

If Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Strike West, you will not incur any brokerage fees connected with your acceptance of the Offer.

If Your UIL Energy Ordinary Shares are in a CHESS Holding or you hold Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares through a bank, custodian or other nominee, you should ask your Controlling Participant or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with you accepting the Offers usually your Controlling Participant is a person, such as a stockbroker, with whom you have a sponsorship agreement within the meaning of the ASX Settlement Operating Rules.

What are the tax consequences if I accept the Offer?

A general summary of certain Australian tax consequences of the Offers are set out in section 9. However, the tax consequences of accepting the Offers will depend on your own individual circumstances and you should consult your financial, legal or other professional adviser about the tax implications of accepting the Offers.

How do I accept the Offer?

You may accept:

- the Ordinary Share Offer in the manner described in paragraph 4 of Schedule 1 and on the Acceptance Form accompanying this Bidder's Statement.
 - the Preference Share Offer in the manner described in paragraph 4 of Schedule 2 and on the Acceptance Form accompanying this Bidder's Statement.
-

Can I accept the Offer for only part of my UIL Energy Ordinary Shares or UIL Energy Preference Shares?

If you wish to accept:

- the Ordinary Share Offer, you must accept for all of Your UIL Energy Ordinary Shares (and not a lesser number) unless paragraph 4(e) of Schedule 1 applies to you. Subject to paragraph 4(e) of Schedule 1, any acceptance that purports to be for fewer than all of Your UIL Energy Ordinary Shares will be treated as being for all Your UIL Energy Ordinary Shares.
 - the Preference Share Offer, you must accept for all of Your UIL Energy Preference Shares (and not a lesser number) unless paragraph 4(d) of Schedule 2 applies to you. Subject to section 4(d) of Schedule 2 any acceptance that purports to be for fewer than all of Your UIL Energy Preference Shares will be treated as being for all Your UIL Energy Preference Shares.
-

What happens if I do not accept the Offer?

Ordinary Share Offer

If you do not accept the Ordinary Share Offer, you will retain Your UIL Energy Ordinary Shares and will not receive the Offer Consideration. However, if Strike West obtains sufficient acceptances from other UIL Energy Shareholders to give it a relevant interest in 90% or more of the total number of UIL Energy Ordinary Shares, Strike West may compulsorily acquire Your UIL Energy Ordinary Shares. If this happens you will receive the Offer Consideration at the end of the compulsory acquisition process. This means you will receive the Offer Consideration for Your UIL Energy Ordinary Shares later than you would have received it if you had accepted the Ordinary Share Offer.

If Strike West does not obtain a relevant interest in 90% or more the total number of UIL Energy Ordinary Shares, Your UIL Energy Ordinary Shares will not be compulsorily acquired. If Strike West obtains sufficient acceptances under the Ordinary Share Offer to gain effective control of UIL Energy, then you will remain a minority shareholder in UIL Energy. Strike West's intentions in respect of UIL Energy in this situation are described in section 7.

Preference Share Offer

If you do not accept the Preference Share Offer, you will retain Your UIL Energy Preference Shares and will not receive the Offer Consideration. However, if Strike West obtains sufficient acceptances from other UIL Energy Preference Shareholders to give it a relevant interest in 90% or more of the total number of the UIL Energy Preference Shares, Strike West may compulsorily acquire Your UIL Energy Preference Shares. If this happens you will receive the Offer Consideration at the end of the compulsory acquisition process. This means you will receive the Offer Consideration for Your UIL Energy Preference Shares

later than you would have received it if you had accepted the Preference Share Offer.

If Strike West does not obtain a relevant interest in 90% or more the total number of UIL Energy Ordinary Shares or UIL Energy Preference Shares, Your UIL Energy Preference Shares will not be compulsorily acquired. If Strike West obtains sufficient acceptances under the Ordinary Share Offer to gain effective control of UIL Energy, then should you convert your UIL Energy Preference Shares in the future, you will become a minority shareholder in UIL Energy. Strike West's intentions in respect of UIL Energy in this situation are described in section 7.

Can I withdraw my acceptance?

You cannot withdraw your acceptance of:

- the Ordinary Share Offer except in the limited circumstances set out in the Corporations Act and described more fully in paragraph 6(d) of Schedule 1.
- the Preference Share Offer except in the limited circumstances set out in the Corporations Act and described more fully in paragraph 6(d) of Schedule 2.

Can I sell the Strike Energy Securities I receive as part of the Offers?

You will be able to sell the Strike Energy Shares you receive as part of the Ordinary Share Offer on-market on the ASX.

You will not be able to sell the Strike Energy Milestone Options you receive as part of the Preference Share Offer but you will be able to sell any Strike Energy Shares issued to you on exercise of your Strike Energy Milestone Option, subject to their terms.

Can I sell my UIL Energy Securities on market?

Yes. You may incur brokerage costs if you sell Your UIL Energy Ordinary Shares on market. If you have already accepted the Ordinary Share Offer, you will be unable to settle any subsequent on-market sale of Your UIL Energy Ordinary Shares, unless you become entitled to withdraw your acceptance as described above.

You cannot sell Your UIL Energy Preference Shares other than in accordance with their terms and conditions.

What happens if UIL Energy decides to pay a dividend or make any other distribution on UIL Energy Ordinary Shares?

The Ordinary Share Offer is subject to a Condition that between the Announcement Date and the end of the Offer Period, UIL Energy does not do anything in contravention of the conduct of business restrictions in the Implementation Deed, including announcing, declaring, determining to pay, making or paying any dividend or other distribution on UIL Energy Ordinary Shares. If UIL Energy does any of these things then unless Strike West waives the breach of this Condition, the Ordinary Share Offer will lapse.

Is the Ordinary Share Offer open to exercised UIL Energy Options and converted UIL Energy Performance Rights?

UIL Energy Optionholders (other than any UIL Energy Optionholder who has entered into an option cancellation agreement with Strike Energy) who holds UIL Energy Options and whose UIL Energy Options are exercised during the Offer Period, will be able to accept the Ordinary Share Offer in respect of the UIL Energy Ordinary Shares that are issued to them.

Holders of UIL Performance Rights whose UIL Energy Performance Rights vest and are converted into UIL Energy Ordinary Shares during the Offer Period, will be able to accept the Ordinary Share Offer in respect of the UIL Energy Ordinary Shares that are issued to them.

Will my new Strike Energy Securities be quoted on the ASX?

Strike Energy will apply for the Strike Energy Shares issued under the Ordinary Share Offer to be quoted on the ASX within 7 days after the date of this Bidder's Statement. Quotation of these Strike Energy Shares will not be automatic but will depend upon the ASX exercising its discretion. However, as Strike Energy is already admitted to the official list of the ASX and Strike Energy Shares in the same class as those to be issued under the Ordinary Share Offer are already quoted, Strike West believes quotation of the new Strike Energy Shares will be granted.

The Strike Energy Milestone Options will not be quoted on ASX, however, Strike Energy will apply for quotation of any Strike Energy Shares issued on exercise of the Strike Energy Milestone Options in accordance with their terms.

Are there any risks in accepting the Offers?

If you accept the Ordinary Share Offer you will become a Strike Energy Shareholder (unless you are an Ineligible Foreign UIL Energy Shareholder). There are risks associated with holding Strike Energy Shares, summarised in section 8. In deciding whether or not to accept the Ordinary Share Offer, you should carefully consider those risks.

If you accept the Preference Share Offer you will become a holder of Strike Energy Milestone Options. On exercise of your Strike Energy Milestone Options, you would become a Strike Energy Shareholder. There are risks associated with holding Strike Energy Shares, summarised in section 8. In deciding whether or not to accept the Preference Share Offer, you should carefully consider those risks.

What is the Capital Raising?

The Capital Raising comprises:

- a placement to institutional and professional investors in respect of which Strike Energy has received binding commitments to subscribe for Strike Energy Shares for a total amount of approximately \$13 million (before costs); and
- a SPP to raise \$5 million (before costs), subject to the Strike Energy Board's discretion to increase the size of the SPP.

Refer to section 3.7 for further details.

What if I am a foreign shareholder?

If your address on the register of UIL Energy Shares is in a jurisdiction other than Australia and its external territories and Singapore you will be considered to be an Ineligible Foreign UIL Energy Shareholder.

Ineligible Foreign UIL Energy Shareholders are entitled to accept the Ordinary Share Offer in the same way as other shareholders, but you will not be entitled to receive Strike Energy Shares. Instead, the Strike Energy Shares to which you would otherwise be entitled will be issued to a Nominee who will sell those shares on the ASX and provide you with the net sale proceeds. Refer to paragraph 14 of Schedule 1 for further details.

Where can I get further information?

If you have further questions in relation to the Offers or how to accept them, please call the Offer Information Line from within Australia on 1300 737 760 (toll-free) or from outside Australia on +61 2 9290 9600 (charges may apply) between 8.30 am and 5.00 pm (Sydney time) Monday to Friday.

Alternatively, please visit Strike Energy's website at www.strikeenergy.com.au.

2. HOW TO ACCEPT THE OFFERS

If you wish to accept the Offer, you must accept for, as applicable:

- all Your UIL Energy Ordinary Shares (and not for a lesser number) unless paragraph 4(e) of Schedule 1 applies to you; and
- all Your UIL Energy Preference Shares (and not for a lesser number) unless paragraph 4(d) of Schedule 2 applies to you.

You may accept the Offer at any time during the Offer Period. How you may accept the Offer depends on whether Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable) are held in an Issuer Sponsored Holding or a CHESS Holding. If Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable) are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the Offers.

Issuer Sponsored Holdings (you have a Security holder Reference Number starting with the letter I)

If Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares are held in an Issuer Sponsored Holding, you can accept the Offer by completing and signing the enclosed Acceptance Form in accordance with the instructions on the form, and returning it (together with all documents required by the instructions on it) so that it is received at the address shown on the Acceptance Form before the end of the Offer Period. A reply paid envelope, which is valid if sent from within Australia, is enclosed for your use.

CHESS Holdings (you have a Holder Identification Number starting with the letter X)

If Your UIL Energy Ordinary Shares are held in a CHESS Holding, you can accept the Offers by instructing your Controlling Participant to accept the Offers on your behalf before the end of the Offer Period. Usually your Controlling Participant is a person, such as a stockbroker, with whom you have a sponsorship agreement within the meaning of the ASX Settlement Operating Rules.

Alternatively, you can accept the Offer by completing and signing the enclosed Acceptance Form in accordance with the instructions on the form, and returning it (together with all documents required by the instructions on it) so that it is received at the address shown on the Acceptance Form in sufficient time for Strike West to instruct your Controlling Participant to accept the Offers on your behalf before the end of the Offer Period. A reply paid envelope, which is valid if sent from within Australia, is enclosed for your use.

Controlling Participants

If you are a Controlling Participant, acceptance of the Ordinary Share Offer must be initiated in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

Further information

Further information on completing and returning the Acceptance Form can be found in paragraph 4 of Schedule 1 in respect of the Ordinary Share Offer and paragraph 4 of Schedule 2 in respect of the Preference Share Offer.

CONTACT INFORMATION

Strike Energy's share registry

Boardroom Pty Limited

Telephone: 1300 737 760 (Australia), (+61) 2 9290 9300 (International)

Offer Information Line

If you have further questions in relation to the Offers or how to accept them, please call the Offer Information Line from within Australia on 1300 737 760 (toll-free) or from outside Australia on +61 2 9290 9600 (charges apply) between 8.30 am and 5.00 pm (Sydney time) Monday to Friday.

3. INFORMATION ABOUT STRIKE ENERGY AND STRIKE WEST

3.1. Overview of Strike Energy and Strike West

(a) Strike Energy

Strike Energy is an Australian based independent oil and gas exploration company focused on the development of its substantial gas resource in the Southern Cooper Basin and on proving up a potential further substantial gas resource at its West Erregulla Project in the Perth Basin to meet Australia’s growing gas market demand. Strike Energy’s core focus is the rapid appraisal and commercialisation of these gas resources.

Strike Energy was incorporated in Australia in 1997 and listed on the ASX in 2004. Strike Energy’s head office is in Adelaide, Australia. As at 19 October 2018 (being the last practicable Trading Day prior to the Announcement Date), Strike Energy had a market capitalisation of ~\$163 million.

(b) Strike West

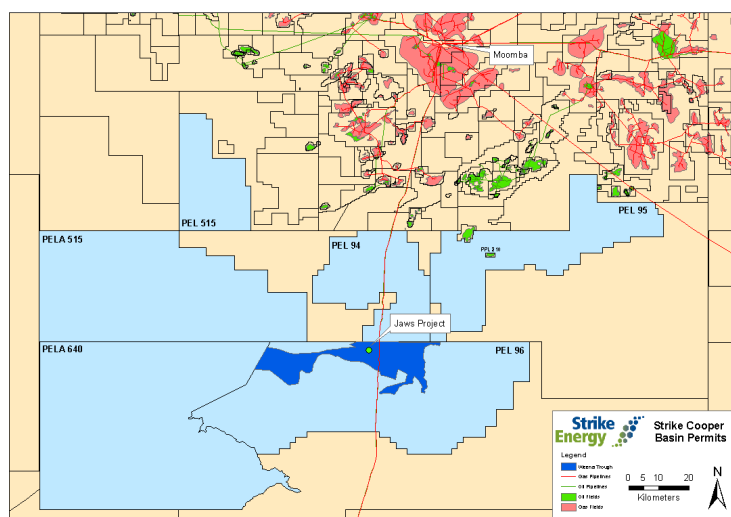
Strike West is an Australian proprietary company incorporated in March 2018 and is a wholly owned subsidiary of Strike Energy. Strike West is the entity that will acquire your UIL Energy Ordinary Shares and Your UIL Energy Preference Shares if you accept the Offers. Strike West undertakes exploration and evaluation activities as operator of the West Erregulla Project.

3.2. Overview of Assets and Activities

(a) Cooper Basin

Strike Energy has interests in exploration permits and applications over ~2.25 million net acres (~9,118 km²) within the Cooper / Eromanga Basin (refer to Figure 5 below). The Cooper Basin is Australia’s most prolific onshore oil and gas region and is now recognised globally for its untapped gas potential. Following a successful initial exploration program in the Southern Cooper Basin in 2013, Strike Energy turned its focus to appraisal of the large contingent gas resource (refer to section 3.3) in the PEL 96 permit operated by Strike Energy and held in joint venture with Australian Gasfields Limited (a wholly owned subsidiary of Energy World Corporation) to prove its commerciality.

Figure 5. Strike Energy Cooper Basin Permits



During the year ended 30 June 2018, Strike Energy reduced the level of uncertainty in the Patchawarra Vu Upper Reservoir sufficient to commit to further appraisal studies within the PEL 96 permit with the primary objective of producing gas at commercial rates to underpin the booking of a reserve and ultimately the taking of a final investment decision on a commercial project capable of producing at least 50TJ/day of sales gas. The decision to progress the Southern Cooper Basin Gas Project culminated in Strike Energy raising ~\$8.6 million (net of transaction costs) in November 2017 to execute the Jaws-1 appraisal project – a multi-fracture stimulated horizontal well drilled to a total measured depth of 2,880m, intercepting a second vertical

producing well at a vertical depth of 2,063m. Strike Energy successfully prepared, procured, constructed and commissioned the Jaws-1 appraisal project in August 2018.

The Jaws-1 project has seen the deployment of new and innovative drilling technology in the form of advanced horizontal / directional drilling and cutting-edge stimulation techniques. Throughout the delivery of Jaws-1, Strike Energy has achieved several Australian drilling and stimulation records, which include the deepest horizontal vertical intercept in Australian drilling history and also the deployment of the first indirect vertical fracture stimulation executed in Australia. Strike Energy's achievements in the delivery of the Jaws-1 wells, particularly after experiencing hole stabilisation issues mid-way through the drilling campaign, is a testament to the quality of the execution team that Strike Energy has put together.

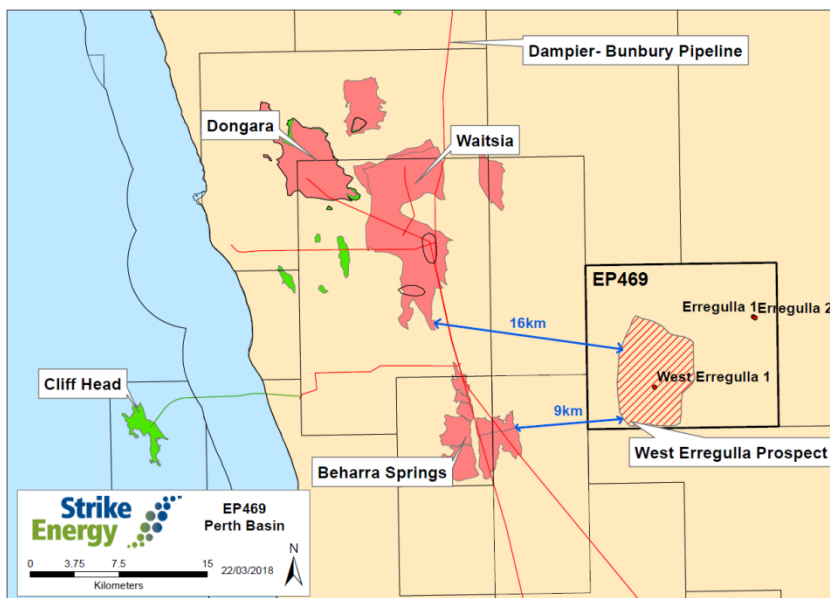
During the Jaws-1 campaign Strike Energy gathered and collected a large amount of confirmatory and valuable subsurface data, including pressure cores of the Patchawarra coal seams and micro-seismic and tiltmeter information. This information supported a gas content consistent with the gas content used in Strike Energy's reservoir modelling and confirmed 140 acres of stimulated rock and drainage area and the deployment of ~1 million pounds of proppant into the formation. Strike Energy is confident that through the piloting of the Jaws-1 wells over the coming months together with further refinement of the reservoir models of the Southern Cooper Basin Gas Project coals, it will be able to prove the Southern Cooper Basin Gas Project is capable of producing gas at rates sufficient to book a reserve.

Strike Energy has three gas sales agreements in place with Orica International Pte Ltd (**Orica**), Orora Limited (**Orora**) and Brickworks Building Products Pty Ltd. Strike Energy renegotiated the gas sales agreement with Orora in 2018 and entered into a new gas sales agreement with Orica in 2017 and each agreement is now on terms that better align with and commercially support Strike Energy's revised development strategy for the Southern Cooper Basin Gas Project.

(b) **Perth Basin**

In March 2018, Strike Energy announced a transaction with Warrego Energy Pty Ltd to enter north Perth Basin block, EP 469, (or the West Erregulla Project) as operator and holder of 50% equity in return for a total cash payment of \$600,000 and farm-in that required Strike Energy to carry the joint venture for the West Erregulla-2 well and associated G&G and G&A works capped at \$11 million.

Figure 6. Strike Perth Basin Permit



Strike Energy completed an evaluation of the 3D seismic data over EP 469 to conclude that the West Erregulla Project contains a deep conventional gas target in the Kingia-High Cliff formation that has the potential to contain prospective volumes sufficient for a major standalone development. The prospect is both geologically and geophysically supported as a result of significant quantitative interpretation conducted by geophysicists at Igesi Consulting.

The West Erregulla Project is adjacent to the Waitsia development and surrounded by abundant gas infrastructure, which includes the major gas transmission pipelines of Western Australia. With the conventional nature of the target and existing infrastructure in close proximity, should the drilling and results of the West Erregulla-2 well be a success, the West Erregulla Project represents a very near term, high value development opportunity. The acquisition of the West Erregulla Project is a key pillar of Strike Energy's diversification strategy between both conventional and unconventional hydrocarbons in multiple basins and across western and eastern Australian markets.

Figure 7. Strike Energy Petroleum Permits

Permit	Operator	Interest held by Strike Energy
Cooper / Eromanga Basin		
PEL 94 ¹	Beach Energy Limited	35%
PEL 95 ¹	Beach Energy Limited	50%
PPL 210 ²	Beach Energy Limited	50%
PEL 96 ¹	Strike Energy 96 Pty Limited	66.7%
PEL 515	Strike Energy Cooper Pty Limited	100%
PELA 640	Strike Energy Cooper Pty Limited	100%
Perth Basin		
EP469 ¹	Strike West Pty Ltd	50%

¹ Indicates petroleum permits subject to joint venture arrangements which undertake exploration and evaluation activities.

² Indicates petroleum permits subject to joint venture arrangements which undertake a combination of exploration, evaluation and production activities.

3.3. Resources estimate

(a) Contingent Resources

As at 30 June 2018, Strike Energy's Contingent Resources (2C) totalled approximately 23 million of barrels of oil equivalent (MMboe).

All projects by product	Gas (MMscf)	Total (Mboe)
Contingent Resources (2C)	139,088	23,181

All projects by region	Perth Basin (Mboe)	Cooper Basin (Mboe)	Total (Mboe)
Contingent Resources (2C)	5,917	17,265	23,181

Contingent Resources (2C) annual reconciliation	Perth Basin Gas (MMscf)	Cooper Basin Gas (MMscf)	Total (Mboe)
30 June 2017	-	103,588	17,265
Revision to previous estimates	-	-	-
Extensions and discoveries	-	-	-
Acquisitions and divestments	35,500	-	5,917
30 June 2018	35,500	103,588	23,181

Note:

- Barrels of oil equivalent (boe) and cubic feet of gas equivalent (cfe) are calculated on an industry standard 6:1 energy equivalence basis. The ratio does not reflect the relative commercial value of gas and oil-condensate. MMscf: million standard cubic feet. MMboe: million barrels of oil equivalent. Mboe: thousand barrels of oil equivalent.

(b) **Prospective Resources**

As at 30 June 2018, Strike Energy's Prospective Resources totalled approximately 1,900 MMboe.

All projects by product	Gas (MMcf)	Total (Mboe)
Prospective Resources (Best Estimate)	11,453,000	1,908,834

All projects by region	Perth Basin (Mboe)	Cooper Basin (Mboe)	Total (Mboe)
Prospective Resources (Best Estimate)	73,667	1,835,167	1,908,834

Notes:

- Barrels of oil equivalent (boe) and cubic feet of gas equivalent (cfe) are calculated on an industry standard 6:1 energy equivalence basis. The ratio does not reflect the relative commercial value of gas and oil-condensate. MMscf: million standard cubic feet. MMboe: million barrels of oil equivalent. Mboe: thousand barrels of oil equivalent.
- 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 are unrisks and 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.

3.4. Directors and Management of Strike Energy

John Poynton AO, Non-Executive Chairman

Mr Poynton is Chairman of Jindalee Partners and SC8 Limited. He is a Board Member of the Future Fund Board of Guardians, a Director of Crown Resorts Ltd and the Security Research Institute Advisory Board. He is also the Chairman of Council of Christ Church Grammar School and Giving West. He has previously served as the Chairman, Deputy Chairman or Non-Executive Director of a number of ASX listed companies, Federal Government boards, education institutions and not-for-profit enterprises. Mr Poynton is an Officer in the General Division of the Order of Australia and is a past recipient of a WA Citizen of the Year award in the industry and commerce category. He holds a Bachelor of Commerce and an honorary Doctor of Commerce from the University of Western Australia. Mr Poynton was appointed to the Board as Chairman on 10 April 2017.

Stuart Nicholls, Managing Director & Chief Executive Officer

Mr Nicholls is an energy industry professional having worked across both the up and downstream assets at Royal Dutch Shell. He has experience within finance, commercial joint ventures, economics, strategy and exploration primarily from within Royal Dutch Shell's gas businesses. He has a deep knowledge of the energy system and previous experience also includes six years with the Australian Army in senior leadership positions. He has worked in Australia, The Netherlands, Myanmar and Malaysia in both a corporate and operational capacity. He holds a Bachelor of Commerce (Finance and Accounting). Mr Nicholls joined Strike as Chief Executive Officer on 10 April 2017 and was appointed to the Board as Managing Director on 18 August 2017.

Tim Goyder, Non-Executive Director

Mr Goyder is an experienced investor with a strong track record of successful investment and value creation in the Australian and international mining and energy sectors. He has a thorough understanding of the Australian and global equities markets, exploration for and development of resource projects, commercial negotiation and corporate M&A. He is a major long-term shareholder of Strike and is a major shareholder and founding director of a number of ASX-listed and TSX-listed emerging resource companies based in Perth, Western Australia. Mr Goyder was appointed to the Board as a Non-Executive Director on 10 April 2017. Mr Goyder is currently also a director of Chalice Gold Mines Ltd, Liantown Resources Ltd, DevEx Resources Ltd (formerly Uranium Equities) and PhosEnergy Ltd.

Jody Rowe, Non-Executive Director

Ms Rowe's previous work experience includes senior commercial roles in Australia and the United Kingdom working with organisations such as BG Group-QGC, Santos, Rio Tinto and Barrick Gold with particular focus on mega projects such as GLNG and QCLNG and large-scale mining operations. Ms Rowe is a member of the senior leadership team of the Coal Seam Gas Safer Together group and the Mining Industry Participation

Office for the South Australian government. Ms Rowe is a director and shareholder of iPIPE Pty Ltd and also performs humanitarian work as a board member for Sight for All. In addition to her public boards and private equity Ms Rowe is the Chief Executive Officer of Rowe Advisory working within the oil and gas, mining, industrial, construction, food and agriculture industries. Ms Rowe was appointed to the Board as a Non-Executive Director on 30 June 2014.

