

UIL ENERGY LTD

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2014**

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Corporate Information

DIRECTORS

Simon Hickey
John de Stefani
Keith Skipper
Stephen Bizzell

COMPANY SECRETARIES

Duncan Cornish
Drew Speedy

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Chairman's Letter to Shareholders

Dear Shareholder,

On behalf of the Board I am pleased to present the Annual Report of UIL Energy Ltd, covering the Company's activities for the twelve months to 30 June 2014.

During the year UIL Energy continued to assess the conventional and unconventional oil and gas potential of its Perth and Canning Basin tenements and expand its footprint across these key petroleum basins. Further analysis was undertaken on EP 447 following the 212km of 2D seismic acquired during the 2013 financial year. The data provided valuable information particularly on the unconventional play along with the potential conventional petroleum targets.

The Company expanded its asset portfolio with the nomination as preferred applicant for petroleum exploration permits EPA 98 and EPA 99 in the Perth Basin and EPA 97 in the Canning Basin. Following the successful negotiation of Native Title and Heritage Protection Agreements (HPA), the Company was also formally granted the application areas EP 488 (previously EPA 61) and EP 489 (previously EPA 63) in the Perth Basin.

Subsequent to year-end, AWE Limited (AWE) announced drilling success of a well adjacent to UIL Energy's permits in the Perth Basin, uncovering potentially the largest conventional onshore gas discovery in Western Australia since the 1960s. While further technical work needs to be performed to confirm exact depths within UIL Energy's permits, indications from nearby wells suggest the petroleum formations that AWE encountered continue into the north western UIL Energy permits. This highlights the significant prospectivity of the Perth Basin as well as UIL Energy's broader strategy.

During December 2013, the Company successfully completed a capital raising for \$650,000 through an unsecured Convertible Note offer to existing shareholders and new investors. The terms of the Convertible Notes was consistent with those previously offered by the Company in mid-2013. In August 2014 the Company also successfully completed a share placement to sophisticated investors raising \$335,000; these funds will be utilised by the Company to complete the IPO process.

During the year the Company continued to prepare and work towards a listing on the ASX. These efforts culminated in the lodgement of a Prospectus with ASIC on 19 August 2014. The Prospectus offers between 21,000,000 and 30,000,000 New Shares for subscription at an Offer Price of \$0.20 per New Share to raise a minimum of \$4.2 million and a maximum of \$6 million (before Offer costs). For every 2 New Shares subscribed for, investors will be issued 1 free attaching New Option exercisable at \$0.20 on or before 31 December 2015. Upon the valid exercise of a New Option, in addition to being issued a Share, the holder will be issued one "Piggy-Back Option", exercisable at \$0.24 on or before 31 December 2018.

On behalf of the Board I would like to thank the UIL Energy team for their efforts over the last year. Lastly and most importantly, I would like to thank our shareholders for your continued support and faith in our ability to transition UIL Energy into an ASX listed oil and gas exploration company.

Yours Sincerely,



Simon Hickey
Chairman

Review of Operations

UIL Energy Ltd (UIL Energy) is primarily focused on oil and gas exploration and production (E&P) in Western Australia (WA) with a combination of both conventional and unconventional petroleum targets.

UIL Energy has continued its success in the acquisition of highly prospective onshore acreage in the sought-after Perth and Canning Basins. This has resulted in UIL Energy being one of the few companies with such a diversified portfolio including having high percentage interest and operatorship of its permits in the region's main unconventional plays. Each asset also contains conventional oil and gas potential.

Initial exploration and appraisal has focused on the Perth basin acreage which is close to existing infrastructure, enabling faster, cheaper development options. In addition, the Canning Basin project areas with minimal short-term commitments provide diversity, and potential opportunities in the longer term.

With approximately 17,148 net km² already secured, UIL Energy is targeting to prove-up potential unconventional plays with the aim of defining a significant resource that, if successful, has the potential for UIL Energy to sell gas to undersupplied domestic users and through existing and planned LNG export facilities. Major oil discoveries would result in crude being sold into international markets.

