

## **7. Historical and Pro-forma Financial Information**

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### **7.1 Introduction**

This Section sets out the historical and pro-forma financial information. The basis for preparation and presentation of this information is also set out below.

The financial information has been prepared by management and adopted by the Board. The Board is responsible for the inclusion of all financial information in the Prospectus. BDO Audit Pty Ltd has prepared an Investigating Accountant's Report in respect of the historical and pro-forma financial information. A copy of the report is attached.

The historical and pro-forma financial information has been prepared in accordance with the recognition and measurement criteria of Australian Accounting Standards and the significant accounting policies set out in Section 7.5 below. The historical and pro-forma financial information comprises financial information of UIL Energy Ltd (the Company). The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

### **7.2 Historical Financial Information**

The historical financial information for UIL Energy Ltd set out below comprises:

- The reviewed Statement of Financial Position as at 30 April 2014; and
- Selected notes to the reviewed Statement of Financial Position.

The historical financial information has been extracted from the reviewed financial statements of UIL Energy Ltd for the ten months ended 30 April 2014. The historical financial information does not include a Statement of Comprehensive Income or a Statement of Cash Flows. The Company is an exploration company, exploring for conventional and unconventional oil and gas in Western Australia. During the period from incorporation to 30 April 2014 the Company has not earned any revenue from operations and therefore presentation of the Statement of Comprehensive Income and Statement of Cash Flows is not considered relevant.

### **7.3 Pro-Forma Financial Information**

The pro-forma financial information for UIL Energy Ltd set out below comprises:

- The unaudited Pro-Forma Statement of Financial Position as at 30 April 2014; and
- Selected notes to the unaudited Pro-Forma Statement of Financial Position.

The unaudited Pro-Forma Statement of Financial Position has been derived from the reviewed Statement of Financial Position as at 30 April 2014 adjusted for the following transactions as if they had occurred at 30 April 2014 (pro-forma transactions):

- (i) The issue of between 21,000,000 and 30,000,000 ordinary shares at an issue price of \$0.20 per share to raise between \$4,200,000 to \$6,000,000 cash before expenses of the Offer. All ordinary shares issued pursuant to this Prospectus will be issued as fully paid.
- (ii) Total cash costs expected to be incurred in connection with the preparation of the Prospectus and ASX listing of shares of between \$553,225 and \$684,725. In addition, the costs will include a share based payment expense of \$76,008 for the granting of 1,000,000 options to Bizzell Capital Partners for corporate advice and an additional share based payment expense of between \$319,232 and \$456,045 for the granting of between 4,200,000 and 6,000,000 options to Brokers. Of these share issue costs it is estimated that between \$705,807 and \$975,310 will be classified as share issue costs in equity, relating to the issue of new shares. The remaining costs of between \$242,657 and \$241,468 will be charged to profit or loss, relating to the listing of existing shares.

- (iii) The receipt of all monies receivable at 30 April 2014, being \$251,168, in relation to the Convertible Notes raising undertaken in the first half of 2014 as well as the payment of fees to an underwriter of the convertible notes at 30 April 2014 of \$30,000.
- (iv) The issue of 2,680,000 fully paid ordinary shares to sophisticated investors at an issue price of \$0.125 cash.
- (v) The settlement of accrued fees owing to Directors and employees of the Company, a total of \$467,069 paid by way of 3,466,552 fully paid ordinary shares.
- (vi) The issue of 23,778,560 fully paid ordinary shares as a result of the conversion of 2,972,320 convertible notes. The convertible notes were fair valued at the conversion date with no adjustment required to the historical valuation at 30 April 2014.
- (vii) The issue of 4,993,643 fully paid ordinary shares as a result of the conversion of 699,110 convertible notes. The convertible notes were fair valued at the conversion date and an expense of \$299,619 was included in accumulated losses.
- (viii) The issue of 400,000 share options to consultants of the Company.
- (ix) The lapse of 750,000 share options issued to current and previous Directors. In addition 650,000 options issued to current and previous employees and consultants have lapsed.
- (x) Between the period 1 May 2014 and the proposed listing date of 20 October 2014 the Company plans to incur \$388,854 of general and administrative costs in the ordinary course of business. The majority of these costs incurred relate to salary and wages and administration expenses.