Andrew Seaton, Non-Executive Director

Mr Seaton has over 30 years' experience in the resources sector encompassing a broad range of finance, strategy, commercial, investment banking, engineering and project management roles. He has a deep understanding of domestic Australian gas markets and global LNG industry dynamics having worked with Santos Ltd for 12 years, including 6 years as Chief Financial Officer. His prior experience includes advisory, mergers and acquisitions, equity and debt capital markets transactions with Merrill Lynch working in Australia and New York. Mr Seaton was appointed to the Board as a Non-Executive Director on 18 August 2017.

Justin Ferravant, Chief Financial Officer & Company Secretary

Mr Ferravant is a Certified Practising Accountant (Australia) with over 15 years' experience in Australia and Asia. At Strike, he is responsible for finance, tax, treasury, information technology and company secretary functions. Prior to Strike, Mr Ferravant was Finance Manager at Santos Limited for the Cooper Basin and responsible for joint venture, financial reporting and controllership. He has held leadership roles in commercial analysis, finance and reporting at Origin Energy, General Electric Plastics (Japan) and Deloitte Consulting (Japan). Mr. Ferravant joined Strike in August 2017.

3.5. Financial information of Strike Energy

(a) Basis of Presentation

The historical financial information below is a summary only and the full financial accounts for Strike Energy, are publicly available via the ASX.

(b) Statement of financial position

The summarised historical statement of financial position of Strike Energy as at 30 June 2018 has been extracted from the audited FY18 consolidated statements, being the most recent financial statements prior to the release of this Bidder's Statement.

Consolidated statement of financial position (\$'000)	30 June 2017	30 June 2018
Current Assets		
Cash and cash equivalents	4,863	2,973
Trade and other receivables	417	572
Other financial assets	104	206
Total current assets	5,384	3,751
Non-Current Assets		
Other financial assets	33	31
Exploration and evaluation assets	66,946	84,108
Property, plant and equipment	139	88
Total non-current assets	67,118	84,227
Total assets	72,502	87,978
Current Liabilities		
Trade and other payables	1,004	2,703
Employee benefits	97	169
Provisions	12	53
Borrowings	3,158	5,265
Total current liabilities	4,271	8,190
Non-Current Liabilities		
Employee benefits	28	54
Provisions	-	1,889
Borrowings	2,500	2,442
Other liabilities	14,100	12,277
Total non-current liabilities	16,628	16,662
Total liabilities	20,899	24,852
Net assets	51,603	63,126
Equity		
Issued capital	132,272	140,897
Reserves	762	1,503
Accumulated losses	(81,431)	(79,274)
Total equity	51,603	63,126

(c) **Material changes to financial position since the date of last audited financial statements**

There have been no material changes to the financial position of the Strike Energy Group between 30 June 2018 (being the date of the last audited financial statements) and the date of this Bidder's Statement, other than as follows:

- The impact on the consolidated cash balance as a result of the funds raised from the share placement completed on 10 August 2018 which raised \$2.9 million (net costs); and
- the placement and SPP announced on 24 October 2018, raising total gross proceeds of up to \$18 million.

3.6. Material litigation affecting members of the Strike Energy Group

As at the date of this Bidder's Statement, no member of the Strike Energy Group is involved in any material legal proceedings and the Strike Energy Directors are not aware of any threatened or pending material legal proceedings.

3.7. General information about Strike Energy Securities

(a) **Capital Raising**

As per the announcement made on 24 October 2018, Strike Energy announced a placement to institutional and professional investors under which it has received binding commitments to raise \$13 million (before costs) and has launched the SPP to raise \$5 million (before costs).

Funds raised from the Capital Raising will be used to support drilling of the West Erregulla-2 well at the West Erregulla Project, the piloting activities of the Jaws wells at the Southern Cooper Basin Gas Project and the

progression of UIL Energy’s work commitments in respect of its Perth Basin permits (should the Offers be successful), and to provide general working capital. UIL Energy Shareholders should be aware that:

- a maximum of 156,521,761 Strike Energy Shares will be issued pursuant to the placement and SPP, subject to the Strike Energy Board’s discretion to increase the size of the SPP; and
- as they will not hold Strike Energy Shares as of the ‘record date’ under the SPP, they will not be eligible to participate in the SPP and as a result their holding in Strike Energy Shares issued to them pursuant to the Ordinary Share Offer will be diluted.

The effect of the Capital Raising on the capital structure of Strike Energy, assuming the take-up under the SPP is either 50% or 100% of the targeted amount of \$5 million is set out in section 3.7(b) below.

Please refer to section 5.5 for further information in respect of the effect of the Capital Raising and the Offers on the capital structure of the Merged Group.

(b) **Strike Energy share capital**

Class	Number as at date of Bidder’s Statement	Number following completion of Capital Raising – assuming 50% take-up under SPP ¹	Number following completion of Capital Raising – assuming 100% take-up under SPP ¹
Ordinary Shares	1,123,511,727	1,258,294,357	1,280,033,488
Options	28,000,000	28,000,000	28,000,000
Performance Rights	14,920,299	14,920,299	14,920,299

¹ Assuming that:

- Strike Energy Shares are issued in respect of all binding commitments received under the Placement;
- the Strike Energy Optionholders do not exercise any of their Strike Energy Options; and
- Strike Energy does not issue any further Performance Rights.

Strike Energy Shares are quoted on ASX and may be freely traded.

(c) **Strike Energy Options**

Exercise price	Expiry date	Number
\$0.120	7-Apr-20	2,000,000
\$0.150	1-Jun-20	1,000,000
\$0.150	21-Aug-20	13,000,000
\$0.150	16-Nov-20	7,000,000
\$0.150	17-May-21	5,000,000
Total		28,000,000

The holders of options over Strike Energy Shares do not have any rights, by virtue of these instruments, to participate in any share issues by Strike Energy or of any other body corporate or registered scheme.

(d) **Performance Rights**

There are 14,920,299 performance rights issued under Strike Energy’s long term and short term incentive plans. Refer to section 3.13 for further information on Strike Energy’s employee incentive arrangements.

The holders of performance rights issued by Strike Energy do not have any rights, by virtue of these instruments, to participate in any share issues by Strike Energy or of any other body corporate or registered scheme.

3.8. Recent Strike Energy Share price performance

Strike Energy’s Share price performance over the last 24 months up until the Last Practical Trading Date, being the 19 October 2018, is shown in Figure 8 below.

Figure 8. Strike Energy Share Price Performance



3.9. Substantial shareholders

As at 19 October 2018 (being the last practicable Trading Day prior to the Announcement Date), MHC Fund Services A Pty Ltd is the only Strike Energy Shareholder that holds 5% or more of Strike Energy.

3.10. Dividend and franking history of Strike Energy

No dividends were paid by Strike Energy in the year ending 30 June 2018 or the year ending 30 June 2017.

3.11. Rights and liabilities attaching to Strike Energy's Shares

The rights and liabilities attaching to Strike Energy Shares are set out in Strike Energy's constitution and are affected by the Corporations Act, the ASX Listing Rules and general law. A summary of some of the more significant rights attaching to Strike Energy Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Strike Energy Shareholders.

(a) Reports and notices

Strike Energy Shareholders are entitled to receive all notices, reports, financial statements and accounts and other documents required to be furnished to shareholders under applicable law.

(b) General meetings

Strike Energy Shareholders are entitled to be present in person, by proxy, attorney or representative to speak and to vote at general meetings of Strike Energy.

(c) Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at the present time there are none), at a general meeting of Strike Energy, every Strike Energy Shareholder present in person, or by proxy, attorney or representative may vote. On a show of hands each Strike Energy Shareholder has one vote and where a poll is demanded each Strike Energy Shareholder has one vote for each Strike Energy Share they hold.

(d) Dividends

The directors of Strike Energy may declare a dividend to be paid to Strike Energy Shareholders who are entitled to the dividend. The dividend will generally be payable on all Strike Energy Shares in accordance with section 254W of the Corporations Act.

(e) **Winding-up**

On the winding-up of Strike Energy, the liquidator may, upon the passing of a special resolution, divide the property of Strike Energy among the Strike Energy shareholders and determine how the division is to be carried out as between the different classes of Strike Energy shareholders. Subject to the rights of any Strike Energy shareholder who holds shares with special rights in a winding-up, all money and property shall be distributed amongst Strike Energy shareholders in proportion to the Strike Energy shares held by them.

(f) **Transfer rights**

Generally, Strike Energy Shares are freely transferable whether on market or by written instrument, subject to the transfer not resulting in a contravention or failure to observe any applicable law, regulation or rule of any stock exchange on which the Strike Energy Shares are traded. Applicable securities laws and rules of any stock exchange on which Strike Energy Shares may be listed may also impose hold periods on such shares.

(g) **Variation of rights attaching to shares**

Subject to the Corporations Act and ASX Listing Rules, the rights attaching to Strike Energy Shares may be varied with the written consent of three quarters of the Strike Energy Shareholders or by special resolution passed by Strike Energy Shareholders.

(h) **Directors**

Strike Energy's constitution prescribes a minimum of three and a maximum of nine directors, two of whom must ordinarily reside in Australia and also contains provisions relating to the rotation and election of directors. Strike Energy Shareholders may appoint and remove a director from office by ordinary resolution.

3.12. Rights and Liabilities attaching to Strike Energy Milestone Option

The terms of the Strike Energy Milestone Options to be issued under the Preference Share Offer are set out in full in Schedule 3.

3.13. Employee incentive plans

(a) **Executive long-term incentive program**

The long-term incentive programs (**LTIP**) are offered to senior management and employees at the discretion of the Strike Energy Board, based on recommendations by the nomination and remuneration committee, to promote growth in shareholder value and returns. Details of the current LTIP can be found in the remuneration report in the 2018 Annual Report.

LTIP awards comprise either share options or performance rights issued under Strike Energy's employee share incentive plan (described at paragraph 3.13(b) below). Strike Energy's security trading policy places prohibitions on speculative trading in securities or hedging options granted under the employee share incentive plan.

Under the LTIP for the 2019 financial year, performance rights will be granted and vest dependent on the achievement of absolute and relative total shareholder return targets. The number of performance rights which may be received under the current LTIP is calculated according to a percentage of the executive's fixed remuneration.

Performance rights awarded under the LTIP for the 2019 financial year will be tested for vesting at the end of the LTIP period, being 1 July 2021. The relevant executive will retain the right to receive the performance rights on the condition of remaining an employee of Strike Energy until the vesting date, unless otherwise approved by the Strike Energy Board, and any vested performance rights held by an executive will expire 90 days after the termination of their employment, unless otherwise approved by the Strike Energy Board.

(b) **Executive short-term incentive program**

The short-term incentive program (**STIP**) is offered annually to senior management and employees charged with achieving short-term performance measures. Details of the STIP can be found in the remuneration report in the 2018 Annual Report.

STIP payments are awarded based on the extent to which prescribed performance targets are met across areas including safety, exploration, development and financial performance. STIP awards are non-cash, and are delivered in the form of Strike Energy performance rights.

The Strike Energy Board sets a score card for measuring performance over four component areas each financial year. The STIP awards performance that exceeds the base level of performance in each target area. The award opportunity for reaching each target is assessed as a percentage of that employee's remuneration.

Performance rights issued under the STIP are granted under and in accordance with the employee share incentive plan (described at paragraph 3.13(c)). The performance rights in respect of the 2019 financial year will be granted after the close of the financial year, and after the Strike Energy Board has assessed the performance of the company, with any performance rights awarded vesting on 1 July 2021. The relevant executive will retain the right to receive the performance rights on the condition of remaining an employee of Strike Energy until the vesting date, unless otherwise approved by the Strike Energy Board.

(c) **Employee share incentive plan**

Under the Strike Energy employee share incentive plan (the **Plan**), last approved by Strike Energy Shareholders on 11 November 2016, eligible directors of Strike Energy, senior management, employees and contractors can be awarded Strike Energy Options or performance rights for no consideration at the discretion of the board of Strike Energy. Details of the Plan and instruments issued under the plan in the last financial year are set out in the 2018 Annual Report.

Each incentive security issued under the Plan entitles its holder to one Strike Energy Share which will rank equally to all other Strike Energy Shares. Awards under the Plan are typically granted for a two to three year period and carry a number of vesting conditions. Prior to satisfaction of the vesting conditions, incentive securities issued under the Plan do not carry any dividend or voting rights.

3.14. Disclosing entity

As a company with securities quoted on ASX, Strike Energy is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations. Among other things, these obligations, including the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act, require disclosure of any information Strike Energy has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. Strike Energy's file is available for inspection at ASX during normal office hours. A description of each announcement made by Strike Energy since 19 September 2018 (being the date on which the most recent financial statements for Strike Energy were released) and the date of this Bidder's Statement are set out in section 3.15 below.

In addition, Strike Energy is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC in relation to Strike Energy may be obtained from, or inspected at, an ASIC office.

Strike Energy will provide, free of charge, to any UIL Energy Shareholder or UIL Energy Preference Shareholder who requests it before the end of the Offer Period, a copy of:

- the 2018 Annual Report (being the financial report most recently lodged with ASIC before the date of this Bidder's Statement); and
- any announcement given to ASX by Strike Energy listed in section 3.15 below.

Further publicly available information about Strike Energy is available at Strike Energy's website at www.strikeenergy.com.au and from ASX's website at www.asx.com.au. It is intended that further announcements concerning developments at Strike Energy will continue to be made on such websites after the date of this Bidder's Statement.

3.15. Recent Strike Energy Announcements

The table below set out the announcements made to ASX that may have affected share price movements over the period between 19 September 2018 (being the date of lodgement of Strike Energy's 2018 Annual Report for the financial year ended 30 June 2018 with ASIC) and the date of this Bidder's Statement. This information may be relevant to your assessment of the Offers. Copies of these announcements are available at www.asx.com.au.

Date	Announcement
19 September 2018	Appendix 4G
19 September 2018	Corporate Governance Statement
24 September 2018	Jaws Pilot Update
12 October 2018	Strike October Update
17 October 2018	Appendix 3B Performance Rights
17 October 2018	Appendix 3Y Stuart Nicholls
19 October 2018	Jaws Pilot Update
22 October 2018	Strike Takeover Offer for UIL Energy
22 October 2018	Trading Halt
23 October 2018	Investor Call
24 October 2018	Successful Completion of Capital Raising
24 October 2018	Investor Presentation

3.16. Additional information

Certain additional information in relation to Strike Energy Shares is set out in sections 5, 8 and 10.

4. INFORMATION ABOUT UIL ENERGY AND UIL ENERGY SECURITIES

4.1 Disclaimer

The information about UIL Energy and UIL Energy securities contained in this Bidder's Statement has been sourced from publicly available information. This information has not been independently verified by Strike West or Strike Energy. Accordingly, neither Strike West nor Strike Energy makes any representation or warranty as to the accuracy or completeness of such information or assumes any responsibility for it. Further information relating to UIL Energy and UIL Energy securities may be included in the Target's Statement, which UIL Energy must provide in response to this Bidder's Statement.

4.2 Overview of UIL Energy

UIL Energy is an Australian oil and gas company targeting conventional and unconventional plays to provide domestic gas supply to industrial and resource companies. UIL Energy's current portfolio is focused on the Perth Basin with seven permits held across the basin.

UIL Energy was incorporated in 2011 with its head office in Brisbane, Queensland and is listed on the ASX (ASX:UIL). As at 19 October 2018, being the last practicable Trading Day, UIL Energy had a market capitalisation of ~\$15 million.

4.3 UIL Energy Directors

The UIL Energy Directors as at the date of this Bidder's Statement are set out below:

- Simon Hickey, Executive Chairman
- John de Stefani, Managing Director & Chief Executive Officer
- Keith Skipper, Non-Executive Director
- Stephen Bizzell, Non-Executive Director
- Garry Marsden, Non-Executive Director

The background of each UIL Energy Director is available on the UIL Energy website at www.uilenergy.com.au.

4.4 Overview of Assets and Activities

The principal activities of UIL Energy involve oil and gas exploration. UIL Energy has prospects in two separate project areas covering a footprint in the Perth Basin of approximately 2,856 km². All permits are 100% owned by UIL Energy as at the date of this Bidder's Statement⁹.

Figure 9. UIL Energy's resources and projects

Project Area	Permit(s)	2C Contingent Resources	Best Estimate Prospective Resources ¹
Ocean Hill ¹⁰	EP495	360 BCF	-
Ocean Hill South and other leads	EP495	-	809 BCF
Southern Basin Centred Gas Accumulation	EP447/ EP488 / EP489	-	328 BCF
Coomallo East prospect	EP447 / EP488	-	277 BCF
Walyering prospect	EP447	-	63 BCF
Total Resources		360 BCF	1,477 BCF

¹ 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 are unrisks and 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.

⁹ UIL Energy has signed a Farm-In Agreement and Joint Operating Agreement with regards to EP447. Refer to 4.4(c) for further information.

¹⁰ Ocean Hill has contingent resources of 24BCF 1C, 360BCF 2C, 796BCF 3C.

(a) **Northern Perth EP Applications**

UIL Energy has 100% ownership of three applications for the grant of exploration permits, EPA82, EPA98 and EPA99 located in the northern Perth Basin where significant activity is scheduled in adjacent permits over the coming year.

During the 2018 financial year, UIL Energy reached in-principle agreement with the relevant native title party on commercial terms for the grant of the three northern Perth Basin applications. UIL is aiming to finalise a draft native title mining agreement to enable the granting of these applications.

(b) **Ocean Hill Prospect**

UIL Energy, as operator and 100% owner of the Ocean Hill prospect, is planning to undertake the next stage exploration and appraisal program that includes drilling of the Ocean Hill-2 well and 3D seismic program covering both Ocean Hill and Ocean Hill South prospects within the EP 495 permit. The Ocean Hill-2 well is designed to test the hydrocarbon productivity of the gas bearing Jurassic Cadda Formation and the Cattamarra Coal Measures.

The Ocean Hill prospect includes the Ocean Hill #1 well which was drilled in 1991 using drilling technology of that time. The well intersected in excess of 800 metres of gas shows and recorded an initial flow of over 700Mcf/day with no stimulation and reportedly recovered 17 barrels of condensate. The company continues discussions with potential strategic participants to share in the funding for the Ocean Hill #2 appraisal well.

(c) **Walpyring Prospect**

A Farm-in Agreement (**FIA**) and Joint Operating Agreement (**JOA**) has been executed with Pancontinental Ltd (**Pancontinental**), for Pancontinental to earn a 70% working interest and right to operate in the Walpyring project area within UIL Energy's 100% owned EP447.

Pancontinental is focusing on the evaluation of the previously discovered Walpyring 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. The environmental plan to conduct the 3D seismic survey is currently under review by the Department Mines, Industry Regulation and Safety (DMIRS).

Pancontinental has continued with efforts under the FIA and advanced the required approvals for the 3D seismic program with an aim to start the program early 2019 in conjunction with other 3D seismic programs in the basin.

(d) **Coomallo East Prospect**

Located mostly in EP447 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. UIL Energy is assessing a potential 2D/3D seismic program over the Coomallo East prospect.

4.5 **Financial information**

UIL's financial statements for the 12 month period ending 30 June 2018 are available at UIL Energy's website at www.uilenergy.com.au and from ASX's website at www.asx.com.au.

4.6 **UIL Energy securities**

(a) **Securities on issue**

Based on documents lodged by UIL Energy with ASX, prior to the date of this Bidder's Statement, UIL Energy has the following securities on issue:

Class	Number
Ordinary Shares	228,646,266
Preference Shares	35,000,000
Options	31,731,163
Performance Rights	12,248,285

UIL Energy Ordinary Shares are quoted on ASX and may be freely traded. None of the other securities referred to above are quoted on ASX.

(b) **Options over UIL Energy Ordinary Shares**

Exercise price	Expiry date	Number	Proposed treatment in connection with the Offers
\$0.05	31-Dec-19	13,676,204	<p>UIL Energy Optionholders who hold UIL Energy 5c Options which are exercised and converted into UIL Energy Ordinary Shares during the Offer Period, will be able to accept the Ordinary Share Offer in respect of the UIL Energy Ordinary Shares that are issued to them. Provided the closing price of Strike Energy Shares recorded on the ASX on the date of despatch of the Target's Statement is not less than \$0.106 per Strike Energy Share, all UIL Energy Directors have undertaken to exercise any UIL Energy 5c Options held or controlled by them during the Offer Period.</p> <p>Strike Energy intends to enter into option cancellation agreements with each UIL Energy Optionholder in respect of any UIL Energy 5c Options that they hold which are not exercised during the Offer Period in consideration for the issue of 0.485 Strike 10.3c Options for each UIL Energy 5c Option, subject to any required shareholder approval. If shareholder approval is required but not granted, the consideration payable under the option cancellation agreements will be for \$0.02 for each UIL Energy 5c Option.</p>
\$0.075	31-12-20	2,250,000	<p>Strike Energy proposes to enter into option cancellation agreements with each UIL Energy Optionholder in respect of any UIL Energy 7.5c Options that they hold which are not exercised during the Offer Period in consideration for the issue of 0.485 Strike 15.5c Option for each UIL Energy 7.5c Option.</p>
\$0.24	31-12-18	15,804,959	<p>Strike Energy proposes to enter into option cancellation agreements with each UIL Energy Optionholder in respect of any UIL Energy 24c Options that they hold which are not exercised during the Offer Period in consideration for \$0.001 for each UIL Energy 24c Option.</p>
Total		31,731,163	

(c) **Performance Rights**

UIL Energy Performance Rights are issued to executive directors, employees and consultants of UIL Energy at the discretion of the UIL Energy Board pursuant to the terms of the UIL Energy Performance Rights Plan. The UIL Energy Performance Rights are issued for no consideration and are subject to performance hurdles and performance periods. If the UIL Energy Board determines that the performance hurdles have been satisfied at a specified date, the UIL Performance Rights shall vest and on vesting, one UIL Energy Performance Right is exercisable for one UIL Energy Ordinary Share.

All unvested UIL Energy Performance Rights will vest and be capable of exercise on the occurrence of a change of control event pursuant to the terms of the UIL Energy Performance Rights Plan. The Ordinary Share Offer shall extend to each new fully paid UIL Energy Share issued upon exercise of the vested UIL Energy Performance Rights.

4.7 Substantial shareholders

Based on documents lodged with ASX prior to the Bidder's Statement, the following persons hold substantial holdings in UIL Energy (voting power being calculated as the number of UIL Energy Ordinary Shares in which the substantial holder has a relevant interest divided by the current number of ordinary shares on issue as per UIL Energy Appendix 3B lodged by UIL Energy with ASX on 13 June 2018).

Table 1. UIL Energy Substantial Shareholders

Name	Number of UIL Energy Ordinary Shares	Voting Power
John de Stefani (and related entities) ¹¹	21,346,274	9.34%
Simon Hickey (and related entities) ¹¹	21,278,206	9.31%
Mr and Mrs Copland ¹²	19,000,000	8.31%
Stephen Bizzell (and related entities) ¹¹	13,262,248	5.80%

4.8 Recent price performance

The closing price of UIL Energy Ordinary Shares on the ASX before the Announcement Date was \$0.065 per Share.

The closing price of UIL Energy Ordinary Shares on the ASX on the day before the date of this Bidder's Statement was \$0.058.

The following chart shows the latest sale price of UIL Energy Ordinary Shares on the ASX in the 24 months prior to the Announcement Date.

Figure 10. UIL Energy Share Price Performance



4.9 Target's Statement

UIL Energy will have the opportunity to disclose in its Target's Statement any information it considers UIL Energy Shareholders and UIL Energy Preference Shareholders would reasonably require to make an informed assessment as to whether to accept the Offer.

4.10 Publicly available information regarding UIL Energy

UIL Energy is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. Further information relating to the business and operations and financial performance and position of the UIL Energy Group that has been disclosed by UIL Energy in accordance with these obligations is available from the ASX website at www.asx.com.au.

Further information regarding UIL Energy and its business can be found on UIL Energy's website at www.uilenergy.com.au.

¹¹ ASX Announcement on the UIL Energy Company Announcement Platform dated 13 June 2018 (Change of Director's Interest Notice).

¹² ASX Announcement on the UIL Energy Company Announcement platform dated 20 September 2018 (Annual Report to Shareholders).

5. OVERVIEW OF THE MERGED GROUP

5.1 Introduction

This section 5 provides a description of the effects of the Offers on Strike Energy and a profile of the Merged Group, assuming that UIL Energy becomes a wholly owned subsidiary of Strike Energy. If Strike Energy does not acquire at least 90% of the UIL Energy Shares during the Offer Period and therefore does not become entitled to compulsorily acquire the remaining UIL Energy Shares, the described outcomes for the Merged Group described in this section may not be achieved.