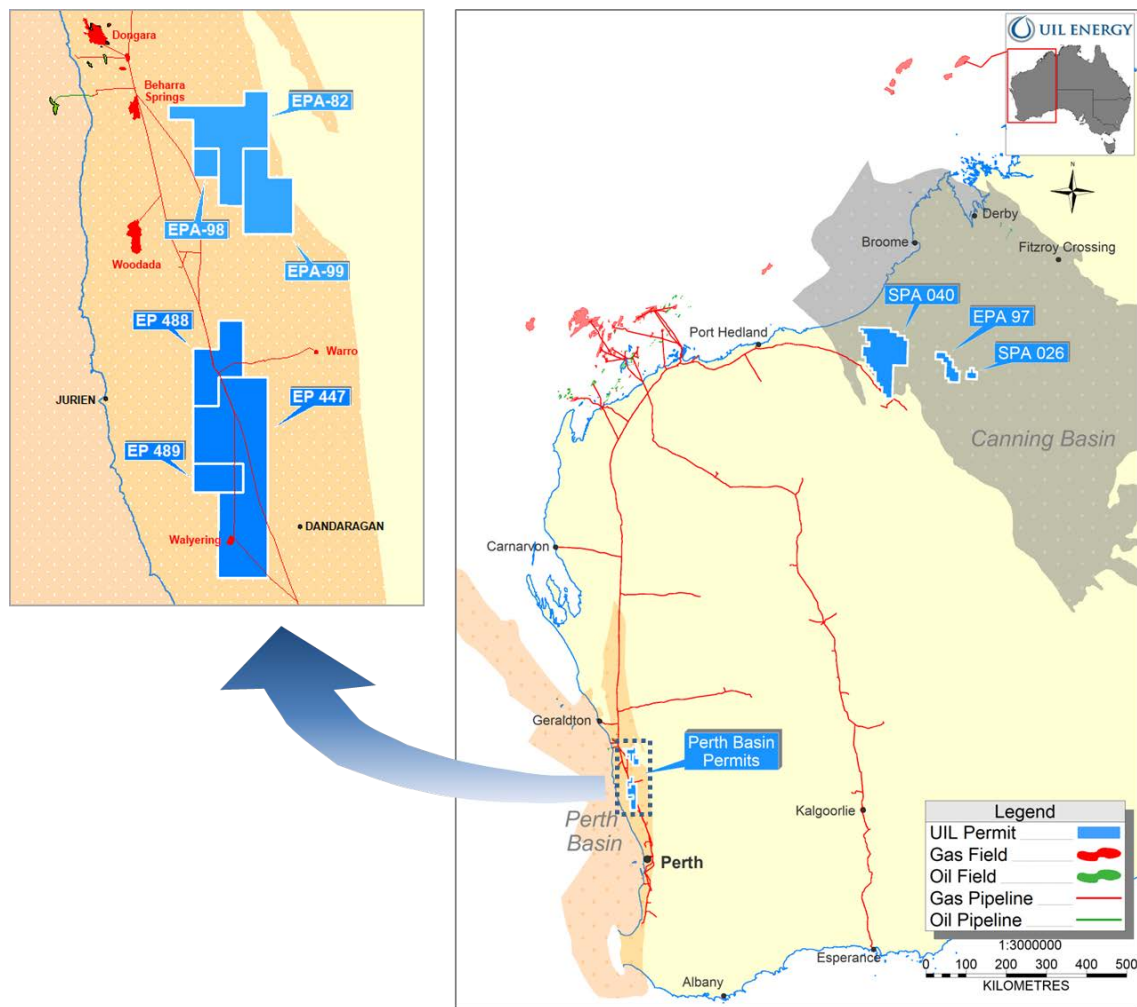
During the year UIL Energy continued to assess the conventional and unconventional oil and gas potential of its Perth and Canning Basin tenements and continued to expand its footprint across these key petroleum basins. Further analysis was undertaken on EP 447 following the 212km of 2D seismic acquired during the 2013 financial year. The data provided valuable information on the deep unconventional play along with the potential conventional petroleum targets that need further analysis.