#### 7.4 UIL Energy Ltd Historical and Pro-Forma Financial Information

The historical and pro-forma financial information should be read in conjunction with the notes in Section 7.5.

Statement of Financial Position	Notes	Reviewed Historical Financial Information 30 April 2014 \$	Reviewed Pro-Forma Financial Information 30 April 2014 based on offer of Minimum Subscription \$	Reviewed Pro-Forma Financial Information 30 April 2014 based on offer of Maximum Subscription \$
<b>Current assets</b>				
Cash and cash equivalents	7.5.3	9,169	3,823,258	5,491,758
Trade and other receivables	7.5.4	253,050	1,882	1,882
Other current assets		11,550	11,550	11,550
<b>Total current assets</b>		<b>273,769</b>	<b>3,836,690</b>	<b>5,505,190</b>
<b>Non-current assets</b>				
Property, plant and equipment		23,042	23,042	23,042
Other non-current assets		56,162	56,162	56,162
Exploration and evaluation assets		3,622,357	3,622,357	3,622,357
<b>Total non-current assets</b>		<b>3,701,561</b>	<b>3,701,561</b>	<b>3,701,561</b>
<b>Total assets</b>		<b>3,975,330</b>	<b>7,538,251</b>	<b>9,206,751</b>

#### Current liabilities

Trade and other payables	7.5.5	722,997	255,928	255,928
Other financial liabilities	7.5.6	3,671,430	-	-
<b>Total current liabilities</b>		<b>4,394,427</b>	<b>255,928</b>	<b>255,928</b>
<b>Total liabilities</b>		<b>4,394,427</b>	<b>255,928</b>	<b>255,928</b>
<b>Net assets</b>		<b>(419,097)</b>	<b>7,282,323</b>	<b>8,950,823</b>
<b>Equity</b>				
Issued capital	7.5.7	4,265,928	12,533,239	14,063,736
Reserves	7.5.9	1,218,913	1,626,934	1,763,748
Accumulated losses	7.5.8	(5,903,938)	(6,877,850)	(6,876,661)
<b>Total equity</b>		<b>(419,097)</b>	<b>7,282,323</b>	<b>8,950,823</b>

## 7.5 Notes to and Forming Part of the Financial Information

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial information. The accounting policies have been consistently applied unless otherwise stated. The financial information is in compliance with the recognition and measurement requirements of Australian Accounting Standards.

### 7.5.1. Basis of Preparation

#### Going concern

The financial information has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Company has not generated revenues from operations. As such, the Company's ability to continue to adopt the going concern assumption will depend upon a number of matters including the successful closure of its initial public offering, its subsequent successful raising in the future of necessary funding and the successful exploration and subsequent exploitation of the Company's tenements.

#### Reporting basis and conventions

The financial information has been prepared on an accruals basis and is based on historical costs, except for certain financial instruments measured at fair value.

### 7.5.2. Accounting Policies

#### a. Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

#### b. Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The charge for current income tax expense is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or

taxable profit or loss.

Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled based on tax rates (and laws) that have been enacted or substantially enacted by the reporting date.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and unused tax losses can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumptions that no adverse changes will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### **b. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

#### **c. Plant and equipment**

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed at each reporting date to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

#### ***Depreciation***

The depreciable amount of plant and equipment is depreciated over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

#### **d. Exploration and evaluation assets**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

A provision is raised against exploration and evaluation assets where the directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are

amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

**e. Trade and other payables**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30-60 days of recognition.

**f. Other financial liabilities**

Other financial liabilities are initially recognised at the fair value of the consideration received, net of transaction costs (however, where other financial liabilities are classified as at fair value through profit or loss transaction costs are expensed). They are subsequently measured at amortised cost using the effective interest method, or, where applicable, at fair value through profit or loss

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the other financial liabilities are classified as non-current.