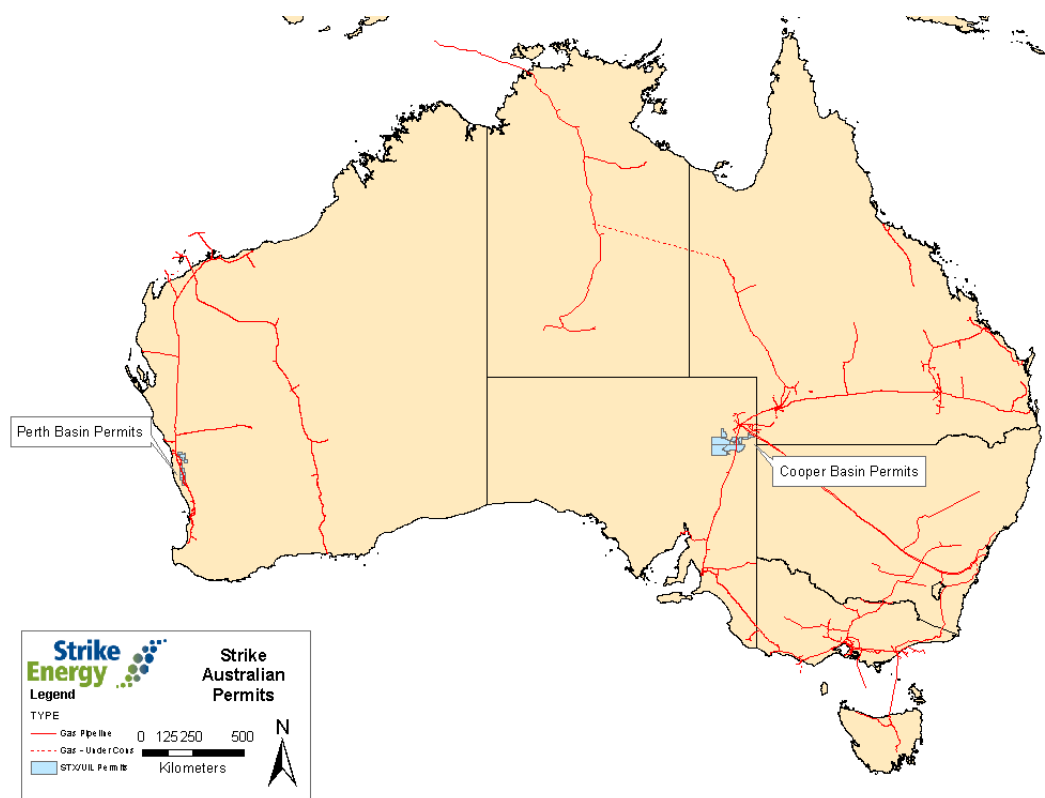
5.2 Description of the Merged Group

The Merged Group will be an oil and gas company with:

- An estimated undiluted market capitalisation of \$202.7million¹³;
- Net Contingent Resources (2C) of 83,203 Mboe;
- Net Prospective Resources of 2,142,167 Mboe; and
- Significant acreage in both the Perth Basin covering ~2,768km² and Cooper Basin covering ~9,232 km².

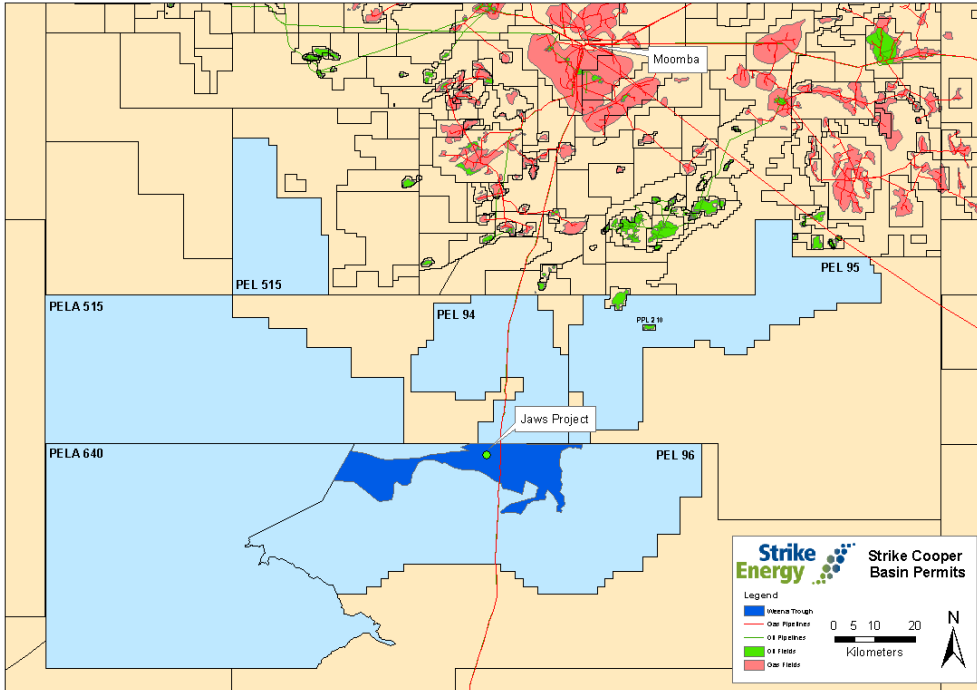
5.3 Location of the Merged Group's assets

(a) Merged Group Portfolio

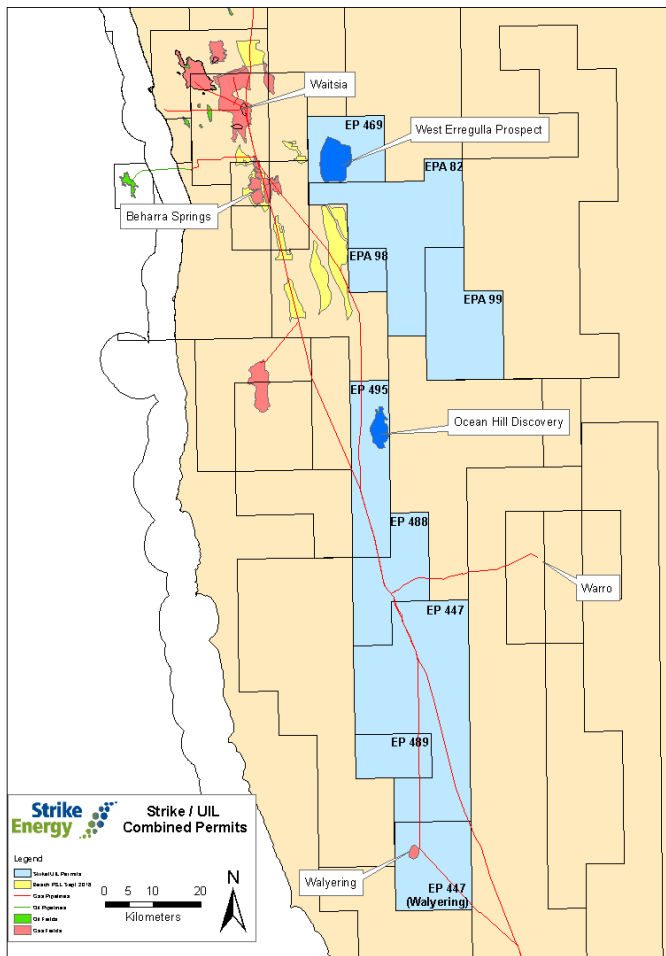


¹³ Based on the issue of 117,879,114 Strike Energy Shares to UIL Energy Shareholders (assuming each Director who holds UIL Energy 5c Options exercises those options during the Offer Period and accepts the Ordinary Share Offer), 113,043,500 Strike Energy Shares are issued through the Placement and 43,478,261 Strike Energy Shares issued under a fully subscribed SPP. Based on the closing price of Strike Energy shares of \$0.145 on 19 October 2018, being the last practicable Trading Day prior to the Announcement Date.

(b) Merged Group Portfolio in Cooper Basin



(c) Merged Group Portfolio in Perth Basin



5.4 Resources of the Merged Group

(a) Net Contingent Resources (2C) of the Merged Group.

Figure 11. Contingent Resources (Merged Group Share)¹

All projects by product	UIL Energy Condensate (Mbbbl)	UIL Energy Gas (MMcf)	Strike Energy Gas (MMcf)	Total (Mboe)
Contingent Resources (2C)	1,191	360,127	139,088	83,203

All projects by region	UIL Energy Perth Basin (Mboe)	Strike Energy Perth Basin (Mboe)	Strike Energy Cooper Basin (Mboe)	Total (Mboe)
Contingent Resources (2C)	60,022	5,917	17,265	83,203

¹ Barrels of oil equivalent (boe) and cubic feet of gas equivalent (cfe) are calculated on an industry standard 6:1 energy equivalence basis. The ratio does not reflect the relative commercial value of gas and oil-condensate. MMscf: million standard cubic feet. Mboe: thousand barrels of oil equivalent.

(b) Net Prospective Resources of the Merged Group

Figure 12. Prospective Resources (Merged Group Share)^{1,2}

All projects by product	UIL Energy Condensate (Mbbbl)	UIL Energy Gas (MMcf)	Strike Energy Gas (MMcf)	Total (Mboe)
Prospective Resources (Best Estimate)	-	1,400,000	11,453,000	2,142,167

All projects by region	UIL Energy Perth Basin (Mboe)	Strike Energy Perth Basin (Mboe)	Strike Energy Cooper Basin (Mboe)	Total (Mboe)
Prospective Resources (Best Estimate)	233,333	73,667	1,835,167	2,142,167

¹ Barrels of oil equivalent (boe) and cubic feet of gas equivalent (cfe) are calculated on an industry standard 6:1 energy equivalence basis. The ratio does not reflect the relative commercial value of gas and oil-condensate. MMscf: million standard cubic feet. Mboe: thousand barrels of oil equivalent.

² 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 are unrisks and 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.

5.5 Capital structure and substantial shareholding information

(a) Capital structure

The Capital Raising will have an effect on the capital structure of Strike Energy prior to the close of the Offers, please refer to section 3.7 for further information regarding the impact of the Capital Raising.

The effect of the Capital Raising and the Offers on the capital structure of Strike Energy is set out below, assuming that:

- 113,043,500 shares are issued on settlement of the Placement;
- 43,478,261 shares are issued under a fully subscribed SPP and 21,739,130 shares are issued under a 50% subscribed SPP;
- the Ordinary Share Offer is accepted by all UIL Energy Shareholders;
- the Preference Share Offer is accepted all UIL Energy Preference Shareholders;
- Strike Energy does not issue any Performance Rights;
- each UIL Energy Director exercises all UIL Energy 5c Options accepts the Ordinary Share Offer in respect of the UIL Energy Ordinary Shares issued on exercise; and

- all other UIL Energy Optionholders enter into an option cancellation agreement with Strike Energy and do not exercise their UIL Energy Options.

Class	Number on issue at as date of Bidder's Statement	Number on issue after completion of the Capital Raising (50% take-up under SPP) and the Offers	Number on issue after completion of the Capital Raising (100% take-up under SPP) and the Offers
Ordinary Shares	1,123,511,727	1,376,173,471	1,397,912,602
Strike Energy \$0.120 Options	2,000,000	2,000,000	2,000,000
Strike Energy \$0.150 Options	26,000,000	26,000,000	26,000,000
Strike Energy 10.3c Options	Nil	5,587,702	5,587,702
Strike Energy 15.5c Options	Nil	1,091,250	1,091,250
Strike Energy Milestone Options	Nil	16,975,000	16,975,000
Strike Performance Rights	14,920,299	14,920,299	14,920,299

Strike Energy Shares are quoted on ASX and may be freely traded. None of the other securities referred to above will be quoted on the ASX.

(b) **Substantial shareholding information**

If the Offers are accepted by all the UIL Energy Shareholders, and assuming no change to the substantial shareholders of UIL Energy and Strike Energy as at the date of the Offers and that each Strike Energy Shareholder takes up their full entitlement under the SPP and is scaled back on a pro rata basis, the Merged Group will not have any substantial shareholders immediately after the issue of Strike Energy Shares in accordance with the terms of the Offers.

5.6 Merged Group pro-forma financial information

(a) **Introduction**

This section 5.6 sets out a summary of the pro-forma historical statement of financial position as at 30 June 2018 for Strike Energy as if the Offer had been accepted by all UIL Energy Shareholders.

(b) **Basis of preparation**

Presentation assumption:

- The reviewed balance sheet of UIL Energy as at 30 June 2018;
- The reviewed balance sheet of Strike Energy as at 30 June 2018;
- Acquisition accounting based on the terms of the Ordinary Share Offer set out in Schedule 1; and
- Accounting policies and matters of significant judgement based on publicly available information.

(c) **Unaudited pro-forma statement of financial position assuming the acquisition of 100% of UIL Energy Ordinary Shares**

Pro-forma 30 June 2018 (\$'000)	Strike Energy	Subsequent Events	UIL Energy	Adjustments	Pro-forma
Current Assets					
Cash and cash equivalents	2,973	2,880	1,358	17,328	24,539
Trade and other receivables	572	-	34	-	606
Other financial assets	206	-	-	-	206
Other current assets	-	-	8	-	8
Total current assets	3,751	2,880	1,400	17,328	25,359
Non-Current Assets					
Exploration and evaluation assets	84,108	-	9,122	6,443	99,673
Property, plant & equipment	88	-	2	-	90
Other financial assets	31	-	-	-	31
Total non-current assets	84,227	-	9,124	6,443	99,794
Total assets	87,978	2,880	10,524	23,771	125,153
Current Liabilities					
Trade and other payables	2,703	-	235	-	2,938
Employee benefits	169	-	-	-	169
Provisions	53	-	-	-	53
Borrowings	5,265	-	-	-	5,265
Total current liabilities	8,190	-	235	-	8,425
Non-Current Liabilities					
Employee benefits	54	-	-	-	54
Provisions	1,889	-	-	-	1,889
Borrowings	2,442	-	-	-	2,442
Other liabilities	12,277	-	-	-	12,277
Total non-current liabilities	16,662	-	-	-	16,662
Total liabilities	24,852	-	235	-	25,087
Net assets	63,126	2,880	10,289	23,771	100,066
Equity					
Issued capital	140,897	3,032	19,379	14,028	177,336
Preference equity	-	-	263	(16)	246
Reserves	1,503	-	1,971	(1,565)	1,909
Accumulated losses	(79,274)	(152)	(11,324)	11,324	(79,426)
Total equity	63,126	2,880	10,289	23,771	100,066

Assumptions and adjustments:

- Pro-forma adjustments assume that 100% of UIL Shares are acquired;
- The effect of Strike Energy's August 2018 share placement which raised \$2.9 million (net costs) has been included;
- Completion of capital raising of \$17.2 million (net of transaction costs) via the Placement and SPP announced on 22 October 2018 – in the event the SPP raises less than the targeted amount, the pro-forma cash and cash equivalents balance of the Merged Group will be reduced by the commensurate amount;
- All UIL Energy 5c options are exercised and cash is received;
- Transaction costs associated with the takeover have been excluded;
- Tax effect accounting has not been adjusted; and
- The pro-forma balance sheet is indicative only and will vary in aggregate as well as assets and liability classes following the comprehensive fair value assessment of the UIL assets and liabilities upon completion of the Offers including fair value purchase price allocation and related tax effect accounting.

(d) **Unaudited pro-forma statement of financial position assuming the acquisition of 50.1% of UIL Energy Ordinary Shares**

Pro-forma 30 June 2018 (\$'000)	Strike Energy	Subsequent Events	UIL Energy	Adjustments	Pro-forma
Current Assets					
Cash and cash equivalents	2,973	2,880	1,358	17,328	24,539
Trade and other receivables	572	-	34	-	606
Other financial assets	206	-	-	-	206
Other current assets	-	-	8	-	8
Total current assets	3,751	2,880	1,400	17,328	25,359
Non-Current Assets					
Exploration and evaluation assets	84,108	-	9,122	3,554	96,784
Property, plant & equipment	88	-	2	-	90
Other financial assets	31	-	-	-	31
Total non-current assets	84,227	-	9,124	3,554	96,905
Total assets	87,978	2,880	10,524	20,881	122,263
Current Liabilities					
Trade and other payables	2,703	-	235	-	2,938
Employee benefits	169	-	-	-	169
Provisions	53	-	-	-	53
Borrowings	5,265	-	-	-	5,265
Total current liabilities	8,190	-	235	-	8,425
Non-Current Liabilities					
Employee benefits	54	-	-	-	54
Provisions	1,889	-	-	-	1,889
Borrowings	2,442	-	-	-	2,442
Other liabilities	12,277	-	-	-	12,277
Total non-current liabilities	16,662	-	-	-	16,662
Total liabilities	24,852	-	235	-	25,087
Net assets	63,126	2,880	10,289	20,881	97,176
Equity					
Issued capital	140,897	3,032	19,379	6,004	169,312
Non-controlling interest	-	-	-	5,134	5,134
Preference equity	-	-	263	(16)	246
Reserves	1,503	-	1,971	(1,565)	1,909
Accumulated losses	(79,274)	(152)	(11,324)	11,324	(79,426)
Total equity	63,126	2,880	10,289	20,881	97,176

Assumptions and adjustments:

- Pro-forma adjustments assume that 50.1% of UIL Shares are acquired; and
- All other notes are consistent with notes in section 5.6(c).

6. OFFER CONSIDERATION

The consideration for the acquisition of the UIL Energy Shares and UIL Energy Preference Shares to which the Offers relate will be satisfied by the issue of Strike Energy Shares and Strike Energy Milestone Options.

The maximum number of Strike Energy Shares which would be issued under the Ordinary Share Offer if acceptances are received in respect of all UIL Energy Ordinary Shares on issue as at 19 October 2018 (being the last practicable Trading Day prior to the Announcement Date) is approximately 116,833,857 (excluding rounding adjustments).

In addition, if all holders of UIL Energy 5c Options on issue as at 19 October 2018 (being the last practicable Trading Day prior to the Announcement Date) exercise their UIL Energy 5c Options, and accept the Ordinary Share Offer in respect of the UIL Energy Ordinary Shares issued to them during the Offer Period, then approximately 6,632,959 additional Strike Energy Shares would be issued. If these additional Strike Energy Shares are issued, the total number of Strike Energy Shares which would be issued under the Ordinary Share Offer would be approximately 123,466,816.

The maximum number of Strike Energy Milestone Options which would be issued under the Preference Share Offer if acceptances are received in respect of all UIL Energy Preference Shares is approximately 16,975,000.

Strike Energy has the capacity to issue the maximum number of Strike Energy Shares which it may be required to issue under the Ordinary Share Offer and the maximum number of Strike Energy Milestone Options which it may be required to issue under the Preference Share Offer.

7. BIDDER'S RATIONALE AND INTENTIONS

7.1 Introduction

This section 7 sets out the intentions of Strike West relating to:

- the continuation of the business of UIL Energy;
- any major changes to the business of UIL Energy including any redeployment of the fixed assets of UIL Energy;
- the future employment of the present employees of UIL Energy; and
- the compulsory acquisition of UIL Energy Shares and the removal of UIL Energy from the official list of ASX.

The intentions set out in this section 7 of the Bidder's Statement represent the current intentions of Strike West as at the date of this Bidder's Statement formed on the basis of facts and information concerning UIL Energy and its business which are known to Strike West at the time of preparing this Bidder's Statement.

Strike West will make final decisions regarding these matters in the light of the information and circumstances at the relevant time including the general business environment. Strike West's intentions may change as new information becomes available or circumstances change. Any changes in Strike West's intentions will be disclosed to the extent and in the manner required by law.

References to the intentions of Strike West include the intentions of Strike Energy (and vice versa).

7.2 Rationale for the Offer

Strike Energy believes the combination of Strike Energy and UIL Energy presents a compelling opportunity to build a material domestic gas business in the Perth Basin, to complement Strike's extensive holding in the Cooper Basin. Strike Energy has identified a number of key strategic and financial benefits arising from the successful acquisition of UIL Energy.

These include, but are not limited to:

- Consolidation of complementary portfolios in the Perth Basin and Cooper Basin as part of the Merged Group to create a stronger platform to further explore, appraise and ultimately develop the assets;
- Providing upside potential to the south and east of the West Erregulla Project in UIL Energy's northern permits (which are currently subject of application for grant, being EPA 82, EPA 98 and EPA 99) that are believed by Strike Energy's management team to be an extension of the same Kingia-High Cliff sands sequence;
- Creation of a meaningful Perth Basin operator with scale and a portfolio of conventional and unconventional assets, with the Merged Group holding ~3,000km² across the Basin;
- Leveraging the experience of Strike Energy's board and senior management team to further explore and appraise UIL Energy's assets; and
- Taking advantage of the synergies and cost saving resulting from the Merged Group which would primarily be sourced from the increase in operational efficiencies and the elimination of duplicated corporate, administrative and technical costs.

7.3 Intentions if Bidder acquires 90% or more of UIL Energy Shares

This section 7.3 sets out Strike West's current intentions if it acquires relevant interests in 90% or more of UIL Energy Shares and is entitled to compulsorily acquire the remaining UIL Energy Shares under the Corporations Act.

(a) **Corporate matters**

Strike West intends to:

- compulsorily acquire the outstanding UIL Energy Shares in accordance with the provisions of chapter 6A of the Corporations Act;
- arrange for UIL Energy to be removed from the official list of ASX;
- replace the UIL Energy Board with its nominees (the identity of such nominees has not yet been decided but they are likely to be members of the Strike Energy management team); and
- terminate the UIL Energy Incentive Plans.

(b) **UIL Energy's applications for Northern Perth Basin Exploration Permits**

Strike West intends to actively progress and expedite, so far as it is able, UIL Energy's northern applications for exploration permits (being EPA 82, EPA 98 and EPA 99) towards grant. Once granted, Strike West intends to carry out exploration activities including 3D seismic surveys to determine the prospectivity of the target Kingia-High Cliff sandstone in the permits along trend from the West Erregulla should the drilling of West Erregulla 2 be successful.

(c) **Extension and variation of UIL Energy's Southern Permits**

A number of relatively substantial work commitments are due to be satisfied in 2019 for UIL Energy's granted southern permits, involving 2D and 3D seismic surveys. Strike West intends to continue UIL Energy's progress towards satisfaction of the work commitments across the UIL Energy portfolio, however, should the timelines to receive regulatory and other stakeholder approvals and to procure the requisite contractor services prove unlikely to be achieved or secured in the timeframes required, or should Strike West not be able to procure the full funding required to complete those commitments within the required timeframes, Strike West will work with the regulator with a view to securing additional time to finalise the approvals required to deliver the 2019 work program.

(d) **General operational review**

After the end of the Offer Period, Strike Energy intends to conduct a general review of UIL Energy's operations covering strategic, financial and operating matters. The review will seek to optimise the existing UIL Energy asset portfolio and will focus on a number of key areas including:

- timing and quantum of existing commitments and opportunities to realign those commitments so as to better fit within the Merged Group's work commitment program across its portfolio of assets;
- opportunities to rationalise costs; and
- optimal strategy to fund future commitments.

It is anticipated that the review will be substantially completed within 3 months after the end of the Offer Period.

(e) **Business integration and impact on employees**

Strike Energy intends to combine the operations of UIL Energy within its existing structure and remove any duplication of corporate or shared services including board, treasury and finance, legal and company secretarial resources.

As a result of the implementation of the above intentions, certain functions will become redundant. In addition, the positions held by UIL Energy's certain other employees whose roles overlap with existing Strike Energy employees may become redundant and some job losses may occur as a result.

However, the extent and timing of such job redundancies cannot be predicted in advance of conducting the review described in section 7.3(d). If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

7.4 Intentions for Target as a controlled entity

This section 7.4 sets out Strike Energy's intentions if the 50.1% minimum acceptance condition is satisfied but Strike West does not become entitled to compulsorily acquire the remaining UIL Energy Shares.

(a) Corporate matters

Subject to the Corporations Act and UIL Energy's constitution, Strike West intends to seek to replace some or all of the members of the UIL Energy Board so that Strike West nominees constitute a majority of the members of the UIL Energy Board. No decision has been made at this stage about the identity of any proposed nominees to the UIL Energy Board (although they are likely to be members of the Strike Energy Group management team) or which, if any, current UIL Energy Directors would be removed.

Strike West intends to maintain the listing of UIL Energy on ASX for so long as UIL Energy meets the requirements of the ASX Listing Rules for maintaining a listing, including there being a sufficient spread of UIL Energy Shareholders. You should note that in this situation the liquidity of UIL Energy Shares on ASX is likely to be materially diminished.

(b) UIL Energy's applications for Northern Perth Basin Exploration Permits

Strike West intends to procure UIL Energy actively progress and expedite, so far as it is able, UIL Energy's northern applications for exploration permits (being EPA 82, EPA 98 and EPA 99) to grant and, should the drilling of West Erregulla 2 be successful, procure that UIL Energy carry out 3D seismic along trend from the West Erregulla Project to prove up the prospective Kingia-High Cliff sands in the northern permit areas.