In October 2013 the Company was nominated as preferred applicant for petroleum exploration permits EPA 98 and EPA 99 in the Perth Basin and EPA 97 in the Canning Basin. Granting of the permits are subject to compliance with the Native Title Act including negotiating a Heritage Protection Agreement with traditional owners of the land. This formal negotiation process is well advanced on the new permits.

In May 2014 the Company was formally granted the application areas EP 488 (previously EPA 61) and EP 489 (previously EPA 63) in the Perth Basin. Year 1 commitments for both permits require UIL Energy to shoot small seismic programs.

During the first quarter of 2014 the Company undertook a review of its tenement portfolio. Following this technical review, it was recommended and the Board agreed that the Company should not proceed with activities in the Carnarvon Basin (EP 359 farm-in and SPA 22 application area) and also not proceed with accepting EPA 62 in the Perth Basin. Formal notifications were provided to the operator of EP 359 that the Company would not continue with the farm-in agreement and to the WA Department of Mines and Petroleum that the Company would not proceed with SPAA 22 and EPA 62.

Figure 1: UIL Energy current permits



Perth Basin

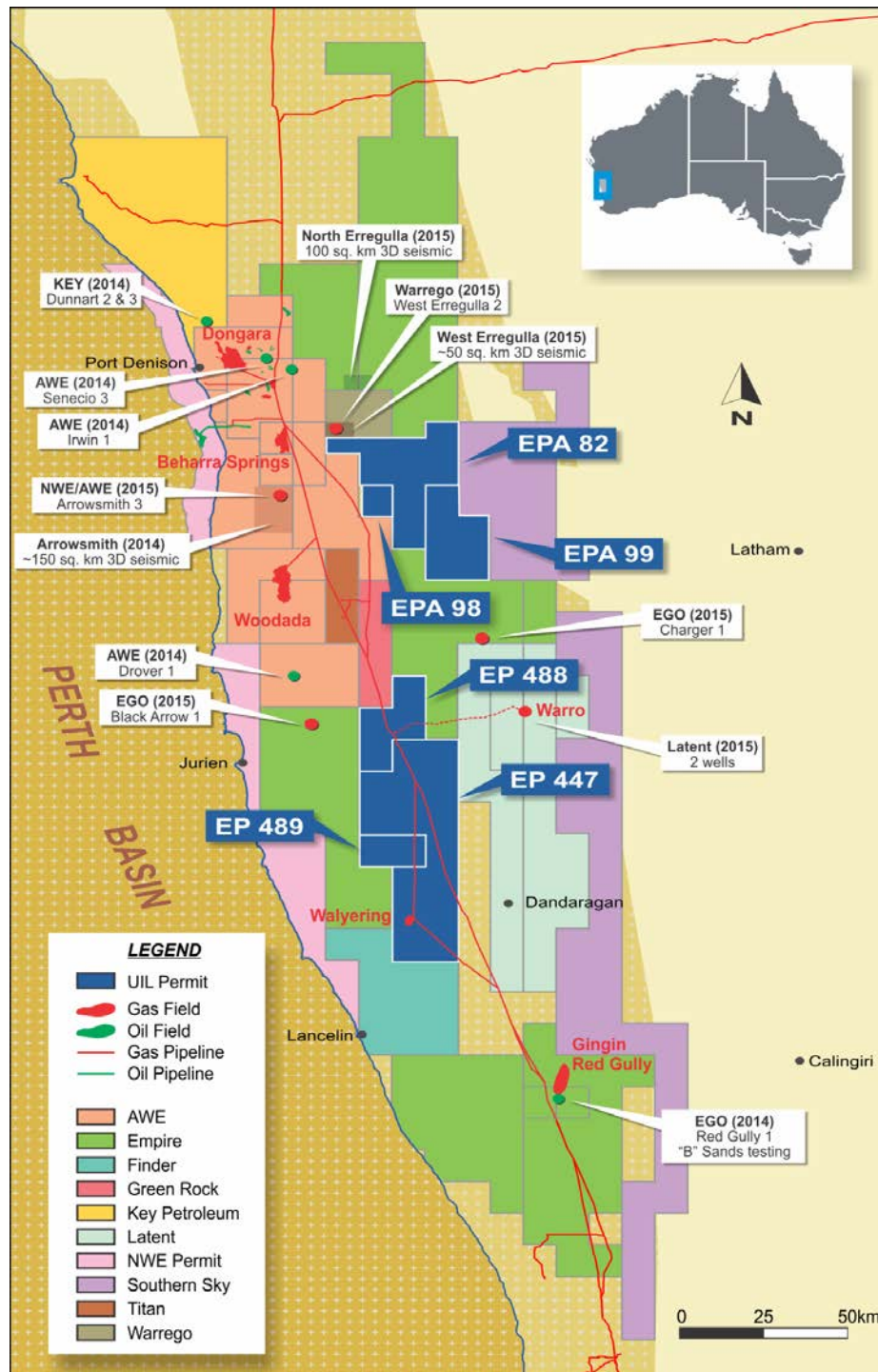
UIL Energy's 2,004 net km² of Perth Basin acreage contains and is in close proximity to the main gas pipeline supplying 77% of WA's domestic gas usage and is also close to major highways. With exploration success, the acreage is well suited for early development.