On the issue of the convertible notes the liability was designated as at fair value through profit or loss. The carrying amount of the liability is remeasured at fair value at each reporting date and the movement in value is taken through profit and loss.

**g. Issued capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

**h. GST**

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**i. Share based payments**

The fair value of shares and options granted to Directors, employees and consultants is recognised as an expense, where applicable, with a corresponding increase in equity. The fair value is measured at grant date and recognised over the relevant vesting period. For options, fair value is determined using an appropriate option pricing model.

Where the terms of equity instruments granted are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where equity instruments granted are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the profit or loss. If new instruments are substituted for the cancelled instruments and designated as a replacement, the combined impact of the cancellation and replacement instruments are treated as if they were a modification.

#### j. Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial information based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

##### **Key estimates – share based payments**

The Company uses estimates to determine the fair value of equity instruments issued to directors, executives, employees and consultants.

##### **Key judgements – exploration & evaluation assets**

The Company performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on the continuing rights to explore the area of interest, planned future expenditure and an assessment of economically recoverable reserves, if known.

#### **7.5.3. Cash and Cash Equivalents**

Reconciliation of movements in Pro-Forma cash and cash equivalents	Reference	Minimum Subscription \$	Maximum Subscription \$
Cash and cash equivalents at 30 April 2014		9,169	9,169
Proceeds from the issue of shares pursuant to this Prospectus	7.3(i)	4,200,000	6,000,000
Payment of estimated costs with respect to this Prospectus	7.3(ii)	(553,225)	(684,725)
Proceeds from convertible notes monies owed at 30 April 2014 (Net of fees accrued and payable at 30 April 2014)	7.3(iii)	221,168	221,168
Proceeds from the issue of shares	7.3(iv)	335,000	335,000
Payment of general and administrative costs	7.3(x)	(388,854)	(388,854)
<b>Pro-Forma cash and cash equivalents</b>		<b>3,823,258</b>	<b>5,491,758</b>

#### **7.5.4. Trade and Other Receivables**

Reconciliation of movements in Pro-Forma trade and other receivables	Reference	Minimum Subscription \$	Maximum Subscription \$
Trade and other receivables at 30 April 2014		253,050	253,050
Proceeds from convertible notes monies owed at 30 April 2014	7.3(iii)	(251,168)	(251,168)
<b>Pro-Forma trade and other receivables</b>		<b>1,882</b>	<b>1,882</b>

#### **7.5.5. Trade and Other Payables**

Reconciliation of movements in Pro-Forma trade and other payables	Reference	Minimum Subscription \$	Maximum Subscription \$
Trade and other payables at 30 April 2014		722,997	722,997
Payment of fees owed to Directors and employees	7.3(v)	(467,069)	(467,069)
<b>Pro-Forma trade and other payables</b>		<b>255,928</b>	<b>255,928</b>

### 7.5.6. Other Financial Liabilities

<b>Reconciliation of movements in Pro-Forma other financial liabilities</b>	<b>Reference</b>	<b>Minimum Subscription</b> <b>\$</b>	<b>Maximum Subscription</b> <b>\$</b>
Other financial liabilities at 30 April 2014		3,671,430	3,671,430
Conversion of convertible notes	7.3(vi)	(2,972,320)	(2,972,320)
Fair value adjustment of convertible notes at time of conversion	7.3(vii)	299,619	299,619
Conversion of convertible notes	7.3(vii)	(998,729)	(998,729)
<b>Pro-Forma other financial liabilities</b>		<b>-</b>	<b>-</b>