(c) Extension and variation of UIL Energy's Southern Perth Basin Permits

Strike West intends to procure UIL Energy continue its progress towards satisfaction of the work commitments across the UIL portfolio, and contemporaneously, work with the regulator with a view to securing a suspension and extension of the permit commitments from the Minister so as to allow further time to satisfy those commitments.

(d) General operational review

Strike West, through its nominees on the UIL Energy Board, intends to propose that UIL Energy conduct a general review similar that described in section 7.3(b) but on terms of reference that are consistent with UIL Energy being controlled, but not wholly owned, by Strike West.

Subject to the outcome of any such review, Strike West may propose that in the interests of both the UIL Energy Group and the Strike Energy Group, a number of the Strike Energy Group's corporate or shared services functions be made available to UIL Energy Group members under service agreements or similar arrangements. Strike West has not decided which functions may be proposed to be the subject of such agreements or arrangements and does not intend to make a decision on those matters until after the close of the Offer.

(e) UIL Energy Incentive Plans and UIL Energy Shares

Strike West, through its nominees on the UIL Energy Board, intends to propose that UIL Energy review the UIL Energy Incentive Plans to determine whether they are appropriate. Strike West has not formed any views on the likely outcome of such a review.

(f) Further acquisition of UIL Energy Shares

Strike West may after conclusion of the Offer acquire further UIL Energy Shares in accordance with the Corporations Act. In particular, Strike West may acquire additional UIL Energy Shares under item 9 of section 611 of the Corporations Act which would permit Strike West and its associates to acquire up to 3% of UIL Energy Shares every six months. Strike West has not yet decided whether it will acquire further UIL Energy Shares under these provisions or by any other means permitted under the Corporations Act.

(g) Compulsory acquisition at a later time

If Strike West becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act as a result of acquiring additional UIL Energy Shares in accordance with section 7.4(f), it may exercise those rights.

(h) **Limitations on ability to implement intentions**

The ability of Strike West to implement the intentions set out in this section 7.4 will be subject to:

- the legal obligations of the UIL Energy Directors to act in the best interests of UIL Energy and all UIL Energy Shareholders; and
- the requirements of the Corporations Act and, while UIL Energy remains listed, the ASX Listing Rules, dealing with transactions between related parties.

These obligations and requirements may limit Strike West's ability to implement the intentions described in this section 7.4 or may require the approval of UIL Energy Shareholders (other than Strike West) in order to implement these intentions.

7.5 Intentions for Target if not controlled by Bidder

Strike West reserves the right to declare the Offer free from the 50.1% minimum acceptance condition (or any other condition) to the Offer. However, it has made no decision as to whether it will do so.

This section 7.5 describes Strike West's intentions if Strike West were to declare the Offer free from the 50.1% minimum acceptance condition and if UIL Energy does not become controlled by Strike West.

In those circumstances:

- Strike West does not expect to be in a position to give effect to the intentions set out in sections 7.3 or 7.4 of this Bidder's Statement other than Strike West's intention to request appointment of Strike West nominees as UIL Energy directors that at least corresponds to Strike West's voting power in UIL Energy; and
- Strike West's current intention is to continue to hold any UIL Energy Shares acquired with a view to maximising returns for Strike Energy Shareholders (this may result in Strike West and Strike West associates acquiring additional shares, to the extent permitted by law).

7.6 Other intentions

Other than as set out in this section 7, it is Strike West's present intention to procure that UIL Energy will:

- generally continue its business in substantially the same manner as at the date of this Bidder's Statement; and
- not make any major changes to its business or redeploy any of its fixed assets.

8. RISKS OF ACQUIRING NEW STRIKE ENERGY SECURITIES

8.1 Introduction

If the Offers become unconditional, UIL Energy Securityholders who accept the Offers will become Strike Energy Securityholders, and Strike West will acquire an interest in UIL Energy. In that event, UIL Energy Securityholders will continue to be indirectly exposed to the risks associated with having an interest in UIL Energy assets and general economic, share market and industry risks. There are also additional risks relating to Strike Energy and the Strike Energy Group, to which UIL Energy Securityholders will be exposed through their holding of Strike Energy Securities.

The value of the Strike Energy Shares received by UIL Energy Shareholders who accept the Ordinary Share Offer and received by UIL Energy Preference Shareholders on exercise of their Strike Energy Milestone Options will depend on the trading price of Strike Energy Shares and the dividends paid on them in the future. The trading price of Strike Energy Shares and the dividends paid on them will be affected by the financial performance, financial position and prospects of the Merged Group. There are a number of risks which, individually or in combination, may affect the financial performance, financial position and prospects of the Merged Group, the trading price of Strike Energy Shares and the dividends that may be paid on them in the future. These include:

- risks that are common to the existing businesses of UIL Energy and Strike Energy, and to which UIL Energy Shareholders and UIL Energy Preference Shareholders are already exposed (refer to section 8.2);
- risks that are specific to Strike Energy's existing businesses, and which will therefore be new risks for UIL Energy Shareholders and UIL Energy Preference Shareholders (refer to section 8.3);
- risks arising from the Offers themselves and the integration of UIL Energy's businesses with those of Strike Energy (refer to section 8.4); and
- other risks that relate to the trading price of Strike Energy Shares generally (refer to section 8.5).

Where possible, the Merged Group will seek to minimise its exposure to, and mitigate the effects of, the risks outlined in this section 8. However, certain risks relate to matters that are outside the control of the Merged Group, and there can be no assurance that any steps that the Merged Group takes will successfully protect it from any particular risk.

The risks identified in this section 8 are major risks associated with an investment in Strike Energy Shares but are not an exhaustive list of all risks associated with such an investment. The summary of major risks set out below should be read in conjunction with the detailed information appearing elsewhere in this Bidder's Statement. There may be additional risks and uncertainties not currently known which may also have an adverse effect on the Merged Group's business and the value of Strike Energy Shares.

The risks identified in this section 8 do not take into account the investment objectives, financial situation, tax position or other circumstances of any particular UIL Energy Shareholder or UIL Energy Preference Shareholder. UIL Energy Shareholders and UIL Energy Preference Shareholders should have regard to their own investment objectives and financial circumstances and seek professional advice from their legal, financial or other independent adviser before determining whether or not to accept the Offers.

8.2 Risks common to UIL Energy and Strike Energy

This section 8.2 identifies the most significant risks common to UIL Energy and Strike Energy, and describes how they could affect the Merged Group which may in turn affect its financial position, and prospects. UIL Energy Securityholders are already exposed to these risks through their investment in UIL Energy. However, if the Offers are accepted, the extent to which a particular risk may affect the Merged Group may be greater than or less than the extent to which that risk currently affects each of UIL Energy and Strike Energy individually.

(a) General economic conditions

The economic condition of both domestic and global markets may affect the performance of oil and gas exploration companies such as UIL Energy and Strike Energy. Adverse changes in macroeconomic conditions, including global, regional and local economic growth, the costs and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory

policies), general consumption and consumer spending, sentiment and levels of employment, amongst others, are outside of the control of UIL Energy and Strike Energy and may have a material adverse effect on the financial performance of the Merged Group.

(b) **Changes in law, regulation or government policy**

The business activities of UIL Energy and Strike Energy are subject to extensive laws and regulations which govern the undertaking of oil and gas exploration, development and production (and associated activities) in Australia. Relevant laws and regulations include tenure, environmental regulation and laws relating to access to land and the interests of landholders and traditional owners.

Any material change to the law, regulation of government policy or their interpretation or administration by relevant courts and authorities (including changes to fiscal or tax matters, industrial relations, field developments, restrictions on operations (i.e. noise, dust and water or specific techniques) in Australia may result in the imposition of more onerous obligations on the Merged Group and increased compliance costs.

Such changes may have a material adverse impact on the financial performance and financial position of the Merged Group and the nature and impact of any such changes is not foreseeable and is outside of the control of the Merged Group.

(c) **Competition**

UIL Energy and Strike Energy operate in a competitive market which includes major oil and gas companies. Many of these companies have greater financial strength and resources available to them than UIL Energy and Strike Energy and, as a result, may be in a better position than the Merger Group to compete for future business opportunities. Any increased competition to the businesses of the Merged Group may have an adverse effect on the financial performance and prospects of the Merged Group.

(d) **Operational risk**

Each of UIL Energy and Strike Energy are exposed to a variety of industry operational risks including fire, explosions, blow outs, pipe failures, abnormally pressured formations, environmental hazards, limitations on activities due to seasonal weather conditions, unanticipated operational and technical difficulties, mechanical failure of operational plant and equipment, industrial and environmental accidents, industrial disputes, riots, other force majeure events and unexpected shortages or increases in the costs of labour, consumables or plant and equipment.

The occurrence of any such event may have direct adverse consequences for the financial performance, financial position and prospects of the Merged Group. Any such event may also result in legal proceedings being instituted against the Merged Group and substantial losses to the Merged Group due to injury or loss of life, damage to or destruction of property, natural resource or equipment, pollution or other environmental damage, remediation responsibilities, regulatory investigations and penalties or suspension of operations. Damage occurring to other third parties as a result of such risks may also give rise to claims against the Merged Group. The Merged Group may also become subject to liability for accidents, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of premium costs or for other reasons, or in amounts which exceed policy limited. The occurrence of any of these risks or events could also damage the reputation of the Merged Group which may have additional adverse consequences for the financial performance and prospects of the Merged Group.

(e) **Resources estimates**

Resources estimates are expressions of judgement based on knowledge, experience and industry practice. The estimations of hydrocarbon resources is not precise and is subject to significant uncertainty associated with hydrocarbon reservoir geology and the interpretation of seismic and well data, as well as assumptions regarding recovery factors, future commodity prices and development and operating costs. There can be no guarantee that the Merged Group will successfully produce the volume of hydrocarbons estimated to be included in the Merged Group's resources. Estimates, while valid when made, may change significantly or become uncertain when new information becomes available through additional fieldwork or analysis. As estimates change, appraisal, development and production plans may be altered in a way that may adversely impact on the financial performance of the Merged Group.

(f) **Exploration**

Oil and gas exploration inherently involves significant risks, so that no assurances can be given that funds spent on exploration will result in discoveries that will eventually become commercially viable. As such, the value of Strike Energy's and UIL Energy's shares is directly related to the results of exploration activities which are currently being undertaken by Strike Energy and UIL Energy. The future operating and financial performance and development strategies of the Merged Group will be heavily influenced by the performance or sub-performance of Strike Energy and UIL's current activities, including the piloting outcome of Jaws-I and exploration success of the West Erregulla Project, as well as the ability of the Merged Group to successfully explore for and identify further hydrocarbon resources and commercially viable reserves which may support further production in the future.

(g) **Drilling**

Strike Energy and UIL Energy may encounter hazards inherent in oil and gas drilling activities. Examples of such hazards include unusual or unexpected formations, abnormal pressures or rock properties, adverse weather conditions, mechanical difficulties, conditions which could result in damage to plant or equipment or the environment or shortages or delays in delivery of rigs and/or other equipment. Drilling may result in wells that, while encountering oil and gas, may not achieve economically viable results.

Whilst Strike Energy intends to take adequate precautions to minimise risks associated with drilling activities, there can be no guarantee that the Merged Group will not experience one or more material incidents during drilling activities which may have an adverse impact on the operating and financial performances of the Merged Group, including costs associated with control of well operations, recovery of plant and equipment, environmental rectification and compensation along with delays and other impacts on anticipated results.

(h) **Environment**

Oil and gas exploration, development and production can potentially be environmentally hazardous, giving rise to substantial costs for environmental rehabilitation, damage control and losses. Strike Energy and UIL Energy are subject to environmental laws and regulations in connections with their operations. If the Merged Group is responsible for environmental harm it will be required to remediate the harm which may involve substantial expenditure. Additionally, a material environmental incident may result in operations being suspended, forfeiture of a critical permit or permits, and the imposition of a financial guarantee, surety, financial penalty or compensation order, as well as damage to the Merged Group's reputation.

(i) **Joint venture activities**

As is common in the oil and gas industry, Strike Energy participates in several joint venture arrangements and many of the Merged Group's assets are held, or may in the future be held, in joint ventures which enable the participants to share technical, operational and commercial risks associated with oil and gas activities. With some exceptions, decisions regarding the exploration, development and production activities of joint ventures require approval of a specific majority of participants in the joint venture.

Whether or not the Merged Group holds majority interests or acts as the operator of the relevant joint ventures, joint venture participants may:

- have commercial or other interests or objectives for the relevant joint venture which may not be aligned with those of the Merged Group;
- exercise voting rights for joint venture decisions to prevent or delay activity which the Merged Group considers to be in the best interests of the joint venture and the commercial objectives of the Merged Group; or
- be unable or unwilling to fulfil their respective obligations, including their proportionate share of joint venture capital and operating costs in which case the Merged Group may have to make the increased contribution to ensure that programmes proceed.

Where joint venture activities are not operated by the Merged Group, the Merged Group will monitor the performance of the operator and may seek to influence joint venture activities by providing technical advice, but it has limited ability to control the day to day conduct of the activities of the joint venture.

Improper management of joint venture activities, including a failure to have effective policies and systems in place, may adversely affect the value of the Merged Group's interests in the relevant joint venture and, by

association, may result in damage to the reputation of the Merged Group which may, in turn, impact on the Merged Group's other operations and access to new opportunities.

Participants in the joint venture to which the Merged Group is or becomes a party are required to pay its percentage interest share of all costs and liabilities incurred by the joint venture in connection with the joint venture activities (i.e. the costs of exploration, appraisal and development programs). If a participant fails to pay its cash calls, penalty provisions will apply under the joint venture or joint operating agreements. Such penalties could have a material adverse impact on the Merged Group through actions such as loss of rights to production, dilution or loss of interests in the projects.

(j) **Security of tenure**

The business activities of UIL Energy and Strike Energy are dependent on the grant and maintenance of appropriate licences, permits and consents over their exploration interests. Licences and permits may be subject to compulsory work or expenditure obligations for each year which must be met to keep the licence or permit in good standing. It may be possible for these commitments to be varied by deferment and combination with later year requirements on application of the holders but any such variation is at the discretion of the Minister administering the relevant legislation. If a variation is not approved by the Minister then a failure to meet compulsory obligations could lead to forfeiture of the licence or permit. Any failure to meet tenure conditions may result in a loss of tenure and may impact on the Merged Group's reputation which, in turn, may hinder or prevent the Merged Group from successfully obtaining extensions to its existing tenure or new tenure associated with future opportunities.

As noted in paragraph 7.3(c) and 7.4(b), there are a number of relatively substantial compulsory work commitments that are due to be satisfied in 2019 for UIL Energy's granted southern permits. Strike West intends to continue UIL Energy's progress towards satisfaction of those commitments across the UIL Energy portfolio, however, should the timelines to receive regulatory and other stakeholder approvals and to procure the requisite contractor services prove unlikely to be achieved or secured in the timeframes required, or should Strike West not be able to procure the full funding required to complete those commitments within the required timeframes, Strike West will work with the regulator with a view to securing additional time to finalise the approvals required to deliver the 2019 work program by way of an extension and suspension of the 2019 work commitments. There is no guarantee the Minister will grant an extension and suspension for any or all of the UIL permit commitments, in which case there is a risk of forfeiture of the relevant permits.

(k) **Access to funding**

Substantial capital expenditure is required for oil and gas exploration, appraisal, development and production. The future prospects of the Merged Group, including the successful development of the Merged Group's assets and/or the acquisition of new assets will be influenced by the ability of the Merged Group to access funding via operating cash flows or debt or equity markets on commercially acceptable terms. Operating cash flows and access to debt and equity markets is affected by a number of factors beyond the control of the Merged Group including commodity prices and general economic conditions.

There is also no assurance that Strike Energy will be successful in raising the targeted amount under the SPP, or additional capital in the future as and when it is required, in order to fully finance and develop the Merged Group's projects. Volatile market conditions may prevent or make it difficult for the Merged Group to obtain debt financing or equity financing on commercially acceptable terms. If access to adequate funding is not maintained by the Merged Group, the Merged Group may not be able to take advantage of opportunities or otherwise respond to market conditions. Failure to obtain funding on a timely basis and on reasonably acceptable terms may also cause the Merged Group to postpone or abandon development plans, or to relinquish or forfeit rights in relation to the Merged Group's assets, which may delay or suspend the Merged Group's business strategy and could have a material adverse effect on the Merged Group's activities.

(l) **Land access and Native Title risk**

Land access is critical to the operations of UIL Energy and Strike Energy. Immediate and continuing access to land within the Merged Group's licence and permit areas cannot in all cases be guaranteed as the Merged Group may be required to obtain the consent of the owners and occupiers of the relevant land or surrounding land. Compensation may be required to be paid to the owners and occupiers by the Merged Group in order for the Merged Group to carry out exploration activities.

In addition, UIL Energy and Strike Energy operate in a number of areas within Australia that are or may become subject to claims or applications for native title determinations. These claims and applications have the potential to introduce delays in the granting of petroleum licences and other permits and consequently to have an effect on the timing and cost of exploration, development and production licences, as well as in respect of such operating costs associated with such licences.

Various aspects of the Merged Group's future performance and profitability are dependent on the outcome of future negotiations with third parties. In addition to the outcome of negotiations on land access arrangements and native title issues, future negotiation with the government is expected in respect of licence renewals and work obligations and security for rehabilitation of areas of operation with the Merged Group's tenements.

(m) **Contractors**

The business activities of Strike Energy and UIL Energy rely on the engagement of experienced and qualified contractors and suppliers on commercially reasonable terms.

The Merged Group's business, operations and financial performance may be materially and adversely affected if any of its proposed contractors are not available as and when required or do not perform their contractual obligations as expected by the Merged Group. Where the Merged Group relies on third parties to deliver goods or perform services, there can be no guarantee that the relevant third parties will deliver those goods or perform those services in the manner that delivers upon the Merged Group's plans and expected outcomes which, in turn, may adversely affect the financial position, performance and prospects of the Merged Group.

(n) **Insurances**

UIL Energy and Strike Energy each maintain insurance either directly or through a joint venture for certain activities within ranges of coverage that they each believe to be consistent with industry practice. However, in certain circumstances insurance proceeds may not be adequate to cover all potential liabilities and losses. Additionally, recovery under insurances is subject to the terms and conditions of the relevant insurance policies which may include material exclusions and uninsured excess amounts (or deductibles).

Where the Merged Group does not have insurances in place in respect of a relevant loss or hazard, or a relevant insurance policy does not respond as anticipated, the Merged Group may be exposed to material uninsured losses which, in turn, may impact upon the financial performance of the Merged Group. In addition, insurance of all risks associated with oil and gas exploration, development and production is not always available and, where, available this cost can be prohibitive. There is a risk that insurance premiums may increase to a level where the Merged Group considers it is unreasonable or not to a level of coverage which is in accordance with industry practice. No assurance can be given that the Merged Group will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate to cover claims.

(o) **Taxation**

In addition to normal income taxes imposed on all industries by Federal, State or foreign governments, the oil and gas industry is required to pay government royalties, indirect taxes, sales taxes and other imposts which generally relate to revenue or cash flows. The Merged Group's operations and profitability may be affected by changes in government taxation policies, including changes to taxation regimes designed to address climate change and greenhouse gas emissions.

(p) **Exchange rate risk**

Fluctuations in exchange rates between the Australian dollar and other operational currencies may result in foreign exchange gains or losses which may affect the financial performance of the Merged Group.

(q) **Compliance risk**

As noted in paragraph 8.2(b) above, each of UIL Energy and Strike Energy is required to comply with a wide range of laws and regulations which govern the undertaking of oil and gas exploration, development and production (and associated activities) in Australia.

Oil and gas operators are required to obtain and maintain various permits to provide a regulatory 'licence to operate'. A failure to comply with relevant laws and regulations, including conditions imposed on the Merged Group's activities under relevant permits, may result in operations being suspended, a forfeiture of critical

permits, the imposition of a financial guarantee or surety, or financial penalty of compensation order, along with the potential for associated reputational damage to the Merged Group.

(r) **Loss of key personnel**

Each of UIL Energy and the Strike Energy Group relies on a number of well qualified and experienced key senior personnel. Loss of such personnel, or a failure to recruit and retain suitably qualified and experienced personnel in the future may adversely affect the financial performance of the Merged Group. Such failure may also result in damage to the reputation of the Merged Group which may have additional adverse consequences for the financial performance and prospects of the Merged Group.

(s) **Litigation**

Each of UIL Energy and the Strike Energy Group may be involved in disputes and litigation relating to the conduct of its business. The risk of litigation is a general risk of the Merged Group's business and it may incur costs in making payments to settle claims or in complying with any court order (which may not be covered adequately, if at all, by insurance). Any material dispute or litigation could adversely affect the financial position and the financial performance of the Merged Group.

(t) **Other risks**

Additional risks and uncertainties not currently known may also have an adverse effect on the Merged Group and the value of Strike Energy's Shares. The information set out in this section 8.2 does not purport to be, nor should it be construed as representing, an exhaustive summary of the risks that may affect the performance of the Merged Group and Strike Energy's Shares.

8.3 Risks specific to Strike Energy

In addition to the risks common to both UIL Energy and Strike Energy, there are risks to which Strike Energy and its businesses are currently exposed but to which UIL Energy and its businesses are not currently exposed. This section 8.3 identifies the most significant of these risks and describes how they could affect the Merged Group. UIL Energy Shareholders and UIL Energy Preference Shareholders are not currently exposed to these risks through their investment in UIL Energy but (other than in the case of Ineligible Foreign UIL Energy Shareholders) will become exposed to these risks if the Offers are accepted. The extent to which a particular risk may affect the Merged Group may be greater than or less than the extent to which that risk currently affects Strike Energy.

(a) **Research & Development tax incentive claim**

As announced to ASX on 19 July 2018, Strike Energy received an adverse finding from Innovation and Science Australia (ISA) regarding the eligibility of Strike Energy's \$6.3 million research and development (R&D) tax incentive claim (15/16 R&D Claim) for the period 1 July 2015 to 30 June 2016. Strike Energy has since applied for and been granted an internal review of ISA's finding pursuant to Industry Research and Development Act 1986 (Cth) (IR&D Act), which is anticipated to be carried out over the remainder of the 2018 calendar year and into 2019. If the result of the internal review is negative, Strike Energy will have a right of appeal to the Administrative Appeals Tribunal under the IR&D Act.

Whilst Strike Energy is confident the 15/16 R&D Claim is a compliant claim, if the 15/16 R&D Claim is ultimately found to be non-compliant in whole or in part, Strike Energy could be required to repay some or all of the 15/16 R&D Claim refund. Depending on cash available to Strike Energy at the time and whether Strike Energy could negotiate a deferred payment arrangement with the Australian Tax office, Strike Energy may be required to raise additional funds to fund the repayment. A determination that the 15/16 R&D Claim is non-compliant could potentially trigger a review of Strike Energy's other years' research and development tax incentive claims, with the potential risk of an adverse finding in relation to those claims.

(b) **CBA Bank Facility**

Strike Energy has a \$5,400,000 debt facility with the Commonwealth Bank of Australia (CBA) which provides pre-funding for eligible research and development expenditure. The facility has been drawn to \$5,265,000 and is due for repayment on 30 November 2018. Repayment of the facility is planned to be funded from the proceeds of Strike Energy's R&D incentive claim for the period 1 July 2017 to 30 June 2018 (17/18 R&D Claim); however, Strike Energy's 17/18 R&D Claim application is currently the subject of examination by Innovation and Science Australia and it is likely that the examination will not be complete and the refund will not be received in time to meet the facility repayment date. Strike Energy is currently in discussions with CBA

for an extension of the facility repayment date or refinancing of the facility. If neither of these options is available to it, or if Strike Energy does not receive the applied for refund, Strike Energy may be required to raise additional funds to the extent it has insufficient cash available at the time to fund the repayment and its other commitments (refer to section 8.2(k) regarding risks in relation to access to funding).

8.4 Risks relating to the creation of the Merged Group

This section 8.4 identifies risks that specifically relate to, or arise as a result of, acceptance of the Offer, and describes how they could affect the Merged Group.

(a) Less than 50.1% ownership in UIL Energy

The Offers are subject to a 50.1% minimum acceptance condition but this condition may be waived by Strike West. A risk therefore exists that the final level of ownership acquired by Strike West may be less than 50.1% which may impact upon Strike Energy's intentions for UIL Energy (refer to section 7 of this Bidder's Statement). This could have a material adverse effect on the Merged Group.

(b) Issue of Strike Energy Securities as Offer Consideration

Pursuant to each Offer, Strike Energy will issue a significant number of Strike Energy Securities as Offer Consideration to UIL Energy Shareholders and UIL Energy Preference Shareholders. The market value of the Strike Energy Shares or Strike Energy Milestone Options may vary from their market value on the date that the UIL Energy Shareholders or UIL Energy Preference Shareholder accepts the Offer.

The value of the Offer Consideration provided to UIL Energy Securityholders under each Offer may be affected by market fluctuations. Strike Energy shall have no obligation to adjust the Offer Consideration payable to accepting UIL Energy Shareholders and UIL Energy Preference Shareholders under each Offer if the value of the Strike Energy Shares or Strike Energy Milestone Options changes during the Offer Period.