Competitor activity continues to ramp up in the Perth basin. Figure 2 below indicates the proposed industry activity in the Perth basin in the coming year.

Regarding some of the early results, and of great significance, is the nearby new Senecio 3 well in which AWE Limited announced on 18 September 2014 that the Senecio/Waitsia (Senecio Deep) field is potentially the largest conventional onshore gas discovery in WA since the 1960s. AWE has released a 2C Contingent Resource for the conventional gas in the well of 360 BCF and a non-conventional un-risked P50 Prospective Resource of 420 BCF with further work to be applied on the Carynginia to determine its potential. On UIL Energy's central Perth Basin permits (EP 447, EP 488 and EP 489), it is noted that independent experts McDaniel & Associates have assigned an un-risked P50 Prospective Resource of 328 BCF for the unconventional Cattamarra Coal Measures. UIL Energy is yet to carry out Prospective Resource assessments of the conventional leads and prospects of its north Perth Basin acreage (EPA 82, EPA 98 and EPA 99) or of the unconventional Prospective Resource potential.

Also in the region, Northwest Energy/AWE continue with their assessment of the unconventional Arrowsmith field and further to the south the Empire Oil & Gas Red Gully 1 well tested 9.9 million cubic feet from the Cattamarra Coal Measures. On the border of EPA82 Warrego Energy will soon undertake a 3D seismic and horizontal appraisal well drilling program at West Erregulla. UILs view of the high potential of the Perth basin continues to be realised as further exploration is being undertaken.

Figure 2: Perth Basin Industry Activities



In the meantime UIL Energy continues to mature the exploration potential of its acreage. In the past year the Company has processed and interpreted the results of its Badgingarra 2D seismic survey. The interpretation has since been integrated into the existing mapping we had over EP 447. The integration has also resulted in flow-on effects to the interpretation of EP 488 (previously EPA 61) and EP 489 (previously EPA 63). Based on the remapping the Company has confirmed both conventional and unconventional leads and prospects in the project area of EP 447, EP 488 and EP 489. With the grant of EP 488 and EP 489 UIL Energy has a commitment of 66km and 35km respectively of 2D seismic. Subject to listing, The Company is scheduled to shoot the 2D seismic early 2015 over current leads with the view to maturing them to prospects.

The Native Title and Heritage Protection Agreements (HPA) and State Deed are in place for EP 488 and EP 489. HPA negotiations are proceeding with the three northern permits EPA 82, EPA 98 and EPA 99. These permits are expected to be formally granted during 2015 thereby enabling exploration work to commence shortly thereafter.