### 7.5.7. Issued Capital

<b>Reconciliation of movements in Pro-Forma issued capital</b>	<b>Reference</b>	<b>Number of shares</b> <b>Minimum Subscription</b>	<b>Number of shares</b> <b>Maximum Subscription</b>
Shares on issue at 30 April 2014		52,089,000	52,089,000
Issue of shares pursuant to this Prospectus	7.3(i)	21,000,000	30,000,000
Issue of shares to investors	7.3(iv)	2,680,000	2,680,000
Issue of shares to Directors and employees	7.3(v)	3,466,552	3,466,552
Conversion of convertible notes	7.3(vi)	23,778,560	23,778,560
Conversion of convertible notes	7.3(vii)	4,993,643	4,993,643
<b>Pro-Forma issued capital<sup>(1)</sup></b>		<b>108,007,755</b>	<b>117,007,755</b>

<sup>(1)</sup> In addition to the above pro-forma number of shares, Executives and Employees of the Company will be issued 1,000,000 Performance Rights which are subject to certain performance criteria being met within two years. Subject to these conditions being met, the maximum share based payment expense to be recognised relating to these Performance Rights is \$212,700 over a period not exceeding two years.

<b>Reconciliation of movements in Pro-Forma issued capital</b>	<b>Reference</b>	<b>Minimum Subscription</b> <b>\$</b>	<b>Maximum Subscription</b> <b>\$</b>
Issued capital at 30 April 2014		4,265,928	4,265,928
Proceeds from the issue of shares pursuant to this Prospectus	7.3(i)	4,200,000	6,000,000
Payment of estimated costs with respect to this Prospectus (share issue costs)	7.3(ii)	(705,807)	(975,310)
Issue of shares to investors	7.3(iv)	335,000	335,000
Issue of shares to Directors and employees	7.3(v)	467,069	467,069
Conversion of convertible notes	7.3(vi)	2,972,320	2,972,320
Conversion of convertible notes	7.3(vii)	998,729	998,729
<b>Pro-Forma issued capital</b>		<b>12,533,239</b>	<b>14,063,736</b>

### 7.5.8. Accumulated Losses

	Reference	Minimum Subscription \$	Maximum Subscription \$
<b>Reconciliation of movements in Pro-Forma accumulated losses</b>			
Accumulated losses at 30 April 2014		(5,903,938)	(5,903,938)
Payment of estimated issue costs with respect to this Prospectus (listing of existing shares)	7.3(ii)	(242,657)	(241,468)
Payment of convertible notes underwriting fees	7.3(iii)	(30,000)	(30,000)
Fair value adjustment of convertible notes	7.3(vii)	(299,619)	(299,619)
Share options granted to consultants	7.3(viii)	(12,782)	(12,782)
Payment of general and administrative costs	7.3(x)	(388,854)	(388,854)
<b>Pro-Forma accumulated losses</b>		<b>(6,877,850)</b>	<b>(6,876,661)</b>

### 7.5.9. Reserves

Reconciliation of movements in Pro-Forma reserves	Reference	Minimum Subscription \$	Maximum Subscription \$
Reserves at 30 April 2014		1,218,913	1,218,913
Share options granted to corporate advisors to the Offer <sup>(4)</sup>	7.3(ii)	395,239	532,053
Share options granted to consultants <sup>(3)</sup>	7.3(viii)	12,782	12,782
<b>Pro-Forma reserves</b>		<b>1,626,934</b>	<b>1,763,748</b>

Reconciliation of Pro-Forma share options	Reference	Number of share options Minimum Subscription	Number of share options Maximum Subscription
Share options on issue at 30 April 2014		10,900,000	10,900,000
Share options granted to a corporate advisor and brokers to the Offer <sup>(1)(2)</sup>	7.3(ii)	5,200,000	7,000,000
Share options granted to consultants <sup>(3)</sup>	7.3(viii)	400,000	400,000
Share options lapsed to Director's, a consultant and an employee	7.3(ix)	(1,400,000)	(1,400,000)
Grant of share options pursuant to this Prospectus <sup>(4)</sup>		10,795,375	10,795,375
Grant of share options pursuant to this Prospectus <sup>(5)</sup>		10,500,000	15,000,000
<b>Pro-Forma share options</b>		<b>36,395,375</b>	<b>42,695,375</b>

<sup>(1)</sup> The grant of 1,000,000 share options to a corporate advisor pursuant to the Offer. The options are exercisable at \$0.24 per share, vest upon the admission of the Company to the official list of the ASX and an expiry date of 31 December 2018. The maximum share based payments expense relating to these options to be recognised is \$76,008.