Additionally, if current Strike Energy Shareholders or current UIL Energy Shareholders do not wish to hold shares in the Merged Group and seek to sell their Strike Energy Shares, this may have a material adverse effect on the Merged Group and the price of the Strike Energy Shares. Refer to section 8.5 for risk factors relating to the trading price of Strike Energy Shares.

(c) Assumed UIL Energy Information

In preparing the information in this Bidder's Statement, Strike West and Strike Energy have relied upon information in relation to UIL Energy which is publicly available through UIL Energy's continuous and periodic disclosure under the Corporations Act and ASX Listing Rules and certain non-public information provided by UIL Energy. Strike West or Strike Energy have not been able to verify the accuracy, reliability or completeness of all of the information which was disclosed by UIL Energy. In addition, there may be other potentially materially price sensitive information which UIL Energy has not disclosed in reliance of an exception to the continuous disclosure requirements set out in ASX Listing Rule 3.1A.

As Strike West and Strike Energy have conducted only limited due diligence on UIL Energy, there could be circumstances relating to UIL Energy which Strike West and Strike Energy are unaware of and which could adversely affect the anticipated results of the operations of the Merged Group, including the basis for preparing financial information for UIL Energy. Strike West and Strike Energy have prepared (and made assumptions in the preparation of) the pro-forma financial information relating to the Merged Group, in reliance on limited financial information and other information provided by UIL Energy. If any of the data or information provided to and relied upon by Strike West and Strike Energy in its limited due diligence process and its preparation of this Bidder's Statement proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of the Merged Group may be materially different to the pro-forma statement of financial position in this Bidder's Statement. It should also be noted that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on the Merged Group in the future.

(d) Potential unavailability of scrip for scrip rollover relief

The availability of scrip for scrip rollover relief on the disposal of UIL Energy Ordinary Shares is only available to UIL Energy Securityholders where Strike West acquires 80% or more of the UIL Energy Ordinary Shares. If this does not occur and Strike West waives the 50.1% minimum acceptance condition and each Offer is declared unconditional, UIL Energy Securityholders will not be able to defer any capital gains that they realise

on the disposal of their UIL Energy Shares. Any capital gains will therefore be subject to tax in the income year in which the disposal takes place. Scrip for scrip roll-over relief is unlikely to be available on the disposal of UIL Energy Preference Shares.

8.5 Risk factors relating to the trading price of Strike Energy Shares

The market value of the Strike Energy Shares which are issued under the Ordinary Share Offer will depend on the trading price of those shares. There is no guarantee that the trading price of Strike Energy Shares will increase in the future, or that the trading price in the future will be the same as the current trading prices of Strike Energy Shares. The market price of Strike Energy Shares may fall due to the factors described elsewhere in this section 8 and other factors, some of which are beyond Strike Energy's control, including, but not limited to:

- general economic conditions and changes in law, regulation or government policy (whether or not such changes also affect the operations of UIL Energy or Strike Energy)
- operating results that do not meet the expectations of securities analysts and investors or changes in expectations as to Strike Energy's future financial performance by securities analysts and investors;
- investor sentiment including in relation to the oil and gas sector, general movements in securities markets and changes in market valuations of other companies in the same or similar sector to Strike Energy;
- the announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by Strike Energy or its competitors; and
- future issues by Strike Energy of debt or equity securities.

8.6 Risk factors relating to holding Strike Energy Milestone Options

The specific risks associated with holding a Strike Energy Milestone Option are similar to the risks associated with holding UIL Energy Preference Shares.

The risk factors relating to the market price of Strike Energy Shares outlined in section 8.5 will also apply to Strike Energy Shares issued following exercise of the Strike Energy Milestone Options in accordance with their terms.

9. AUSTRALIAN TAXATION SUMMARY

9.1 Disclaimer

The information contained in this tax summary is of a general nature only. It is not intended to be either legal or tax advice and will not address all of the tax issues that may be relevant to you if you dispose of UIL Energy Securities. You should obtain independent tax advice relevant to your own particular facts and circumstances including the Australian taxation consequences of accepting the Offer.

You should also take into account the tax consequences that arise in your country of tax residence or any other country in which you may be liable for tax.

This is a general summary of the key Australian income tax, GST and stamp duty implications that may arise for you if you sell any UIL Energy Securities to Strike West under the Offer. This summary is based on the Australian tax laws and relevant administrative practices that are currently in force as at the date of this Bidder's Statement, which may change.

This taxation summary is limited in scope and is only relevant to you and Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares if you are a permanent resident for Australian income tax purposes and hold those UIL Energy Securities on capital account (broadly, for long-term investment purposes with no sale in contemplation). You should seek independent tax advice, if:

- you acquired or hold any UIL Energy Securities in the course of carrying on a business or for the purpose of resale at a profit (for example, you are in the business of trading or investment or you are a bank or an insurance company) or you are subject to the taxation of financial arrangements provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in respect of any UIL Energy Securities;
- you are an insurance company, bank, an investor who holds shares on a revenue account or carries on a business of dealing in securities, or a shareholder who acquired shares pursuant to an employee share plan; or
- you are exempt from Australian income tax.

9.2 Disposal of UIL Energy Securities

(a) Australian permanent resident UIL Energy Securityholders

General

If you accept the Offer and Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable) are transferred to Strike West, this will be a CGT event for Australian capital gains tax purposes. In this event, the disposal of those UIL Energy Securities will have capital gains tax implications for you, subject to the potential application of the scrip for scrip roll-over rules discussed below.

Time of CGT event

The time of your CGT event will be one of the following times:

- if you accept the Offer, your disposal should take place on the date the Offer is accepted by you; or
- if you do not accept the Offer and Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable) are compulsorily acquired, your disposal should take place on the date Strike West becomes the owner of those UIL Energy Securities.

Capital gain or capital loss

Subject to the potential application of the scrip for scrip roll-over rules discussed below, you may make a capital gain or capital loss on the disposal of and Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable) to Strike West depending on the total consideration that you receive for the disposal of those UIL Energy Securities and the CGT cost base or reduced cost base of those UIL Energy Securities. You will have a capital gain from the disposal of Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable) if the Offer Consideration exceeds the cost base of those UIL Energy Securities. You will have a capital loss if the Offer Consideration is less than the reduced cost base of Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable).

For these purposes, the Strike Energy Share and Strike Energy Milestone Options should be valued at their market value.

Generally, and subject to the comment in the paragraph below, the cost base or reduced cost base Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable) for capital gains tax purposes will include, among other things, the amount paid to acquire those UIL Energy Securities and any incidental costs.

If you make a capital gain from the disposal of Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable), that capital gain will be combined with any other capital gains you have made for the income year, then the total will be applied against any current year or carried forward capital losses (before taking into account the CGT discount (discussed below)).

CGT discount

You may be entitled to CGT discount treatment to reduce the amount of the net capital gain included in your assessable income from disposal of Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable). Where CGT discount treatment applies to you, the rate of CGT discount applicable is 50% (if you are an individual or hold your shares as a trustee) or 33½% (if you are a complying superannuation entity) of any net capital gain on UIL Energy Shares which you held for more than 12 months (excluding the date of acquisition and the date of disposal) and which are not disposed of under an agreement entered into within 12 months of acquisition. Only the discounted amount of the capital gain remaining after the application of any current year or carried forward capital losses will be included in your assessable income for the income year. Any resulting net capital loss will be carried forward and may be applied against any future assessable capital gains (before taking into account the CGT discount, if applicable).

If you make a capital loss from the disposal of Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable), that capital loss may only be offset against your assessable capital gains (before taking into account the CGT discount, if applicable). Any excess capital loss may be applied against your future assessable capital gains (before taking into account the CGT discount, if applicable).

The CGT discount will not apply to UIL Energy Securityholders that are companies, and it also does not apply to UIL Energy Shares that have been owned, or are deemed to be owned, for less than the relevant 12 month period.

Scrip for scrip roll-over relief

Scrip for scrip roll-over relief will be available if Strike West acquires at least 80% of the UIL Energy Ordinary Shares through the Offer, including any UIL Energy Ordinary Shares already held. In this case, Australian resident UIL Energy Securityholders who have a capital gain on their UIL Energy Ordinary Shares can choose to apply roll-over, meaning that any such capital gain may be disregarded.

In order to choose scrip for scrip roll-over relief, UIL Energy Securityholders must make an election prior to lodging their income tax return for the income year in which the CGT event occurs. Strike Energy will not make a choice under section 124-795(4) of the Income Tax Assessment Act 1997 to deny scrip for scrip roll-over relief.

Roll-over is not available if a capital loss arises on the exchange of the UIL Energy Shares.

CGT on subsequent disposal of Strike Energy Shares

A subsequent disposal of Strike Energy Shares will generally result in Australian CGT implications as described above. These will differ depending upon whether or not, and the extent to which, scrip for scrip roll-over relief was claimed in relation to the disposal of UIL Energy Shares pursuant to the Offer.

Where you choose scrip for scrip roll-over relief, your total cost base in your UIL Energy Ordinary Shares should be allocated to your Strike Energy Shares on a reasonable basis. You will be taken to have acquired your Strike Energy Shares at the time you acquired your UIL Energy Ordinary Shares.

Where scrip for scrip roll-over relief was not claimed or was not available in relation to the disposal of the UIL Energy Shares, the cost base of the Strike Energy Shares (spread equally over those Strike Energy Shares) would include the market value of the UIL Energy Shares disposed of under the Offer at the time the Offer is accepted.

Other amounts may be included in the cost base of the Strike Energy Shares, such as any incidental costs to sell the Strike Energy Shares.

A shareholder will be taken to have acquired the Strike Energy Shares at the time the UIL Energy Shares were originally acquired for CGT purposes.

UIL Preference Shares

As the UIL Preference Shares are exchanged for options (the Strike Energy Milestone Options) instead of shares, scrip for scrip roll-over is unlikely to be available. This is because scrip for scrip roll-over relief is only available for “like for like” exchanges, and the ATO may not consider UIL Preference Shares to be “rights to acquire shares or similar interests”, or may not consider them to be sufficiently similar to the Strike Energy Milestone Options. UIL Energy Preference Shareholders should seek their own advice.

(b) UIL Energy Securityholders not permanently resident in Australia for income tax purposes

If you are not resident in Australia for income tax purposes, you should generally not have to pay Australian income tax on any capital gain arising on the disposal of Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable), unless both of the following requirements are satisfied:

- you and your associates owned at least 10% of UIL Energy either at the time of that disposal or for at least 12 months during the 24 months before that disposal; and
- 50% or more of the value of UIL Energy is represented by real property in Australia. UIL Energy Shares would generally pass this test if the market value of UIL Energy's direct and indirect interests in Australian land (including leases and mining rights) is more than the market value of other assets at the time of the CGT event.

If either element is absent, any capital gain realised on the disposal of Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable) should not be subject to income tax in Australia. If you are a former Australian resident who chose to defer any capital gains tax that would have arisen on ceasing to be an Australian resident, you should seek independent advice.

9.3 GST and stamp duty

No Australian stamp duty or GST is payable by you on the sale of Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable) to Strike West pursuant to the Offer. You may be charged GST on incidental costs incurred in acquiring or disposing of Your UIL Energy Ordinary Shares or Your UIL Energy Preference Shares (as applicable). You may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent professional advice in relation to your own particular circumstances.

10. ADDITIONAL INFORMATION

10.1 Implementation Deed

On 22 October 2018, Strike Energy and UIL Energy entered into a takeover implementation deed in relation to the Offers (**Implementation Deed**). A full copy of the Implementation Deed is attached to the ASX announcements dated 22 October 2018 released by each of Strike Energy and UIL Energy. The key terms of the Implementation Deed are summarised below.

(a) Exclusivity arrangements

The Implementation Deed contains certain exclusivity arrangements. In summary, during the Exclusivity Deed:

- **No shop:** UIL Energy must not encourage or solicit a competing transaction;
- **No talk:** UIL Energy must not participate in any negotiations nor provide any non-public information to a third party in relation to a competing proposal (unless the UIL Energy Board has determined, in good faith and acting reasonably that the competing proposal could reasonably be considered to become a superior proposal and failing to respond to it would be likely to constitute a breach of fiduciary or statutory obligations owed by UIL Energy Directors);
- **Notification of approaches:** UIL Energy must promptly inform Strike Energy if it receives any competing proposal and provide the identity of the person making the approach and the material details of the approach; and
- **Matching right:** Strike Energy has a right to match any superior proposal, which must be exercised within a period of 2 Business Days from notification. If a counter proposal by a party would be as favourable as the superior proposal, then the parties are required to use their reasonable endeavours to enter into an amended Implementation Deed to effect the counter proposal. If no counter proposal is received, or the party determines the counter proposal is less favourable to its shareholders, then the superior proposal may be recommended by the UIL Energy Board instead.

(b) Conduct of business

UIL Energy has agreed to customary conduct of business restraints requiring it to conduct its business in the ordinary course and not make any changes to its business, corporate structure, internal administration or commercial operations.

In particular, during the Offer Period, UIL Energy and each of its Related Entities must not:

- **no new securities:** issue any new Shares or other equity securities;
- **distributions:** announce, declare, determine to pay, make or pay any dividend or other distribution (whether in cash or in specie);
- **material capital expenditure:** undertake, authorise, commit or incur capital expenditure exceeding \$500,000 or, except in the ordinary course of trading, transfers or otherwise disposes of or creates any Encumbrance in respect of, assets having a value exceeding \$500,000;
- **material transactions:** enter into any transaction or series of transactions, under which, any third party would acquire a material asset of UIL Energy or an interest in the securities of UIL Energy or its Related Entities;
- **material borrowings:** borrow any money or enter into any swap, option, futures contract, forward commitment or other derivative transaction;
- **material contract:** enter into, waive any material rights under, vary or terminate any material contract;
- **guarantees, securities and indemnities:** give any guarantee of, or security for, or indemnity in connection with the obligations of any person other than a Related Entity;
- **material remuneration:** increase the remuneration of, make any bonus payment, retention payment or termination payment to, or otherwise change the terms and conditions of employment of any UIL Energy Director or any employee of any Related Entity whose total annual employment cost exceeds \$100,000;

- **acceleration of incentives:** accelerate the rights of any UIL Energy Director or any employee of any Related Entity to receive any benefit under any incentive plan (other than in accordance with the Implementation Deed);
- **changes to constitution and approvals:** change its constitution or propose to pass any resolution of shareholders or any class of shareholders, other than the resolutions proposed to be put to UIL Energy Shareholders at the 2018 annual general meeting;
- **authorisations:** fail to comply in all material respects with all laws and regulations applicable to its business or do or omit to do anything which might result in the termination, revocation, suspension, modification or non-renewal of any authorisation held by it;
- **accounting procedures:** change in any material respect the accounting procedures, principles or practices of any Related Entity;
- **adviser mandates:** amend or agree to amend in any material respect any arrangement with its advisers, or enter into arrangements with any new advisers;
- **litigation:** commence, compromise or settle any litigation or similar proceeding; or
- **agreement or intention to do things:** agree, conditionally or otherwise, or publicly announce an intention to do any of the things referred to in the preceding paragraphs, or announce or represent to any person that any of those things will be done,

other than as previously disclosed to ASX within the last 2 years, as required under the Implementation Deed, with the consent of Strike Energy, or in circumstances where the minimum acceptance offer condition has not been satisfied and the Offers become or been declared unconditional on or before 15 March 2019.

(c) **Appointment of directors**

As soon as practicable after Strike West acquires more than 50% of the UIL Shares and the Offer becomes unconditional, UIL Energy must appoint such nominees of Strike Energy and remove such number of existing UIL Energy Directors so that the Strike Energy nominees constitute a majority of the UIL Energy Board.

(d) **Termination**

Either Strike Energy and UIL Energy may terminate the Implementation Deed in certain circumstances, including:

- for material breach of the Implementation Deed (including a warranty) by the other party or a material adverse change or insolvency event occurs in respect of the other party (and where capable of remedy, the material breach is not remedied within 5 Business Days);
- if the Offers lapse or are withdrawn or are not declared unconditional by 15 March 2019; or
- a Government Agency takes any action restraining or prohibiting the Offers.

Strike Energy may also terminate the Implementation Deed if the UIL Energy Board does not recommend or changes its recommendation and intention to accept the Offer.

UIL Energy may terminate the Implementation Deed if a superior proposal is announced and endorsed by a majority of the UIL Energy Board.

(e) **Break fees**

Strike Energy is entitled to be paid a break fee of \$150,000 in the event:

- a competing proposal is announced and completed within 12 months after the Announcement Date;
- any UIL Energy Director fails to recommend or changes his or her recommendation to UIL Energy Securityholders to accept the Offers or his or her undertaking to accept the Offers;
- UIL Energy enters into an agreement to give effect to a competing proposal;
- a majority of the UIL Energy Board recommends a competing proposal; or
- it terminates the Implementation Deed for cause.

UIL Energy is entitled to be paid a break fee of \$150,000 in the event it terminates the Implementation Deed for cause.

10.2 Interests in Strike Energy securities held by directors of Strike Energy and Strike West

The number, description and amount of marketable securities of Strike Energy in which each director and other key management personnel of Strike Energy has a relevant interest as at the date of this Bidder's Statement is set out in the table below.

Director or Key Management Personnel	Strike Energy Shares	Strike Energy Options	Strike Energy performance rights
John Poynton	5,000,000	7,000,000	Nil
Tim Goyder	36,500,270	5,000,000	Nil
Stuart Nicholls	325,000	2,000,000	2,500,000
Jody Rowe	849,550	5,000,000	Nil
Andrew Seaton	500,000	5,000,000	Nil
Justin Ferravant	Nil	1,000,000	797,414

10.3 Bidder interests in UIL Energy securities

As at the date of this Bidder's Statement and immediately before the first Offer was sent, neither Strike West nor any of its associates held a relevant interest, any voting power or any other interest in any UIL Energy Shares.

10.4 Acquisition of UIL Energy Shares by Strike West and its associates

Neither Strike West nor any of its associates has provided or agreed to provide consideration for UIL Energy Shares under any purchase or agreement during the 4 months before the date of this Bidder's Statement.

Neither Strike West nor any of its associates has provided, or agreed to provide, consideration for UIL Energy Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

10.5 No collateral benefits or escalation agreements

Neither Strike West nor any of its associates has, during the period of 4 months before the date of this Bidder's Statement, given, offered or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate of that person, to accept the Offers or dispose of UIL Energy Shares, which benefit was not offered to all UIL Energy Shareholders or UIL Energy Preference Shareholders under the Offers.

Neither Strike West nor any of its associates has, during the period starting on the date of this Bidder's Statement and ending on the day immediately before the date of the Offer, given, offered or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate of that person, to accept the Offer or dispose of UIL Energy Shares, which benefit was not offered to all UIL Energy Shareholders or UIL Energy Preference Shareholders under the Offers.

Neither Strike West nor any of its associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

10.6 Other interests of directors and advisers of the Strike Energy Group

Except as disclosed in this Bidder's Statement, no:

- director or proposed director of Strike West or director or proposed director of Strike Energy;
- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or

- promoter of Strike Energy or Strike West,

has, or has had in the two year period ending on this date of this Bidder's Statement, any interest in:

- the formation or promotion of Strike Energy or Strike West;
- property acquired or proposed to be acquired by Strike Energy or Strike West in connection with its formation or promotion, or the offer of Strike Energy Securities under the Offers; or
- the offer of Strike Energy Securities under the Offers.

Allen & Overy has acted as an Australian legal adviser to the Strike Energy Group in relation to the Offers. The Strike Energy Group has paid or agreed to pay up to \$150,000 for these services to the date of this Bidder's Statement and the Strike Energy Group may pay or agree to pay it additional legal fees for legal services provided in connection with the Offers after the date of this Bidder's Statement.

Azure Capital has acted as financial adviser to the Strike Energy Group in relation to the Offers. The Strike Energy Group has paid or agreed to pay a fixed fee of \$525,000 payable on closing of the Strike West Offers, if successful.

Except as disclosed in this Bidder's Statement, no amount of any kind (whether in cash or shares or otherwise) has been paid or agreed to be paid to any director or proposed director of Strike Energy or Strike West or to any company or firm with which a director is associated to induce him or her to become, or to qualify as, a director of Strike Energy or Strike West or otherwise for services rendered by him or her or any company or firm with which the Strike Energy Director is associated in connection with the promotion or formation of Strike Energy, Strike West or these Offers.

10.7 Status of Conditions

(a) Current status of Conditions

As at the date of this Bidder's Statement, Strike West is not aware of any matter, fact or circumstance that would, or is likely to, result in the non-fulfilment of any of the Conditions.

In respect of the Condition relating to the Capital Raising, Strike Energy has received binding commitments under the Placement to raise not less than \$13,000,000 in satisfaction of the first limb of that Condition. Settlement of the Placement is expected to occur on or about Tuesday, 30 October 2018, which will satisfy the second limb of the Condition and result in the Ordinary Share Offer being released from that Condition.

(b) Events which trigger a breach of conditions

Under the terms of the Offers and the Corporations Act, all of the Conditions can be waived by Strike West at any time before the end of the Offer Period. If an event occurs which prevents a Condition from being fulfilled, Strike West does not intend to make a decision as to whether it will rely on such non-fulfilment or waive the Condition until the date for giving notice as to the status of Conditions for the Offers under section 630(3) of the Corporations Act. If Strike West wishes to waive any Condition, then under section 650F of the Corporations Act that waiver must be announced to ASX. If any Condition is not fulfilled and Strike West does not waive that Condition, any contracts arising from acceptance of the Offers will become void at the end of the Offer Period.

10.8 Effect of breach of Conditions

If there is a breach of any Condition and Strike West decides to rely on that breach, all contracts formed by acceptance of the Offers will become void at the end of the Offer Period and all UIL Energy Ordinary Shares and UIL Energy Preference Shares will be returned to UIL Energy Shareholders and UIL Energy Preference Shareholders (as applicable) at that time.

10.9 Information relating to Contingent and Prospective Resources

Unless otherwise stated, references in this Bidder's Statement to Contingent Resources for Strike Energy are as at 31 March 2015, as announced on 27 April 2015.

Unless otherwise stated, references in this Bidder's Statement to Prospective Resources for Strike Energy are for PEL 94, PEL 95 and PEL 96. PEL 94 and PEL 95 Prospective Resources are as at 19 September 2012,

reported in the ASX announcement of the same date. PEL 96 Prospective Resources are as at 1 February 2014, reported in the ASX announcement on 19 February 2014.

The Contingent Resource information and Prospective Resource information is based on information compiled or reviewed by Andrew Farley who holds a B.Sc in Geology, and is a member of the Society of Petroleum Engineers. Mr Farley is the Manager Geoscience of the Group and has worked in the petroleum industry as a practicing geologist for over 16 years. Mr Farley has consented to the inclusion in this Bidder's Statement of matters based on his information in the form and context in which it appears.

Unless otherwise stated, all reserves and resources information in this Bidder's Statement in respect of UIL Energy has been extracted from information included in public documents filed by UIL Energy. This information has not been verified by Strike West or Strike Energy.

10.10 Consents to be named

(a) Strike Energy

This Bidder's Statement contains statements made by, or statements based on statements made by, Strike Energy. Strike Energy has consented to being named in this Bidder's Statement and has consented to the inclusion of each statement it has made, and each statement which is said in this Bidder's Statement to be based on a statement it has made, in the form and context in which the statements have been included, and has not withdrawn its consent as at the date of this Bidder's Statement.

(b) Advisers and share registrar

As noted in section 10.3:

- Allen & Overy has acted as legal adviser to the Strike Energy Group.
- Azure Capital has acted as financial advisers to the Strike Energy Group.
- Boardroom Pty Limited has acted as share registry to the Strike Energy Group in connection with the Offers.

Each of these entities is named solely for information purposes and consents to being named in this Bidder's Statement in the form and context in which its name appears and has not withdrawn its consent to be named at the date of this Bidder's Statement, but:

- has not caused or authorised the issue of the Bidder's Statement;
- does not make nor purport to make any statement in the Bidder's Statement or any statement on which a statement in the Bidder's Statement is based; and
- to the maximum extent permitted by law, disclaims all liability in respect of, and takes no responsibility for, any part of this Bidder's Statement.

10.11 ASIC relief

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 13/521, the persons making those statements are not required to consent to, and have not consented to, the inclusion of those statements, or of statements based on those statements, in this Bidder's Statement. If you would like to receive a copy of any of those documents free of charge, please call Strike Energy's Company Secretary on (+61) 8 7099 7400 between 9.00am and 5.00pm AEST, Monday to Friday. Calls to these numbers may be recorded.

In addition, as permitted by ASIC Class Order 13/523, this Bidder's Statement may be accompanied by certain statements which fairly represent a statement by an official person, which are a correct and fair copy of, or extract from, what purports to be a public official document, or which come from a public official document or published book, journal or comparable publication.

10.12 Approvals for provision of consideration

As at the date of this Bidder's Statement, Strike West is not aware of any UIL Energy Securityholders who require any approval referred to in sections 7(f) of Schedule 1 and 7(f) of Schedule 2 (as applicable) in order to be entitled to receive any consideration under the Offers or any amounts that are or would be treated as withholding amounts under sections 7(g) of Schedule 1 and 7(g) of Schedule 2 (as applicable). However, it is

possible that Strike West may become aware of obligations in this regard after the date of this Bidder's Statement.