<sup>(2)</sup> The grant of between 4,200,000 and 6,000,000 share options to brokers pursuant to the Offer. The options are exercisable at \$0.24 per share, vest upon the admission of the Company to the official list of the ASX and an expiry date of 31 December 2018. The maximum share based payments expense relating to these options to be recognised is between \$319,232 and \$456,045.

<sup>(3)</sup> The grant of 400,000 share options to Consultants. The options are exercisable at \$0.24 per share, vest upon grant and an expiry date of 31 December 2018. The maximum share based payments expense relating to these options to be recognised over the vesting period is \$12,782.

<sup>(4)</sup> The grant of 10,795,375 seed investor options which have an exercise price of \$0.24, vest 90 days after the admission of the Company to the official list of the ASX and an expiry date of 31 December 2018. The options can be cancelled at the Company's election prior to ASX listing.

<sup>(5)</sup> At the time of admission of the Entity to the official list of the ASX the grant of between 10,500,000 and 15,000,000 New options which have an exercise price of \$0.20, vest 90 days after the admission of the Company to the official list of the ASX and an expiry date of 31 December 2015. These options will be issued to investors who take up shares in the Initial Public Offering.



### Option pricing model

The fair value of the equity settled share options granted (including ESOP) is estimated using a Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The following table lists the inputs to the model used for valuing the share options granted as share based payments subsequent to 30 April 2014:

Weighted average exercise price	\$0.24
Weighted average life of the options	4.3 years
Underlying share price	\$0.125 - \$0.20
Expected share price volatility	50.0%
Risk free interest rate	3.16%
Value (Black-Scholes) per option	\$0.032 - \$0.076

### 7.5.10. Deferred Tax

At 30 April 2014, the Company had recognised deferred tax assets and deferred tax liabilities of \$787,674 (which have been netted off), which primarily relate to carry-forward losses and capitalised exploration costs. The total unrecognised deferred tax asset on tax losses was \$1,553,314. The total of carry-forward tax losses at 30 April 2014 was \$7,803,294.

These losses may only be carried forward subject to the Continuity of Ownership Test ('COT') and the Same Business Test ('SBT'). The COT was failed as at 21 May 2012. Accordingly, losses to that date will need to be carried forward subject to the SBT. Losses incurred after this date will need to satisfy COT. Given the size of the capital raising that occurs from the pro-forma transactions and the shareholder breakdown at 30 April 2014, it is possible COT may be breached following the completion of the capital raising events. However, a detailed review will be needed to determine if COT will be failed. Accordingly, it may be possible that all losses up to 30 April 2014 (prior to pro forma transactions) may only be recouped subject to satisfaction of the SBT test (being \$7,803,294).

### 7.5.11. Commitments

#### *Future exploration commitments*

The Company has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Company. The commitments at 30 April 2014 were as follows:

	\$
<b><i>Exploration commitments</i></b>	
Less than 12 months	1,550,000
Between 12 months and 5 years	68,150,000
Greater than 5 years	61,050,000
	<b><u>130,750,000</u></b>

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Company has the option to negotiate new terms or relinquish the tenements. The Company also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

#### *Operating lease commitments*

The Company leases office premises and car parking under non-cancellable operating leases. The lease terminates on 16 April 2016 and has escalation clauses of 4.5% per annum. There are no renewal rights on the lease.

	<u>\$</u>
<b><i>Office lease commitments</i></b>	
Less than 12 months	147,096
Between 12 months and 5 years	175,045
Greater than 5 years	-
	<u><b>322,141</b></u>

#### **7.5.12. Contingent Assets and Liabilities**

There were no contingent assets and liabilities at 30 April 2014.

#### **7.5.13. Subsequent Events**

The Directors are not aware of any other significant changes in the state of affairs of the Company or events subsequent to 30 April 2014 that would have a material impact on the historical or pro-forma financial information.

The Directors  
UIL Energy  
GPO Box 3284  
Brisbane  
QLD 4001

Dear Directors

## **INDEPENDENT LIMITED ASSURANCE REPORT ON UIL ENERGY LIMITED HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION**

### **Introduction**

We have been engaged by UIL Energy Limited (“UIL”) to report on the historical financial information and pro forma historical financial information of UIL as at 30 April 2014 for inclusion in the public document dated on or about 2 October 2014 and relating to the issue of between 21,000,000 and 30,000,000 shares in UIL (“the document”).

Expressions and terms defined in the document have the same meaning in this report.

### **Scope**

#### *Historical financial information*

You have requested BDO Audit Pty Ltd to review the following historical financial information of UIL (the responsible party) included in the public document:

- The consolidated statement of financial position as at 30 April 2014.

Hereafter referred to as “the historical financial information”.

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company’s adopted accounting policies.

The historical financial information has been extracted from the consolidated financial report of UIL for the period ended 30 April 2014, which was reviewed by BDO Audit Pty Ltd in accordance with the Australian Auditing Standards. BDO Audit Pty Ltd issued an unmodified review conclusion on the consolidated financial report.

The historical financial information is presented in the public document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.



### *Pro forma historical financial information*

You have requested BDO Audit Pty Ltd to review the following pro forma historical financial information of UIL (the responsible party) included in the public document:

- The pro forma consolidated statement of financial position as at 30 April 2014

Hereafter referred to as “the pro forma historical financial information”.

The pro forma historical financial information has been derived from the historical financial information of UIL, after adjusting for the effects of pro forma adjustments described in section 7.3 of the public document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 7.3 of the public document, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company’s actual or prospective financial position.

### **Directors’ responsibility**

The directors of UIL are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

## **Conclusions**

### *Historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in sections 7.2 and 7.4 of the public document, and comprising the consolidated statement of financial position as at 30 April 2014, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 7.5 of the document.

### *Pro forma historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information, as described in sections 7.3 and 7.4 of the public document, and comprising the pro forma consolidated statement of financial position as at 30 April 2014, is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 7.5 of the public document.

## **Restriction on use**

Without modifying our conclusions, we draw attention to section 7.1 of the public document, which describes the purpose of the financial information, being for inclusion in the public document. As a result, the financial information may not be suitable for use for another purpose.

## **Consent**

BDO Audit Pty Ltd has consented to the inclusion of this independent limited assurance report in the public document in the form and context in which it is included.

## **Liability**

The liability of BDO Audit Pty Ltd is limited to the inclusion of this report in the public document. BDO Audit Pty Ltd makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the public document.

## **General advice warning**

The report has been prepared, and included in the document to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.



#### **Independence or Disclosure of Interest**

BDO Audit Pty Ltd does not have any interest in the outcome of proposed listing, or any other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. BDO Audit Pty Ltd will receive normal professional fees for the preparation of this report.

BDO Audit Pty Ltd are auditors of UIL and from time to time BDO member firm also provides UIL with certain other professional services for which normal professional fees are received.

Yours faithfully

**BDO Audit Pty Ltd**

A handwritten signature in black ink, appearing to read 'Damian Wright', is written over a light blue rectangular stamp. The stamp also contains the word 'BDO' in a small, sans-serif font at the top left.

**Damian Wright**  
**Director**

Brisbane, 2 October 2014