10.13 Date for determining persons to whom information to be sent

For the purposes of section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent under items 6 and 12 of section 633(1) is 23 October 2018.

10.14 Expiry Date

No Strike Energy Securities will be issued on the basis of the Offers contained in this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

10.15 Social Security and superannuation implications of Offers

Acceptance of the Offers may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist advice.

10.16 No other material information

Except as disclosed in this Bidder's Statement, there is no information known to Strike Energy or Strike West that is material to the making of the decision by a UIL Energy Shareholder or UIL Energy Preference Shareholder whether or not to accept the Offers which has not previously been disclosed to UIL Energy Shareholders or UIL Energy Preference Shareholders.

11. DEFINITIONS AND INTERPRETATION

11.1 Definitions

In this Bidder's Statement and in the Acceptance Form, unless the context requires otherwise:

2018 Annual Report means Strike Energy's annual report for financial year ended 30 June 2018.

Acceptance Form means the acceptance form enclosed with this Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of Strike West.

Announcement Date means 22 October 2018.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement Operating Rules means the operating rules of ASX Settlement Pty Ltd ACN 008 504 532 which govern the electronic transfer, settlement and registration of securities in Australia through the Clearing House Electronic Subregister System.

Authorisation means any permit, licence, consent, approval, registration, accreditation, certification or other authorisation given or issued by any Government Agency.

Bidder's Statement means this document.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are generally open in Australia for normal business and which is a Trading Day on ASX.

Capital Raising means:

- (a) the Placement; and
- (b) the SPP.

CHESS Holding means a holding of UIL Energy Ordinary Shares on the CHESS Subregister of UIL Energy.

CHESS Subregister has the meaning given in the ASX Settlement Operating Rule.

Conditions means the Ordinary Share Offer Conditions and the Preference Share Offer Condition.

Control has the meaning given in section 50AA of the Corporations Act.

Controlling Participant has the meaning given in the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001* (Cth);

Encumbrance means any mortgage, lien, charge, pledge, encumbrance, assignment by way of security, security interests (including any 'security interest' within the meaning section 12 of the *Personal Property Securities Act 2009* (Cth), title retention, preferential right or trust arrangement, contractual right of set-off, claim, covenant or any other security arrangement or any other arrangement having the same effect, whether registered or unregistered.

Equity Securities means:

- (a) any Share;
- (b) preference share, option, warrant, debenture or any other "security" (as that term is defined in section 92(1) of the Corporations Act) or obligation which, by its terms, is directly or indirectly convertible into, or exchangeable for, Shares; and
- (c) any other option, warrant or other right for subscription or purchase respect to UIL Energy Ordinary Shares or such other securities.

Exclusivity Period means the period starting on the date of this deed and ending on the earlier of:

- (a) the date the Implementation Deed is terminated; and
- (b) the end of the Offer Period.

Foreign UIL Energy Shareholder means a UIL Energy Shareholder whose address shown in the register of members of UIL Energy is a place outside of Australia and its external territories and Singapore.

Fully Diluted Basis means the aggregate number of UIL Energy Ordinary Shares assuming that all Equity Securities (excluding the UIL Energy Preference Shares) have been exercised, converted or exchanged (as the case may be) into the maximum number of UIL Energy Ordinary Shares those Equity Securities can be exercised, converted or exchanged into.

Government Agency means any government, any department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity.

GST has the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Holder Identification Number means the number used to identify a UIL Energy Shareholder on the CHES Subregister of UIL Energy.

Implementation Deed has the meaning given in section 10.1.

Ineligible Foreign UIL Energy Shareholder means a Foreign UIL Energy Shareholder whose address shown in the register of members of UIL Energy is a jurisdiction that does not permit the issue of Strike Energy Shares to the Foreign UIL Energy Shareholder either unconditionally or after compliance with conditions which Strike Energy reasonably regards as not unduly onerous or unduly impracticable.

Issuer Sponsored Holding means a holding of UIL Energy Ordinary Shares on the Issuer Sponsored Subregister of UIL Energy.

Issuer Sponsored Subregister has the meaning given in the ASX Settlement Operating Rules.

Merged Group means the Strike Energy Group immediately following completion of the Offers, should the Offers be successful and UIL Energy become a Subsidiary of Strike West.

Nominee means a sale nominee approved by ASIC.

Offers means the Ordinary Share Offer and the Preference Share Offer.

Offer Period means the period during which the Offers are open for acceptance as described in paragraph 2 of Schedule 1 in respect of the Ordinary Share Offer and paragraph 2 of Schedule 2 in respect of the Preference Share Offer.

Offer Consideration means the Ordinary Share Offer Consideration and the Preference Share Offer Consideration.

Offer Terms means the terms and conditions of the Ordinary Share Offer set out in Schedule 1 and the Preference Share Offer set out in Schedule 2.

Ordinary Share Offer means:

- (a) the offer for UIL Energy Ordinary Shares contained in Schedule 1; or
- (b) the off-market takeover bid constituted by that offer and each other offer by Strike West for UIL Energy Ordinary Shares in the form of that offer, in each case as varied in accordance with the Corporations Act,

as the context requires.

Ordinary Share Offer Condition means each condition set out in paragraph 8 of Schedule 1.

Ordinary Share Offer Consideration means the consideration under the Ordinary Share Offer, being 0.485 Strike Energy Shares for every 1 UIL Energy Ordinary Share, as set out in paragraph 1(b) of Schedule 1.

Out-of-the money means where the closing price of the Strike Energy Shares recorded on the ASX on the Trading Day immediately prior to the end of the Offer Period is less than \$0.106 per Strike Energy Share.

Participant has the meaning given in the ASX Settlement Operating Rules.

Placement means the placement to institutional and professional investors announced on 24 October 2018.

Preference Share Offer means:

- (a) the offer for UIL Energy Preference Shares contained in Schedule 2; or
- (b) the off-market takeover bid constituted by that offer and each other offer by Strike West for UIL Energy Preference Shares in the form of that offer, in each case as varied in accordance with the Corporations Act,

as the context requires.

Preference Share Offer Condition means the condition set out in paragraph 8 of Schedule 2.

Preference Share Offer Consideration means the consideration under the Preference Share Offer, being 0.485 Strike Energy Milestone Options for every 1 UIL Energy Preference Share, as set out in paragraph 1(b) of Schedule 2.

Register Date means 23 October 2018, being the date set by Strike West under section 633(2) of the Corporations Act.

Related Entity means in respect of an entity, a second entity that:

- (a) Controls the first entity;
- (b) is under the Control of the first entity; or
- (c) is under the Control of a third entity that also Controls the first entity.

Rights means all rights and benefits directly or indirectly attaching to or arising from ownership of UIL Energy Shares on or after the Announcement Date including without limitation all rights to receive dividends or other distributions declared, determined to be paid, made or paid by UIL Energy, all rights to receive or subscribe for shares, notes, bonds, options or other securities or entitlements issued by UIL Energy or any member of the UIL Energy Group and all other rights exercisable by you as a holder of UIL Energy Shares.

Securityholder Reference Number means the number allocated by UIL Energy to identify a UIL Energy Shareholder on the Issuer Sponsored Subregister of UIL Energy.

SPP means the share purchase plan to raise \$5,000,000 (before costs) announced on 24 October 2018.

Strike West or Bidder means Strike West Holdings Pty Ltd ACN 616 395 398.

Strike Energy means Strike Energy Limited ACN 078 012 745.

Strike Energy 10.3c Option means an unlisted option to subscribe for one Strike Energy Share on the terms and conditions set out in schedule 5 of the Implementation Deed, with an exercise price of \$0.103 and an expiry date of 31 December 2019.

Strike Energy 15.5c Option means an unlisted option to subscribe for one Strike Energy Share on the terms and conditions set out in schedule 6 of the Implementation Deed, with an exercise price of \$0.155 and an expiry date of 31 December 2020.

Strike Energy Board means the board of directors of Strike Energy from time to time.

Strike Energy Directors means the directors of Strike Energy.

Strike Energy Group means Strike West, Strike Energy and their Related Entities.

Strike Energy Milestone Option means an option on the terms and conditions set out in Schedule 3.

Strike Energy Option means an option to subscribe for Strike Energy Shares and includes a Strike Energy 10.3c Option, Strike Energy 16c Option and a Strike Energy Milestone Option.

Strike Energy Optionholder means a registered holder of Strike Energy Options.

Strike Energy Securities means Strike Energy Shares and Strike Energy Milestone Option.

Strike Energy Securityholder means a person registered in the register of members and/or register of preference shareholders of Strike Energy as a holder of Strike Energy Securities.

Strike Energy Share means fully paid ordinary shares issues in the capital of Strike Energy.

Strike Energy Shareholder means a person registered in the register of members of Strike Energy as a holder of Strike Energy Shares.

Takeover Transferee Holding has the meaning given in the ASX Settlement Operating Rules, and refers to the CHESS Holding to which UIL Energy Ordinary Shares are transferred pursuant to acceptances of the Offers.

Target's Statement means the statement given by UIL Energy under Part 6.5 of the Corporations Act relating to the Offer.

Trading Day has the meaning given in the ASX Listing Rules.

UIL Energy or Target means UIL Energy Ltd ACN 153 352 160.

UIL Energy 5c Option means an unlisted option to subscribe for UIL Energy Ordinary Shares with an exercise price of \$0.05 and expiry date of 31 December 2019.

UIL Energy 7.5c Option means an unlisted option to subscribe for UIL Energy Ordinary Shares with an exercise price of \$0.075 and expiry date of 31 December 2020.

UIL Energy 24c Option means an unlisted option to subscribe for UIL Energy Ordinary Shares with an exercise price of \$0.24 and expiry date of 31 December 2018.

UIL Energy Board means the board of directors of UIL Energy from time to time.

UIL Energy Directors means the directors of UIL Energy.

UIL Energy Group means UIL Energy and each of its Related Entities.

UIL Energy Incentive Plan means any incentive plan operated by UIL Energy for the benefit of executives or employees of members of the UIL Energy Group including the UIL Energy Performance Rights Plan.

UIL Energy Option means an option to subscribe for UIL Energy Ordinary Shares including those issued under a UIL Energy Incentive Plan.

UIL Energy Optionholder means a registered holder of UIL Energy Options.

UIL Energy Ordinary Shares means fully paid ordinary shares issued in the capital of UIL Energy.

UIL Energy Performance Rights means performance rights issued under a UIL Energy Incentive Plan.

UIL Energy Preference Shareholder means a person registered in the register of members of UIL Energy as a holder of UIL Energy Preference Shares.

UIL Energy Preference Shares means a convertible redeemable preference shares issued by UIL Energy on the terms and conditions set out in UIL Energy's constitution and Annexure B to UIL Energy's notice of extraordinary general meeting dated 5 April 2016 and as further described as "Class B CRPS".

UIL Energy Shareholder means a person registered in the register of members of UIL Energy as a holder of UIL Energy Ordinary Shares.

UIL Energy Securityholder means a UIL Energy Shareholder or a UIL Preference Shareholder as the context requires.

UIL Energy Shares means the UIL Energy Ordinary Shares and the UIL Energy Preference Shares.

Your UIL Energy Ordinary Shares means, subject to paragraph 4(e) of Schedule 1:

- (a) the UIL Energy Ordinary Shares in respect of which you are registered or entitled to be registered as holder in the register of members of UIL Energy as at 7.00pm (Sydney time) on the Register Date;
- (b) any UIL Energy Ordinary Shares in respect of which you become registered or entitled to be registered as holder in the register of members of UIL Energy between the Register Date and the end of the Offer Period as a result of the conversion of, or exercise of rights conferred by, securities other than UIL Energy Ordinary Shares that are on issue at the Register Date and that come to be UIL Energy Ordinary Shares during the period from the Register Date to the end of the Offer Period; and
- (c) any other UIL Energy Ordinary Shares to which you are able to give good title at the time you accept the Offer.

Your UIL Energy Preference Shares means, subject to paragraph 4(d) of Schedule 2:

- (a) the UIL Energy Preference Shares in respect of which you are registered or entitled to be registered as holder in the register of preference shareholders of UIL as at 7.00pm (Sydney] time) on the Register Date;
- (b) any UIL Energy Preference Shares in respect of which you become registered or entitled to be registered as holder in the register of preference shareholders of UIL between the Register Date and the end of the Offer Period as a result of the conversion of, or exercise of rights conferred by, securities other than UIL Energy Preference Shares that are on issue at the Register Date and that come to be UIL Energy Preference Shares during the period from the Register Date to the end of the Offer Period; and
- (c) any other UIL Energy Preference Shares to which you are able to give good title at the time you accept the Offer.

11.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context requires otherwise:

- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
 - (i) that legislation as amended, extended or applied by or under any other legislation made before or after the date of this Bidder's Statement;
 - (ii) any legislation which that legislation re-enacts with or without modification; and
 - (iii) any subordinate legislation made before or after the date of this Bidder's Statement under that legislation, including (where applicable) that legislation as amended, extended or applied as described in section 11.2(a)(i), or under any legislation which it re-enacts as described in section 11.2(a)(ii);
- (b) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- (c) references to an individual or a natural person include his estate and personal representatives, successors or assigns;
- (d) a reference to a section or annex is a reference to a section of or annex to this Bidder's Statement (and the annexes form part of this Bidder's Statement);
- (e) a reference to any instrument or document includes any variation or replacement of it;
- (f) a reference to you is to a person to whom the Offers in Schedule 1 and Schedule 2 are made or is taken to be made;
- (g) a reference to a Condition being waived, or to the waiver of a Condition, is to Strike West freeing the Offer and any contract resulting from acceptance of the Offer from that Condition in accordance with section 650F of the Corporations Act;
- (h) unless otherwise indicated, a reference to any time is a reference to that time in Sydney, Australia;
- (i) unless otherwise indicated, a reference to \$, A\$, dollars or cents is to Australian currency;
- (j) singular words include the plural and vice versa;
- (k) a word of any gender includes the corresponding words of any other gender;
- (l) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (m) a term that is defined in the Corporations Act and is not otherwise defined in this Bidder's Statement has the meaning given to it in the Corporations Act (and where any such term has a special meaning for the purposes of chapter 6 or 6A of the Corporations Act has that special meaning);
- (n) general words must not be given a restrictive meaning just because they are followed by particular examples intended to be embraced by the general words; and
- (o) the headings do not affect interpretation.

12. APPROVAL OF BIDDER'S STATEMENT

A handwritten signature in black ink, appearing to read 'Stuart Nicholls', is centered on the page. The signature is fluid and cursive, with a long horizontal stroke at the end.

Signed by Stuart Nicholls, the sole director of Strike West Holdings Pty Limited
24 October 2018

SCHEDULE 1: TERMS AND CONDITIONS OF THE ORDINARY SHARE OFFER

In this Schedule 1, a reference to a paragraph is a reference to a paragraph in this Schedule 1.

1. OFFER

(a) Ordinary Share Offer is for Your UIL Energy Ordinary Shares and all Rights attaching to them

Strike West offers to acquire all of Your UIL Energy Ordinary Shares and all Rights attaching to them, on the terms and conditions set out in this Schedule 1. By accepting the Ordinary Share Offer, you undertake to transfer to Strike West not only Your UIL Energy Ordinary Shares, but also all Rights attached to them.

(b) Consideration

- Subject to paragraph 7(c), the consideration under the Ordinary Share Offer is 0.485 Strike Energy Shares for each of Your UIL Energy Ordinary Shares, subject to rounding as described in paragraph 1(c) and the treatment of Ineligible Foreign UIL Energy Shareholders as described in paragraph 14. You will receive the Offer Consideration in accordance with paragraph 7. No interest is payable on the consideration for Your UIL Energy Ordinary Shares under the Ordinary Share Offer.
- The Strike Energy Shares to be issued are ordinary shares in Strike Energy and will be credited as fully paid and have the rights summarised in section 3.11 of this Bidder's Statement.

(c) Rounding

For the avoidance of doubt, your entitlement to Strike Energy Shares under the Ordinary Share Offer will be calculated by dividing the number of Your UIL Energy Ordinary Shares by 0.485.

If this calculation results in an entitlement to a fraction of a Strike Energy Share in addition to the number of whole Strike Energy Shares to which you become entitled as a result of your acceptance of the Ordinary Share Offer, any such fractional entitlement of:

- less than 0.5 will be rounded down to zero; or
- equal to or more than 0.5 will be rounded up to 1 Strike Energy Share.

However if Strike Energy reasonably believes that any parcel or parcels of UIL Energy Ordinary Shares has or have been created or manipulated to take advantage of rounding, then any fractional entitlement to a Strike Energy Share arising in relation to that parcel, or those parcels, will be rounded down so that the entitlement to Strike Energy Shares arising in relation to each parcel consists of the nearest whole number of Strike Energy Shares only and the fractional entitlement will be disregarded.

(d) Conditions to the Ordinary Share Offer

Subject to paragraph 9, the Ordinary Share Offer and any contract that results from an acceptance of the Ordinary Share Offer is subject to the Ordinary Share Offer Conditions set out in paragraph 8.

(e) Persons to whom Ordinary Share Offer made

Strike West is making an offer in the form of the Ordinary Share Offer to:

- each person registered as the holder of UIL Energy Ordinary Shares in the register of members of UIL Energy as at 7.00pm (Sydney time) on the Register Date;
- each person who during the Offer Period becomes registered, or entitled to be registered, as the holder of any UIL Energy Ordinary Shares on issue as at 7.00pm (Sydney time) on the Register Date; and
- each person who holds securities other than UIL Energy Ordinary Shares that are on issue at the Register Date and that come to be UIL Energy Ordinary Shares during the period from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights conferred by, such securities.

(f) Where someone else becomes entitled to some or all of Your UIL Energy Ordinary Shares

If at the time that the Ordinary Share Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of Your UIL Energy Ordinary Shares, then

the Ordinary Share Offer will be taken to have been withdrawn at that time and new offers on the same terms and conditions as the Ordinary Share Offer will be taken to have been made:

- to that other person in respect of those UIL Energy Ordinary Shares; and
- to you in respect of the balance of Your UIL Energy Ordinary Shares, if any.

(g) **Variation and withdrawal**

Strike West may vary the Ordinary Share Offer in accordance with the Corporations Act. Strike West may only withdraw the Ordinary Share Offer with the written consent of ASIC and subject to any conditions of that consent. If so, Strike West will give notice of the withdrawal to ASX and UIL Energy and will comply with any other conditions imposed by ASIC.

Any withdrawal of the Ordinary Share Offer by Strike West will be deemed to take effect from the date that ASIC gives its written consent to Strike West withdrawing the Offer or, if the withdrawal is subject to conditions imposed by ASIC, from the date all of those conditions are satisfied.

(h) **Date of Ordinary Share Offer**

The Ordinary Share Offer is dated 25 October 2018.

(i) **Transfer**

By accepting the Ordinary Share Offer, you undertake to transfer to Strike West not only Your UIL Energy Ordinary Shares to which the Ordinary Share Offer relates, but also the rights attached to those UIL Energy Ordinary Shares.

2. OFFER PERIOD

(a) **When the Ordinary Share Offer can be accepted**

The Ordinary Share Offer will remain open for acceptance during the period starting on the date of the Offer and ending at 7.00pm (Sydney time) on 30 November 2018, unless:

- Strike West extends the Offer Period in accordance with the Corporations Act or the Offer Period is automatically extended as described in paragraph 2(c), in which case the Offer will remain open for acceptance until the end of the Offer Period as so extended; or
- the offer is withdrawn in accordance with the Corporations Act before the end of the Offer Period.

(b) **Strike West's right to extend Offer Period**

Strike West reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act and subject to the terms of the Implementation Deed.

Under the Implementation Deed, Strike West must not extend the Offer Period in respect of the Ordinary Share Offers beyond 15 March 2019 without the prior written consent of UIL Energy, unless:

- the Condition in paragraph 8(a) of this Schedule 1 has been satisfied and the Ordinary Share Offers have become or been declared unconditional;
- a competing proposal is publicly announced and has not been withdrawn or lapsed; or
- an application has been made to the Takeovers Panel in respect of the affairs of UIL Energy that has not been determined.

(c) **Automatic extension of Offer Period**

If, within the last 7 days of the Offer Period either the Ordinary Share Offer is varied to improve the consideration offered or Strike West's voting power in UIL Energy increases to more than 50%, then the Offer Period will be automatically extended so that it ends 14 days after the relevant event.

3. QUOTATION OF STRIKE ENERGY SHARES

The Strike Energy Shares offered as Offer Consideration will be issued by Strike Energy as fully paid ordinary shares and will rank equally with existing Strike Energy Shares from the date of issue.

Strike Energy has been admitted to the Official List of the ASX. Securities of the same class as those to be issued as consideration under the Ordinary Share Offer have been granted official quotation by the ASX. Official quotation of securities by the ASX are not automatically granted on application.

4. ACCEPTING THE ORDINARY SHARE OFFER

(a) General

Subject to paragraph 4(e), you may only accept the Ordinary Share Offer for all of Your UIL Energy Ordinary Shares (and not for a lesser number). You may accept the Ordinary Share Offer at any time during the Offer Period.

(b) UIL Energy Ordinary Shares held in an Issuer Sponsored Holding

To accept the Ordinary Share Offer in respect of UIL Energy Ordinary Shares held in an Issuer Sponsored Holding (you have a Securityholder Reference Number starting with the letter I), you must complete and sign the enclosed Acceptance Form in accordance with the instructions on the form, and return it (together with all documents required by the instructions on it or by these Offer Terms) so that it is received at the address shown on the Acceptance Form before the end of the Offer Period.

(c) UIL Energy Ordinary Shares held in a CHESS Holding

To accept the Ordinary Share Offer in respect of UIL Energy Ordinary Shares held in a CHESS Holding (you have a Holder Identification Number starting with the letter X), you must do one of the following:

- instruct your Controlling Participant to initiate acceptance of the Ordinary Share Offer on your behalf in accordance with ASX Settlement Operating Rule 14.14 before the end of the Offer Period; or
- complete and sign the enclosed Acceptance Form in accordance with the instructions on the form, and return it (together with all documents required by those instructions or by these Offer Terms) so that it is received at the address shown on the Acceptance Form in sufficient time for Strike West to instruct your Controlling Participant to initiate acceptance of this Ordinary Share Offer on your behalf in accordance with ASX Settlement Operating Rule 14.14 before the end of the Offer Period.

If you are a Participant, to accept the Ordinary Share Offer you must initiate acceptance of the Ordinary Share Offer in accordance with ASX Settlement Operating Rule 14.14 before the end of the Offer Period.

(d) UIL Energy Shares in respect of which you are entitled to be registered as holder

To accept the Ordinary Share Offer for UIL Energy Ordinary Shares which are not held in your name, but in respect of which you are entitled to be registered as holder, you must complete and sign the Acceptance Form in accordance with the terms of the Ordinary Share Offer and the instructions on the form and return it (together with all documents required by those instructions or by these Offer Terms) so that it is received at the address shown on the Acceptance Form before the end of the Offer Period.

(e) UIL Energy Shares you hold as trustee or nominee

If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of UIL Energy Ordinary Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate offer on the same terms and conditions as the Ordinary Share Offer had been made in relation to each of those parcels and in relation to any parcel you hold in your own right. To validly accept the Ordinary Share Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement or the Acceptance Form, please call the Offer Information Line on 1300 737 760 from within Australia (toll-free) or +61 2 9290 9600 from outside Australia (charges apply) between 8.30 am and 5.00 pm (Sydney time) Monday to Friday.

(f) Using the Acceptance Form

The Acceptance Form which accompanies this Bidder's Statement forms part of the terms and conditions of the Ordinary Share Offer. If you use the Acceptance Form to accept the Ordinary Share Offer you must follow the instructions on it. A reply paid envelope, which is valid if sent from within Australia, is enclosed for your use. The postage and transmission of the Acceptance Form and other documents is at your own risk.

(g) **Acceptance Form not received in time**

If your Acceptance Form is not received at the address shown on the Acceptance Form before the end of the Offer Period or, in the case of an Acceptance Form used to accept this Ordinary Share Offer in respect of UIL Energy Ordinary Shares in a CHESS Holding, in sufficient time to permit Strike West to instruct your Controlling Participant to initiate acceptance of the Ordinary Share Offer on your behalf in accordance with ASX Settlement Operating Rule 14.14 before the end of the Offer Period, then, subject to paragraph 5(c), your acceptance will not be valid.

5. VALIDITY OF ACCEPTANCES

(a) **General**

Subject to this paragraph 5, your acceptance of the Ordinary Share Offer will not be valid unless it is made in accordance with the procedures set out in paragraph 4.

(b) **Strike West's right to determine questions of validity**

Strike West will determine, in its sole discretion, all questions as to eligibility to accept the Ordinary Share Offer, the form of documents used to accept the Ordinary Share Offer and the time of receipt of any acceptance of the Ordinary Share Offer. Strike West is not required to communicate with you before or after making such a determination. The determination of Strike West will be final and binding on all parties.

(c) **Strike West's discretion to deem acceptance valid**

Notwithstanding anything in paragraph 4, Strike West may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Your UIL Energy Ordinary Shares, even if a requirement for acceptance set out in these Offer Terms has not been complied with. However, provision of the consideration due under the Ordinary Share Offer may be delayed until any such non-compliance has been resolved or waived by Strike West and any other documents required to transfer Your UIL Energy Ordinary Shares to Strike West have been received by Strike West.

(d) **Where acceptance valid only in respect of some of Your UIL Energy Ordinary Shares**

If you have satisfied the requirements for acceptance in respect of only some of Your UIL Energy Ordinary Shares, Strike West may, in its sole discretion, take the Ordinary Share Offer to have been accepted in respect of those UIL Energy Ordinary Shares but not the balance of Your UIL Energy Ordinary Shares.

6. CONSEQUENCES OF ACCEPTING THE ORDINARY SHARE OFFER

(a) **Agreement to transfer all Your UIL Energy Ordinary Shares**

By signing and returning the Acceptance Form or instructing your Controlling Participant to initiate acceptance of the Offer under the ASX Settlement Operating Rules in accordance with paragraph 4:

- subject to paragraph 4(e), you accept the Ordinary Share Offer in respect of all of Your UIL Energy Ordinary Shares (even if the number of UIL Energy Ordinary Shares specified on the Acceptance Form differs from the total number of Your UIL Energy Ordinary Shares);
- subject to the Ordinary Share Offer Conditions being fulfilled or waived, you agree to transfer to Strike West all of Your UIL Energy Ordinary Shares and all Rights attaching to them, and to execute all documents and take all other steps that Strike West may consider necessary or desirable in order to transfer to Strike West those UIL Energy Ordinary Shares and those Rights;
- you represent and warrant to Strike West as a fundamental condition of the contract resulting from your acceptance of the Ordinary Share Offer that Your UIL Energy Ordinary Shares are, at the time that you accept the Ordinary Share Offer, and will be, at the date they are transferred to Strike West, free from all Encumbrances and restrictions on transfer of any kind, and that you have full power and capacity to accept the Ordinary Share Offer and to sell and transfer to Strike West the legal and beneficial ownership of Your UIL Energy Ordinary Shares and all Rights attaching to them; and
- you irrevocably authorise and direct UIL Energy to pay to Strike West, or to account to Strike West for, all Rights in respect of Your UIL Energy Ordinary Shares, subject to Strike West accounting to you for any such Rights received by Strike West if the Ordinary Share Offer is withdrawn or any contract resulting

from your acceptance of the Ordinary Share Offer is rescinded under paragraph 9(a) or void under paragraph 9(e)

(b) **Power of attorney**

By signing and returning the Acceptance Form or instructing your Controlling Participant to initiate acceptance of the Ordinary Share Offer under the ASX Settlement Operating Rules in accordance with paragraph 4:

- you irrevocably appoint Strike West and each of its directors and secretaries severally as your true and lawful attorney, with effect from the time at which all of the Ordinary Share Offer Conditions have been fulfilled or waived, with power to exercise the powers and rights which you could lawfully exercise as the registered holder of Your UIL Energy Ordinary Shares, including without limitation:
 - all powers and rights to requisition, convene, attend and vote (in person, by corporate representative or by proxy) at any general meeting or court-convened meeting of UIL Energy Shareholders; and
 - all powers and rights to request UIL Energy to register Your UIL Energy Ordinary Shares in the name of Strike West or its nominee and to notify UIL Energy that your address in the records of UIL Energy for all purposes, including the dispatch of notices of meeting, annual reports, dividends and distributions, should be altered to an address nominated by Strike West;
- you acknowledge and agree that the attorney may exercise these powers in the interests of Strike West as the intended registered holder of Your UIL Energy Ordinary Shares and that this appointment, being given for valuable consideration to secure the interest acquired in Your UIL Energy Ordinary Shares, is irrevocable and terminates only upon registration of a transfer to Strike West of Your UIL Energy Ordinary Shares; and
- with effect from the time at which all of the Ordinary Share Offer Conditions have been fulfilled or waived, you agree not to exercise any of the powers or rights conferred on Strike West and each of its directors and secretaries under this paragraph 6(b).

(c) **Additional matters**

By signing and returning the Acceptance Form or instructing your Controlling Participant to initiate acceptance of the Ordinary Share Offer under the ASX Settlement Operating Rules in accordance with paragraph 4:

- you irrevocably authorise Strike West and any of its officers or agents to complete the Acceptance Form by inserting any details in respect of Your UIL Energy Ordinary Shares that have been omitted from it, and to rectify any other errors in or omissions from it, including altering the number of UIL Energy Ordinary Shares stated to be held by you if that number is otherwise than as set out in the Acceptance Form, in order to make the Acceptance Form an effective acceptance of the Ordinary Share Offer;
- if any of Your UIL Energy Ordinary Shares are held in a CHESS Holding and you have signed an Acceptance Form for them, you irrevocably authorise Strike West and any of its officers or agents:
 - to instruct your Controlling Participant to initiate acceptance of the Ordinary Share Offer in respect of those UIL Energy Ordinary Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules if you have not already done so; and
 - to give any other instructions in relation to Your UIL Energy Ordinary Shares to your Controlling Participant as may be necessary to make the Acceptance Form an effective acceptance of the Ordinary Share Offer or to transfer Your UIL Energy Ordinary Shares to Strike West; and
 - at any time after all of the Ordinary Share Offer Conditions have been fulfilled or waived, to cause a message to be transmitted in accordance with ASX Settlement Operating Rule 14.17.1 to transfer Your UIL Energy Ordinary Shares to Strike West's Takeover Transferee Holding, even if Strike West has not yet provided the consideration due to you under the Ordinary Share Offer;
- you represent and warrant to Strike West that, unless you have given notice under section 653B(3) of the Corporations Act, Your UIL Energy Ordinary Shares do not consist of separate parcels of UIL Energy Ordinary Shares;

- you agree to indemnify Strike West and each of its officers and agents in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or your Securityholder Reference Number or in consequence of the transfer of Your UIL Energy Ordinary Shares to Strike West being registered by UIL Energy without production of your Holder Identification Number or your Securityholder Reference Number; and
- you agree to take all other steps that Strike West may require to give effect to the provisions of this paragraph 6 including, if requested by Strike West, executing a written form of proxy to the same effect as those provisions and which complies with all requirements of Strike West's constitution.

(d) **Revocation or withdrawal of acceptance**

Once you have accepted the Ordinary Share Offer in accordance with paragraph 4 you will be unable to revoke your acceptance and you will be unable to withdraw Your UIL Energy Ordinary Shares from the Ordinary Share Offer or otherwise dispose of Your UIL Energy Ordinary Shares except in the following circumstances:

- if by the end of the Offer Period any Ordinary Share Offer Condition has not been fulfilled or waived and Strike West has not declared the Ordinary Share Offer and any contract resulting from your acceptance of it to be free from that Ordinary Share Offer Condition in accordance with paragraph 9(d), the Ordinary Share Offer will automatically terminate, all contracts resulting from acceptance of the Offer will be void and Your UIL Energy Ordinary Shares will be released to you; or
- if the Offer Period is extended for more than one month, the obligations of Strike West to pay the consideration under the Offer are postponed for more than one month and at the time that the Offer Period is extended the Offer is still subject to one or more of the Conditions, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act (in which case Strike West is required under the Corporations Act to notify you of your rights to withdraw your acceptance).

7. PROVISION OF CONSIDERATION

(a) **Time for provision**

Subject to this paragraph 7 and the Corporations Act, if you accept the Ordinary Share Offer and all of the Ordinary Share Offer Conditions are fulfilled or waived, Strike West will provide you the consideration for Your UIL Energy Ordinary Shares under the Ordinary Share Offer on or before the earlier of:

- the day that is one month after the date of your acceptance or, if at the time of your acceptance the Ordinary Share Offer is subject to any Ordinary Share Condition, one month after the Offer becomes unconditional; and
- 21 days after the end of the Offer Period.

(b) **Delay in providing additional documents**

If the Acceptance Form requires additional documents to be provided with your acceptance, or Strike West subsequently requests such additional documents in order to give effect to your acceptance:

- if those documents are given to Strike West with your acceptance, Strike West will pay you the consideration for Your UIL Energy Ordinary Shares in accordance with paragraph 7(a);
- if Strike West receives those documents after your acceptance and before the end of the Offer Period and while the Ordinary Share Offer is still subject to one or more Ordinary Share Conditions, Strike West will pay you the consideration for Your UIL Energy Ordinary Shares by the earlier of:
 - one month after the Ordinary Share Offer becomes unconditional; and
 - 21 days after the end of the Offer Period;
- if Strike West receives those documents after your acceptance and before the end of the Offer Period, and at a time when the Ordinary Share Offer is not subject to any Ordinary Share Offer Conditions, Strike West will pay you the consideration for Your UIL Energy Ordinary Shares by the earlier of:
 - one month after Strike West receives those documents; and
 - 21 days after the end of the Offer Period; and

- if Strike West receives those documents after the end of the Offer Period, Strike West will pay you the consideration for Your UIL Energy Ordinary Shares:
 - within 21 days after Strike West receives those documents; or
 - if the takeover contract is still subject to the Ordinary Share Offer Condition set out in paragraph 8, within 21 days after that Ordinary Share Offer Condition is satisfied.

(c) **Deductions in respect of Rights**

If you accept the Ordinary Share Offer, Strike West is entitled to all Rights in respect of Your UIL Energy Ordinary Shares. Strike West may require you to provide all documents necessary to vest title to those Rights in Strike West or otherwise to give Strike West the benefit or value of those Rights. If you do not give those documents to Strike West, or if you have received the benefit of those Rights, Strike West will deduct from the consideration otherwise due to you under the Ordinary Share Offer the amount, or the value as reasonably assessed by Strike West, of those Rights.

(d) **Method of payment**

Payment of any cash amount to which you are entitled will be made by cheque drawn in Australian currency in your favour. The cheque will be sent to you, at your risk, by ordinary mail (or, in the case of UIL Energy Shareholders with addresses outside Australia, by airmail) to your address shown on the Acceptance Form or the last address that you notified to Strike West. Payment will be deemed to have been made at the time the cheque is delivered to Australia Post for delivery or placed in an Australia Post postal box.

(e) **Strike Energy Share allotment**

The obligation of Strike Energy to issue and allot any Strike Energy Shares to which you are entitled will be satisfied by Strike Energy:

- entering your name on the register of members of Strike Energy; and
- dispatching or procuring the dispatch to you by pre-paid post to your address recorded in the UIL Energy register of members at 7.00pm (Sydney time) on the Register Date, an uncertified holding statement in your name. If Your UIL Energy Ordinary Shares are held in joint name, an uncertified holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in UIL Energy's register of members at 7.00pm (Sydney time) on the Register Date.

(f) **Authorisations and clearances**

If, at the time you accept the Ordinary Share Offer, any authority or clearance of any Government Agency is required for you to receive the consideration under the Ordinary Share Offer or you are resident in or a resident of a place to which, or you are a person to whom:

- the Banking (Foreign Exchange) Regulations 1959 (Cth);
- the Charter of the United Nations Act 1945 (Cth) or any regulations thereunder;
- any regulations made under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth); or
- any other law of Australia that would make it unlawful for Strike West to provide consideration for Your UIL Energy Ordinary Shares,

applies, then your acceptance of the Ordinary Share Offer will not create or transfer to you any right to receive the consideration specified in the Ordinary Share Offer unless and until all requisite authorities or clearances have been obtained by Strike West.

(g) **Withholdings**

If any amount is required under any Australian law or by any Government Agency to be withheld from any consideration otherwise payable to you under this Ordinary Share Offer and paid to a Government Agency, or retained by Strike West out of any consideration otherwise payable to you under this Ordinary Share Offer, the payment or retention by Strike West of that amount will constitute full discharge of Strike West's obligation to pay that amount of consideration to you.

8. CONDITIONS TO THE ORDINARY SHARE OFFER

Subject to paragraph 9, the Ordinary Share Offer and any contract that results from your acceptance of the Ordinary Share Offer, is subject to the following conditions:

(a) Equity raising

Within:

- 5 Business Days after the date of the Implementation Deed, Bidder has received one or more binding commitments to subscribe for Strike Energy Shares to raise not less than \$13,000,000 under the Placement; and
- 15 Business Days after the date of the Implementation Deed, Bidder has successfully completed the Placement.

(b) Minimum acceptance

At or before the end of the Offer Period, Strike West has a relevant interest in the number of UIL Energy Ordinary Shares that represents at least 50.1% of the aggregate of all the UIL Energy Ordinary Shares on issue (on a Fully Diluted Basis).

(c) No regulatory intervention

Between the Announcement Date and the end of the Offer Period (each inclusive):

- there is not in effect any preliminary or final decision, order or ruling issued by any Government Agency;
- no application is made to any Government Agency (other than by Strike West or any associate of Strike West); and
- no action or investigation is commenced or threatened by any Government Agency in connection with the Ordinary Share Offer,

which could reasonably be expected to:

- restrain, impede or prohibit or otherwise have a material adverse effect on the making of the acquisition by Strike West of UIL Energy Ordinary Shares or any other transaction contemplated by this Bidder's Statement (including implementation of Strike West's intentions expressed in this Bidder's Statement); or
- require Strike West to divest any UIL Energy Ordinary Shares or any member of the Strike Energy Group or the UIL Energy Group to divest any material asset,

other than an application to or a determination by ASIC or the Takeovers Panel in the exercise of the powers and discretions conferred by the Corporations Act.

(d) No prescribed occurrences

During the Offer Period, none of the following events occurs:

- UIL Energy converts all or any of its shares into a larger or smaller number of shares;
- any member of the UIL Energy Group resolves to reduce its share capital in any way;
- any member of the UIL Energy Group enters into an agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- any member of the UIL Energy Group issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option (except for any issue of UIL Energy Shares before the Register Date pursuant to the conversion of convertible securities or the exercise of UIL Energy Options or UIL Energy Performance Rights where the existence of those convertible securities, UIL Energy Options or UIL Energy Performance Rights has been disclosed to ASX before the Announcement Date);
- any member of the UIL Energy Group issues or agrees to issue, convertible notes;
- any member of the UIL Energy Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

- any member of the UIL Energy Group grants or agrees to grant a security interest (as defined in section 51A of the Corporations Act) in the whole, or a substantial part, of its business or property;
- any member of the UIL Energy Group resolves to be wound up;
- a liquidator or provisional liquidator of any member of the UIL Energy Group is appointed;
- a court makes an order for the winding up of any member of the UIL Energy Group;
- an administrator of any member of the UIL Energy Group is appointed under section 436A, 436B or 436C of the Corporations Act;
- any member of the UIL Energy Group executes a deed of company arrangement; or
- a receiver, or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of any member of the UIL Energy Group.

(e) **Index fall**

Between the Announcement Date and the end of the Offer Period (each inclusive), the S&P/ASX 200 Index does not close 10% or more below the closing level on the Announcement Date for 5 or more consecutive Trading Days.

(f) **No litigation**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- no litigation or similar proceeding against UIL Energy which may reasonably be expected to result in a judgement of more than \$250,000 is commenced, threatened, announced or made known to Strike West or UIL Energy; and
- no litigation or similar proceeding against UIL Energy which in aggregate may reasonably be expected to result in judgements of more than \$500,000 is commenced, threatened, announced or made known to Strike West or UIL Energy,

other than that which is in the public domain as at the Announcement Date and other than as disclosed in the:

- the written information and documents made available to Strike West or its representatives on or before 21 October 2018; and
- the written answers or written confirmations provided to Strike West or its representatives on or before 21 October 2018 in response to requests for information, copies of which have been compiled and initialled for the purposes of identification by representatives of Strike West and UIL Energy.

(g) **No material breach of the Implementation Deed**

Between the Announcement Date and the end of the Offer Period (each inclusive), Strike Energy does not become entitled to terminate the Implementation Deed in under clause 10.1(a)(i) or 10.1(a)(ii) of the Implementation Deed as a result of a breach by UIL Energy of clause 4.4 (prohibited actions) or clause 8.1 (Target Warranties) of the Implementation Deed.

9. OPERATION OF THE CONDITIONS

(a) **Ordinary Share Offer Conditions are conditions subsequent**

Each of the Ordinary Share Offer Conditions in paragraph 8 is a condition subsequent. The fact that any such Ordinary Share Offer Condition is not fulfilled or waived does not prevent a contract to sell Your UIL Energy Ordinary Shares coming into effect when you accept the Ordinary Share Offer but any breach or non-fulfilment will entitle Strike West, by notice in writing to you at any time before the Ordinary Share Condition is fulfilled or waived, to rescind any such contract as if it had not been formed.

(b) **Ordinary Share Offer Conditions are separate**

Each Ordinary Share Offer Condition in paragraph 8 constitutes, and is to be construed as, a separate, several and distinct Ordinary Share Offer Condition. No Ordinary Share Offer Condition will be taken to limit the meaning or effect of any other Ordinary Share Offer Condition.

(c) **Benefit of Ordinary Share Offer Conditions**

Subject to the Corporations Act, Strike West alone is entitled to the benefit of the Ordinary Share Offer Conditions and any breach or non-fulfilment of any of the Ordinary Share Offer Conditions may only be relied upon by Strike West. Subject to the Implementation Deed, Strike West may at any time and from time to time waive (generally, or in respect of a particular event) the breach or non-fulfilment of any such Ordinary Share Offer Condition or any part of such Ordinary Share Offer Condition. Pursuant to the Implementation Deed, Strike West may only waive the Condition in paragraph 8(a) with the consent of UIL Energy.

(d) **Strike West's rights to waive Conditions**

Subject to the Corporations Act and the Implementation Deed, Strike West may free the Ordinary Share Offer and any contract resulting from your acceptance of the Ordinary Share Offer from all or any of the Ordinary Share Offer Conditions in paragraph 8 by giving written notice to UIL Energy and ASX in accordance with section 650F of the Corporations Act. Any such notice must be given not less than 7 days before the end of the Offer Period. Pursuant to the Implementation Deed, Strike West may only waive the Condition in paragraph 8(a) with the consent of UIL Energy.

(e) **Conditions not fulfilled or waived**

Your acceptance of this Ordinary Share Offer, and any contract resulting from your acceptance of this Ordinary Share Offer, will be automatically void if at the end of the Offer Period any of the Ordinary Share Offer Conditions have not been fulfilled or waived. If this occurs, Strike West will return to you, at your address shown in the Acceptance Form, your Acceptance Form together with all documents provided by you with the Acceptance Form. The return of those documents is at your risk.

(f) **Notice of the status of Conditions**

The date for giving the notice as to the status of the Ordinary Share Offer Conditions required by section 630(1) of the Corporations Act is 22 November 2018 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

(g) **Statutory condition**

In accordance with section 625(3) of the Corporations Act, this Ordinary Share Offer and any contract that results from your acceptance of it is subject to the further condition that:

- an application is made to the ASX within 7 days of the start of the Offer Period for admission to official quotation by the ASX of the Strike Energy Shares to be issued under the Ordinary Share Offer; and
- permission for admission to official quotation by the ASX of the Strike Energy Shares to be issued under the Ordinary Share Offer is granted no later than 7 days after the end of the Offer Period.

This condition is not a defeating condition for the purposes of the Corporations Act and is not of the same nature as the Conditions set out in paragraph 8. The Ordinary Share Offer cannot be freed of this condition and subsequently no statements made by Strike West can be taken to waive this condition. If this condition is not fulfilled, any contract resulting from your acceptance of the Ordinary Share Offer will be automatically void.

10. COSTS AND STAMP DUTY

Strike West will pay all costs and expenses of the preparation and distribution of this Bidder's Statement and any Australian stamp duty payable on the transfer of any UIL Energy Ordinary Shares to Strike West under the Ordinary Share Offer.

11. BROKERAGE

If Your UIL Energy Ordinary Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Strike West, you will not incur any brokerage on acceptance of the Ordinary Share Offer. If Your UIL Energy Ordinary Shares are registered in a CHESS Holding or you hold Your UIL Energy Ordinary Shares through a bank, custodian or other nominee, you should ask your Controlling Participant, or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Ordinary Share Offer.

12. NOTICES AND COMMUNICATIONS

Subject to the Corporations Act, a notice or other communication given by Strike West to you in connection with this Ordinary Share Offer will be deemed to be duly given if it is in writing and is delivered or sent by ordinary mail (or in the case of an address outside Australia, by airmail) to you at your address as recorded on the register of members of UIL Energy or the address shown on the Acceptance Form.

13. FOREIGN LAWS

The Ordinary Share Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept the Ordinary Share Offer.

14. INELIGIBLE FOREIGN UIL ENERGY SHAREHOLDERS

- If you are a UIL Energy Shareholder whose address in the register members of UIL Energy is a place outside of Australia and its external territories or Singapore, you will be considered an Ineligible Foreign UIL Energy Shareholder. Ineligible Foreign UIL Energy Shareholders are not entitled to receive Strike Energy Shares as part of the Offer Consideration.
- Instead, Strike Energy will:
 - arrange for the issue to a Nominee of the number of Strike Energy Shares to which you and all other Ineligible Foreign UIL Energy Shareholders would have been entitled but for this paragraph 14. Strike Energy may issue these shares to the Nominee in batches;
 - cause the Strike Energy Shares to be issued for sale by the Nominee on the ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee; and
 - cause the Nominee to pay to you the amount ascertained in accordance with the formula, being your pro rata share of the proceeds from the Strike Energy Shares sold in the relevant sale tranche, less brokerage and sales expenses:

P x SS /TS

Where:

P is the amount which is received by the Nominee upon the sale of the Strike Energy Shares in the relevant tranche under this paragraph 14 less brokerage and sales expenses;

SS is the number of Strike Energy Shares which would, but for this paragraph 14, have been provided to you as consideration under the Ordinary Share Offer; and

TS is the total number of Strike Energy Shares issued to the Nominee in the relevant tranche under this paragraph 14.

- Neither Strike West, Strike Energy nor the Nominee gives any undertaking, representation or warranty or assurance as to the price that will be achieved for the sale of Strike Energy Shares described in this paragraph 14.
- You will receive your share of the proceeds of the sale of the Strike Energy Shares by the Nominee in Australian currency.
- Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act.
- Under no circumstances will interest be paid on your share of the proceeds of the sale of Strike Energy Shares by the Nominee, regardless of any delay in remitting these proceeds to you.
- The Nominee may sell the Strike Energy Shares in such manner, at such price or prices and on such terms as the Nominee determines. The Nominee will sell the Strike Energy Shares on the ASX as soon as practicable and has the sole and complete discretion with regards to the number of tranches in which to sell the Strike Energy Shares that are issued to them.

15. GOVERNING LAW

This Offer and any contract resulting from your acceptance of this Offer are governed by the laws in force in Western Australia.

SCHEDULE 2: TERMS AND CONDITIONS OF THE PREFERENCE SHARE OFFER

In this Schedule 2, a reference to a paragraph is a reference to a paragraph in this Schedule 2.

1. OFFER

(a) Preference Share Offer is for Your UIL Energy Preference Shares and all Rights attaching to them

Strike West offers to acquire all of Your UIL Energy Preference Shares and all Rights attaching to them, on the terms and conditions set out in this Schedule 2. By accepting the Preference Share Offer, you undertake to transfer to Strike West not only Your UIL Energy Preference Shares, but also all Rights attached to them.

(b) Consideration

- Subject to paragraph 7(c), the consideration under the Preference Share Offer is 0.485 Strike Energy Milestone Options for each of Your UIL Energy Preference Shares. You will receive the Offer Consideration in accordance with paragraph 7. No interest is payable on the consideration for Your UIL Energy Preference Shares under the Preference Share Offer.
- The Strike Energy Milestone Options will be granted on the terms and conditions set out in Schedule 3.

(c) Condition to the Preference Share Offer

Subject to paragraph 9, the Preference Share Offer and any contract that results from an acceptance of the Preference Share Offer is subject to the Preference Share Offer Condition set out in paragraph 8.

(d) Persons to whom Preference Share Offer made

Strike West is making an offer in the form of the Preference Share Offer to:

- each person registered as the holder of UIL Energy Preference Shares in the register of preference shareholders of UIL Energy as at 7.00pm (Sydney time) on the Register Date;
- each person who during the Offer Period becomes registered, or entitled to be registered, as the holder of any UIL Energy Preference Shares on issue as at 7.00pm (Sydney time) on the Register Date; and
- each person who holds securities other than UIL Energy Preference Shares that are on issue at the Register Date and that come to be UIL Energy Preference Shares during the period from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights conferred by, such securities.

(e) Where someone else becomes entitled to some or all of Your UIL Energy Preference Shares

If at the time that the Preference Share Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of Your UIL Energy Preference Shares, then the Preference Share Offer will be taken to have been withdrawn at that time and new offers on the same terms and conditions as the Preference Share Offer will be taken to have been made:

- to that other person in respect of those UIL Energy Preference Shares; and
- to you in respect of the balance of Your UIL Energy Preference Shares, if any.

(f) Variation and withdrawal

Strike West may vary the Preference Share Offer in accordance with the Corporations Act. Strike West may only withdraw the Preference Share Offer with the written consent of ASIC and subject to any conditions of that consent. If so, Strike West will give notice of the withdrawal to ASX and UIL Energy and will comply with any other conditions imposed by ASIC.

Any withdrawal of the Preference Share Offer by Strike West will be deemed to take effect from the date that ASIC gives its written consent to Strike West withdrawing the Preference Share Offer or, if the withdrawal is subject to conditions imposed by ASIC, from the date all of those conditions are satisfied.

(g) Date of Preference Share Offer

The Preference Share Offer is dated 25 October 2018.

(h) **Transfer**

By accepting the Preference Share Offer, you undertake to transfer to Strike West not only Your UIL Energy Preference Shares to which the Preference Share Offer relates, but also the rights attached to those UIL Energy Preference Shares.

2. OFFER PERIOD

(a) **When the Preference Share Offer can be accepted**

The Preference Share Offer will remain open for acceptance during the period starting on the date of the Offer and ending at 7.00pm (Sydney time) on 30 November 2018, unless:

- Strike West extends the Offer Period in accordance with the Corporations Act or the Offer Period is automatically extended as described in paragraph 2(c), in which case the Offer will remain open for acceptance until the end of the Offer Period as so extended; or
- the offer is withdrawn in accordance with the Corporations Act before the end of the Offer Period.

(b) **Strike West's right to extend Offer Period**

Strike West reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.

(c) **Automatic extension of Offer Period**

If, within the last 7 days of the Offer Period either the Preference Share Offer is varied to improve the consideration offered or Strike West's voting power in UIL Energy increases to more than 50%, then the Offer Period will be automatically extended so that it ends 14 days after the relevant event.

3. STRIKE ENERGY MILESTONE OPTIONS WILL NOT BE QUOTED

The Strike Energy Milestone Options offered as Offer Consideration will be issued by Strike Energy on the terms set out in Schedule 3.

The Strike Energy Milestone Options will not be quoted on ASX, however, Strike Energy will apply for quotation of any Strike Energy Shares issued on exercise/conversion of the Strike Energy Milestone Options in accordance with their terms.

4. ACCEPTING THE PREFERENCE SHARE OFFER

(a) **General**

Subject to paragraph 4(d), you may only accept the Preference Share Offer for all of Your UIL Energy Preference Shares (and not for a lesser number). You may accept the Preference Share Offer at any time during the Offer Period.

(b) **UIL Energy Preference Shares held in an Issuer Sponsored Holding**

To accept the Preference Share Offer in respect of UIL Energy Preference Shares held in an Issuer Sponsored Holding (you have a Securityholder Reference Number starting with the letter I), you must complete and sign the enclosed Acceptance Form in accordance with the instructions on the form, and return it (together with all documents required by the instructions on it or by these Offer Terms) so that it is received at the address shown on the Acceptance Form before the end of the Offer Period.

(c) **UIL Energy Shares in respect of which you are entitled to be registered as holder**

To accept the Preference Share Offer for UIL Energy Preference Shares which are not held in your name, but in respect of which you are entitled to be registered as holder, you must complete and sign the Acceptance Form in accordance with the terms of the Preference Share Offer and the instructions on the form and return it (together with all documents required by those instructions or by these Offer Terms) so that it is received at the address shown on the Acceptance Form before the end of the Offer Period.

(d) **UIL Energy Shares you hold as trustee or nominee**

If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of UIL Energy Preference Shares as trustee or nominee for, or otherwise on account of, another

person, you may accept as if a separate offer on the same terms and conditions as the Preference Share Offer had been made in relation to each of those parcels and in relation to any parcel you hold in your own right. To validly accept the Preference Share Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement or the Acceptance Form, please call the Offer Information Line on 1300 737 760 from within Australia (toll-free) or +61 2 9290 9600 from outside Australia (charges apply) between 8.30 am and 5.00 pm (Sydney time) Monday to Friday.

(e) **Using the Acceptance Form**

The Acceptance Form which accompanies this Bidder's Statement forms part of the terms and conditions of the Preference Share Offer. If you use the Acceptance Form to accept the Preference Share Offer you must follow the instructions on it. A reply paid envelope, which is valid if sent from within Australia, is enclosed for your use. The postage and transmission of the Acceptance Form and other documents is at your own risk.

(f) **Acceptance Form not received in time**

If your Acceptance Form is not received at the address shown on the Acceptance Form before the end of the Offer Period then, subject to paragraph 5(c), your acceptance will not be valid.

5. VALIDITY OF ACCEPTANCES

(a) **General**

Subject to this paragraph 5, your acceptance of the Preference Share Offer will not be valid unless it is made in accordance with the procedures set out in paragraph 4.

(b) **Strike West's right to determine questions of validity**

Strike West will determine, in its sole discretion, all questions as to eligibility to accept the Preference Share Offer, the form of documents used to accept the Preference Share Offer and the time of receipt of any acceptance of the Preference Share Offer. Strike West is not required to communicate with you before or after making such a determination. The determination of Strike West will be final and binding on all parties.

(c) **Strike West's discretion to deem acceptance valid**

Notwithstanding anything in paragraph 4, Strike West may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Your UIL Energy Preference Shares, even if a requirement for acceptance set out in these Offer Terms has not been complied with. However, provision of the consideration due under the Preference Share Offer may be delayed until any such non-compliance has been resolved or waived by Strike West and any other documents required to transfer Your UIL Energy Preference Shares to Strike West have been received by Strike West.

(d) **Where acceptance valid only in respect of some of Your UIL Energy Preference Shares**

If you have satisfied the requirements for acceptance in respect of only some of Your UIL Energy Preference Shares, Strike West may, in its sole discretion, take the Preference Share Offer to have been accepted in respect of those UIL Energy Preference Shares but not the balance of Your UIL Energy Preference Shares.

6. CONSEQUENCES OF ACCEPTING THE PREFERENCE SHARE OFFER

(a) **Agreement to transfer all Your UIL Energy Preference Shares**

By signing and returning the Acceptance Form in accordance with paragraph 4:

- subject to paragraph 4(d), you accept the Preference Share Offer in respect of all of Your UIL Energy Preference Shares (even if the number of UIL Energy Preference Shares specified on the Acceptance Form differs from the total number of Your UIL Energy Preference Shares);
- subject to the Preference Share Offer Condition being fulfilled or waived, you agree to transfer to Strike West all of Your UIL Energy Preference Shares and all Rights attaching to them, and to execute all documents and take all other steps that Strike West may consider necessary or desirable in order to transfer to Strike West those UIL Energy Preference Shares and those Rights;
- you represent and warrant to Strike West as a fundamental condition of the contract resulting from your acceptance of the Preference Share Offer that Your UIL Energy Preference Shares are, at the time that

you accept the Preference Share Offer, and will be, at the date they are transferred to Strike West, free from all Encumbrances and restrictions on transfer of any kind, and that you have full power and capacity to accept the Preference Share Offer and to sell and transfer to Strike West the legal and beneficial ownership of Your UIL Energy Preference Shares and all Rights attaching to them; and

- you irrevocably authorise and direct UIL Energy to pay to Strike West, or to account to Strike West for, all Rights in respect of Your UIL Energy Preference Shares, subject to Strike West accounting to you for any such Rights received by Strike West if the Preference Share Offer is withdrawn or any contract resulting from your acceptance of the Preference Share Offer is rescinded under paragraph 9(a) or void under paragraph 9(d).

(b) **Power of attorney**

By signing and returning the Acceptance Form in accordance with paragraph 4:

- you irrevocably appoint Strike West and each of its directors and secretaries severally as your true and lawful attorney, with effect from the time at which the Preference Share Offer Condition has been fulfilled or waived, with power to exercise the powers and rights which you could lawfully exercise as the registered holder of Your UIL Energy Preference Shares, including without limitation:
 - all powers and rights to requisition, convene, attend and vote (in person, by corporate representative or by proxy) at any general meeting or court-convened meeting of UIL Energy Preference Shareholders; and
 - all powers and rights to request UIL Energy to register Your UIL Energy Preference Shares in the name of Strike West or its nominee and to notify UIL Energy that your address in the records of UIL Energy for all purposes, including the dispatch of notices of meeting, annual reports, dividends and distributions, should be altered to an address nominated by Strike West;
- you acknowledge and agree that the attorney may exercise these powers in the interests of Strike West as the intended registered holder of Your UIL Energy Preference Shares and that this appointment, being given for valuable consideration to secure the interest acquired in Your UIL Energy Preference Shares, is irrevocable and terminates only upon registration of a transfer to Strike West of Your UIL Energy Preference Shares; and
- with effect from the time at which the Preference Share Offer Condition has been fulfilled or waived, you agree not to exercise any of the powers or rights conferred on Strike West and each of its directors and secretaries under this paragraph 6(b)

(c) **Additional matters**

By signing and returning the Acceptance Form in accordance with paragraph 4:

- you irrevocably authorise Strike West and any of its officers or agents to complete the Acceptance Form by inserting any details in respect of Your UIL Energy Preference Shares that have been omitted from it, and to rectify any other errors in or omissions from it, including altering the number of UIL Energy Preference Shares stated to be held by you if that number is otherwise than as set out in the Acceptance Form, in order to make the Acceptance Form an effective acceptance of the Preference Share Offer;
- you represent and warrant to Strike West that, unless you have given notice under section 653B(3) of the Corporations Act, Your UIL Energy Preference Shares do not consist of separate parcels of UIL Energy Preference Shares;
- you agree to indemnify Strike West and each of its officers and agents in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Securityholder Reference Number or in consequence of the transfer of Your UIL Energy Preference Shares to Strike West being registered by UIL Energy without production of your Securityholder Reference Number; and
- you agree to take all other steps that Strike West may require to give effect to the provisions of this paragraph 6 including, if requested by Strike West, executing a written form of proxy to the same effect as those provisions and which complies with all requirements of Strike West's constitution.

(d) **Revocation or withdrawal of acceptance**

Once you have accepted the Preference Share Offer in accordance with paragraph 4 you will be unable to revoke your acceptance and you will be unable to withdraw Your UIL Energy Preference Shares from the Preference Share Offer or otherwise dispose of Your UIL Energy Preference Shares except in the following circumstances:

- if by the end of the Offer Period any Preference Share Offer Condition has not been fulfilled or waived and Strike West has not declared the Preference Share Offer and any contract resulting from your acceptance of it to be free from that Preference Share Offer Condition in accordance with paragraph 9(c), the Preference Share Offer will automatically terminate, all contracts resulting from acceptance of the Offer will be void and Your UIL Energy Preference Shares will be released to you; or
- if the Offer Period is extended for more than one month, the obligations of Strike West to pay the consideration under the Preference Share Offer are postponed for more than one month and at the time that the Offer Period is extended the Preference Share Offer is still subject to one or more of the Conditions, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act (in which case Strike West is required under the Corporations Act to notify you of your rights to withdraw your acceptance).

7. PROVISION OF CONSIDERATION

(a) **Time for provision**

Subject to this paragraph 7 and the Corporations Act, if you accept the Preference Share Offer and the Preference Share Offer Condition is fulfilled or waived, Strike West will provide you the consideration for Your UIL Energy Preference Shares under the Preference Share Offer on or before the earlier of:

- the day that is one month after the date of your acceptance or, if at the time of your acceptance the Preference Share Offer is subject to any Preference Share Condition, one month after the Offer becomes unconditional; and
- 21 days after the end of the Offer Period.

(b) **Delay in providing additional documents**

If the Acceptance Form requires additional documents to be provided with your acceptance, or Strike West subsequently requests such additional documents in order to give effect to your acceptance:

- if those documents are given to Strike West with your acceptance, Strike West will pay you the consideration for Your UIL Energy Preference Shares in accordance with paragraph 7(a);
- if Strike West receives those documents after your acceptance and before the end of the Offer Period and while the Preference Share Offer is still subject to one or more Preference Share Conditions, Strike West will pay you the consideration for Your UIL Energy Preference Shares by the earlier of:
 - one month after the Preference Share Offer becomes unconditional; and
 - 21 days after the end of the Offer Period;
- if Strike West receives those documents after your acceptance and before the end of the Offer Period, and at a time when the Preference Share Offer is not subject to the Preference Share Offer Condition, Strike West will pay you the consideration for Your UIL Preference Energy Shares by the earlier of:
 - one month after Strike West receives those documents; and
 - 21 days after the end of the Offer Period; and
- if Strike West receives those documents after the end of the Offer Period, Strike West will pay you the consideration for Your UIL Energy Preference Shares:
 - within 21 days after Strike West receives those documents; or
 - if the takeover contract is still subject to the Preference Share Offer Condition set out in paragraph 8, within 21 days after that Preference Share Offer Condition is satisfied.

(c) **Deductions in respect of Rights**

If you accept the Preference Share Offer, Strike West is entitled to all Rights in respect of Your UIL Energy Preference Shares. Strike West may require you to provide all documents necessary to vest title to those Rights in Strike West or otherwise to give Strike West the benefit or value of those Rights. If you do not give those documents to Strike West, or if you have received the benefit of those Rights, Strike West will deduct from the consideration otherwise due to you under the Preference Share Offer the amount, or the value as reasonably assessed by Strike West, of those Rights.

(d) **Method of payment**

Payment of any cash amount to which you are entitled will be made by cheque drawn in Australian currency in your favour. The cheque will be sent to you, at your risk, by ordinary mail (or, in the case of UIL Energy Preference Shareholders with addresses outside Australia, by airmail) to your address shown on the Acceptance Form or the last address that you notified to Strike West. Payment will be deemed to have been made at the time the cheque is delivered to Australia Post for delivery or placed in an Australia Post postal box.

(e) **Issue of Strike Energy Milestone Options**

The obligation of Strike Energy to issue Strike Energy Milestone Options to which you are entitled will be satisfied by Strike Energy:

- entering your name on the register of option holders of Strike Energy; and
- dispatching or procuring the dispatch to you by pre-paid post to your address recorded in the UIL Energy register of preference shareholders at 7.00pm (Sydney time) on the Register Date, an uncertified holding statement in your name. If Your UIL Energy Preference Shares are held in joint name, an uncertified holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in UIL Energy's register of preference shareholders at 7.00pm (Sydney time) on the Register Date.

(f) **Authorisations and clearances**

If, at the time you accept the Preference Share Offer, any authority or clearance of any Government Agency is required for you to receive the consideration under the Preference Share Offer or you are resident in or a resident of a place to which, or you are a person to whom:

- the Banking (Foreign Exchange) Regulations 1959 (Cth);
- the Charter of the United Nations Act 1945 (Cth) or any regulations thereunder;
- any regulations made under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth);
or
- any other law of Australia that would make it unlawful for Strike West to provide consideration for Your UIL Energy Preference Shares,

applies, then your acceptance of the Preference Share Offer will not create or transfer to you any right to receive the consideration specified in the Preference Share Offer unless and until all requisite authorities or clearances have been obtained by Strike West.

(g) **Withholdings**

If any amount is required under any Australian law or by any Government Agency to be withheld from any consideration otherwise payable to you under this Preference Share Offer and paid to a Government Agency, or retained by Strike West out of any consideration otherwise payable to you under this Preference Share Offer, the payment or retention by Strike West of that amount will constitute full discharge of Strike West's obligation to pay that amount of consideration to you.

8. CONDITION TO THE PREFERENCE SHARE OFFER

Subject to paragraph 9, the Preference Share Offer and any contract that results from your acceptance of the Preference Share Offer, is subject to Strike Energy having a relevant interest in at least 90% of UIL Shares and the Ordinary Share Offers having become or been declared unconditional.

9. OPERATION OF THE CONDITION

(a) Preference Share Offer Condition is a condition subsequent

The Preference Share Offer Condition in paragraph 8 is a condition subsequent. The fact that any such Preference Share Offer Condition is not fulfilled or waived does not prevent a contract to sell Your UIL Energy Preference Shares coming into effect when you accept the Preference Share Offer but any breach or non-fulfilment will entitle Strike West, by notice in writing to you at any time before the Ordinary Share Condition is fulfilled or waived, to rescind any such contract as if it had not been formed.

(b) Benefit of Preference Share Offer Condition

Subject to the Corporations Act, Strike West alone is entitled to the benefit of the Preference Share Offer Condition and any breach or non-fulfilment of the Preference Share Offer Condition may only be relied upon by Strike West. Strike West may at any time and from time to time waive (generally, or in respect of a particular event) the breach or non-fulfilment of the Preference Share Offer Condition or any part of such Preference Share Offer Condition.

(c) Strike West's rights to waive Condition

Subject to the Corporations Act, Strike West may free the Preference Share Offer and any contract resulting from your acceptance of the Preference Share Offer from the Preference Share Offer Condition in paragraph 8 by giving written notice to UIL Energy and ASX in accordance with section 650F of the Corporations Act. Any such notice must be given not less than 7 days before the end of the Offer Period.

(d) Condition not fulfilled or waived

Your acceptance of this Preference Share Offer, and any contract resulting from your acceptance of this Preference Share Offer, will be automatically void if at the end of the Offer Period the Preference Share Offer Condition has not been fulfilled or waived. If this occurs, Strike West will return to you, at your address shown in the Acceptance Form, your Acceptance Form together with all documents provided by you with the Acceptance Form. The return of those documents is at your risk.

(e) Notice of the status of Condition

The date for giving the notice as to the status of the Preference Share Offer Condition required by section 630(1) of the Corporations Act is 22 November 2018 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

10. COSTS AND STAMP DUTY

Strike West will pay all costs and expenses of the preparation and distribution of this Bidder's Statement and any Australian stamp duty payable on the transfer of any UIL Energy Preference Shares to Strike West under the Preference Share Offer.

11. BROKERAGE

If Your UIL Energy Preference Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Strike West, you will not incur any brokerage on acceptance of the Preference Share Offer. If you hold Your UIL Energy Preference Shares through a bank, custodian or other nominee, you should ask your bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Preference Share Offer.

12. NOTICES AND COMMUNICATIONS

Subject to the Corporations Act, a notice or other communication given by Strike West to you in connection with this Preference Share Offer will be deemed to be duly given if it is in writing and is delivered or sent by ordinary mail (or in the case of an address outside Australia, by airmail) to you at your address as recorded on the register of UIL Preference Shareholders or the address shown on the Acceptance Form.

13. FOREIGN LAWS

The Preference Share Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole

responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept the Preference Share Offer.

14. GOVERNING LAW

The Preference Share Offer and any contract resulting from your acceptance of the Preference Share Offer are governed by the laws in force in Western Australia.

SCHEDULE 3: TERMS AND CONDITIONS OF STRIKE MILESTONE OPTIONS

In this Schedule 3, a reference to a paragraph is a reference to a paragraph in this Schedule 3.

1. DEFINITIONS

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are generally open in Perth and Adelaide for normal business.

Expiry Date means 31 December 2019.

Strike Energy means Strike Energy Limited ACN 078 012 745.

Strike Energy Director means each director of Strike Energy from time to time.

Strike Energy Milestone Option means an option to subscribe for Strike Energy Shares in accordance with these terms and conditions.

Strike Energy Milestone Optionholder means a holder of one or more Strike Energy Milestone Options.

Well means Ocean Hill No 2 Well.

2. ENTITLEMENT

Provided the Strike Energy Milestone Option is exercised in accordance with paragraph 3(a), each Strike Energy Milestone Option will grant the Strike Energy Milestone Optionholder the right but not the obligation to subscribe for one Strike Energy Share.

3. EXERCISE OF STRIKE ENERGY MILESTONE OPTIONS

- (a) Each Strike Energy Milestone Option will only be exercisable during the period commencing on the date that the Well is determined to be a Success (as determined in accordance with paragraph 4(c)) until 5.00pm (Adelaide time) on or before the Expiry Date.
- (b) Each Strike Energy Milestone Option not exercised in accordance with paragraph 3(a) will lapse with immediate effect on the day after the Expiry Date and is no longer capable of exercise.
- (c) There is no exercise price payable in connection with the exercise of a Strike Energy Milestone Option.
- (d) Each Strike Energy Milestone Option may only be exercised by notice in writing delivered to the registered address of Strike Energy specifying the number of Strike Energy Milestone Options being exercised.
- (e) A Strike Energy Share issued pursuant to the exercise of a Strike Energy Milestone Option will rank in all respects on equal terms with the existing Strike Energy Shares.
- (f) Each Strike Energy Milestone Optionholder who exercises a Strike Energy Milestone Option consents to becoming a member of Strike Energy and agrees to be bound by the constitution of Strike Energy upon the issue of the new Strike Energy Share.
- (g) Strike Energy will apply for official quotation by ASX of each Strike Energy Share issued upon exercise of the Strike Energy Milestone Option within 5 Business Days of the date of allotment of the Strike Energy Share.
- (h) The Strike Energy Milestone Options will not be quoted on ASX however Strike Energy reserves the right to seek quotation of the Strike Energy Milestone Options.

4. SATISFACTION OF MILESTONE

- (a) Strike Energy must use reasonable endeavours to cause the drilling of the Well before the Expiry Date.

- (b) Paragraph 4(a) does not impose any obligation on Strike Energy to do any thing that:
 - (i) in the reasonable opinion of the Strike Energy would not be consistent with Good Engineering and Operating Practices or in a manner commensurate with the conduct of a Reasonable and Prudent Operator; or
 - (ii) the Strike Energy Directors, acting in good faith and after having taken written advice from Strike Energy's external legal advisers, have determined would likely be inconsistent with the statutory or fiduciary duties of the Strike Energy Directors.
- (c) The Well will be deemed to be a Success if:
 - (i) during or immediately after the drilling of the Well, the Well encounters gas sands that warrant a production test and, on a production test, the Well produces gas and or gas liquids at:
 - (A) equal to or greater than 5 million cubic feet per day (without drawdown); or
 - (B) less than 5 million standard cubic feet per day (without drawdown) but a qualified expert provides a written opinion to Strike Energy to the effect that the results of the production test of the Well justifies the undertaking of further drilling of the Ocean Hill structure (ie an Ocean Hill 3 appraisal/step out well); and
 - (ii) a qualified expert provides a written opinion to Strike Energy to the effect that the results of the production test confirm sufficient long term gas flow rates to support a financial investment decision to commence a commercial development of a gas production operation.
- (d) In the event that the Well is deemed to be a Success the Strike Energy must send a written notice to each holder of Strike Energy Milestone Option to the address of the holder of each Strike Energy Milestone Option recorded in the register of Strike Energy Milestone Optionholders as at the date of grant:
 - (i) outlining the fact that the Strike Energy Milestone Option is able to be exercised and that if it is not exercised by the Expiry Date it will lapse; and
 - (ii) attaching an option exercise form for execution and return to Strike Energy as contemplated by paragraph 3.

5. RIGHTS OF STRIKE ENERGY MILESTONE OPTIONHOLDERS

- (a) Neither a legal or beneficial interest in a Strike Energy Milestone Option may be freely sold, transferred or otherwise disposed without the prior written consent of the Strike Energy Directors.
- (b) A Strike Energy Milestone Option does not confer any right or entitlement to:
 - (i) participate in any new issue of securities by Strike Energy or any bonus issues by the Strike Energy unless the Strike Energy Milestone Option has been duly exercised prior to the relevant record date;
 - (ii) dividends or other distributions declared or paid by Strike Energy;
 - (iii) participate in any profits or property of Strike Energy;
 - (iv) attend general meetings of Strike Energy or to vote or speak at such meetings; or
 - (v) to receive reports to Strike Energy Shareholders.
- (c) If a takeover bid is made for ordinary shares, acceptance by Strike Energy Shareholders of which is recommended by the Strike Energy Directors, or the Strike Energy Directors recommend Strike Energy Shareholders vote in favour a member's scheme of arrangement, the Strike Energy Directors will use reasonable endeavours to procure that equivalent takeover offers are made to the Strike Energy Milestone Optionholders or that the Strike Energy Milestone Optionholders can participate in a separate members' scheme of arrangement.

6. APPLICATION OF THE ASX LISTING RULES

While Strike Energy is admitted to the official list of ASX, the Strike Energy Milestone Options and any Strike Energy Shares issued on exercise of these Strike Energy Milestone Options are subject always to the provisions of the constitution of Strike Energy and the ASX Listing Rules and to the extent of any inconsistency between these terms and conditions, the constitution of Strike Energy and the ASX Listing Rules, the ASX Listing Rules will prevail.

7. GOVERNING LAW

The terms and the rights and obligations of the Strike Energy Milestone Optionholder are governed by the laws of South Australia. Each Strike Energy Milestone Optionholder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of South Australia.

CORPORATE DIRECTORY

Strike Energy and Strike West

1/31-35 George Street
Thebarton SA 5031

Legal Adviser

Allen & Overy
Level 12, Exchange Tower
2 The Esplanade
Perth WA 6000

Financial Adviser

Azure Capital
Level 34, Exchange Tower
2 The Esplanade
Perth WA 6000

Auditor

Deloitte Touche Tohmatsu
11 Waymouth Street
Adelaide SA 5000

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney, NSW 2000