Canning Basin

The focus within the Canning Basin continues to be on the onshore marine Goldwyer Formation which has the capability to be an excellent source rock for both conventional and unconventional petroleum targets. The Company's exploration interests occur within the Kidson Sub-basin (EPA 97 and SPAA 26) as well as the Samphire Graben and Waukarlycarly Embayment (SPAA 40). The Goldwyer is interpreted to have good unconventional exploration potential throughout UIL permits while conventional potential is more likely to occur in EPA 97 and SPAA40. Activity continues to be focussed on the upcoming gravity and magnetics program over SPAA 26 and SPAA 40. UIL Energy has received DMP approval for the Environmental Management Plan for this program. The Safety Management Plan is being finalised. Indications are that the gravity and magnetics will be flown early 2015. Subject to the results of the survey the SPAAs will commence the process to convert into an EP late 2015.

In the past year HPA's have been successfully negotiated over SPAA26 and SPAA40. HPA negotiations for EPA 97 are ongoing.

Directors' Report

The Directors of UIL Energy Ltd present their report together with the financial statements of the consolidated entity consisting of UIL Energy Ltd ('the Company') and its controlled entities ('the Group') at the end of, or during, the year ended 30 June 2014 and the Independent Audit Report thereon.

DIRECTORS

The following persons were directors of UIL Energy Ltd during the financial year and up to the date of this report, unless otherwise stated:

Simon Hickey

**B.Com, Gad Dip Applied Finance & Investment
Executive Chairman (appointed 21 September 2011)**

Simon Hickey is the founder and Chairman of UIL Energy.

He has over 20 years experience in the resources industry and has been a director of several ASX and TSX listed companies. In addition to his experience with public companies, Simon has established a number of successful private businesses in Australia and North America.

Mr Hickey has a Bachelor of Commerce and a Graduate Diploma of Applied Finance and Investment. He is also a member of the Australian Institute of Company Directors.

Mr Hickey is a member of the Audit and Risk Management Committee.

During the past three years, Mr Hickey has also served as a director of the following ASX listed company:

- Macarthur Minerals Ltd (resigned 30 August 2013)

John de Stefani

**B.Bus, MBA
Chief Executive Officer and Director (appointed as a Director, 11 Jan 2012)**

John de Stefani was appointed Chief Executive Officer of UIL Energy in April 2012.

Prior to joining UIL Energy, Mr de Stefani was CEO of Bow Energy Ltd during market cap growth phase of \$50m to \$550m and subsequently acquired by Arrow Energy in January 2012. Prior to Bow, he spent over eight years as GM/Director of an expanding power generation business.

Mr de Stefani is a chartered accountant with over 20 years of business experience. He has a proven successful track record in project finance, business development and asset management with over eight years international energy experience working on projects in the US, UK, Egypt, Turkey and the Philippines.

Mr de Stefani has a Bachelor of Business from the Queensland University of Technology and a MBA from the London Business School. He is a member of the Institute of Chartered Accountants of Australia and the Australian Institute of Company Directors.

Mr de Stefani holds no other (ASX listed) directorships.

Keith Skipper
B.Sc Hons (Geology), M.Sc (Geology)
Non Executive Director (appointed 4 November 2011)

Keith Skipper is a geologist, company executive and corporate non-executive director with over 40 years of diverse industry experiences. He holds a B.Sc. (Hons) degree in geology from Reading University (U.K.) and a M.Sc. (Geology) from McMaster University (Ontario, Canada).

Mr Skipper is a member of various professional associations including the Australian Institute of Company Directors, member of the American Association of Petroleum Geologists, the Petroleum Exploration Society of Australia and a registered Professional Geologist in Alberta, Canada.

He is an Australian citizen whose career experiences include evaluations and operations in many of the world's petroleum basins including periods with AMOCO (acquired by BP), Bridge Oil Limited in Sydney, Australia, PanCanadian Petroleum Limited (now part of EnCana), and Antrim Energy Inc. He is currently a director of publicly listed Samson Oil and Gas Limited. Mr Skipper advises and consults to various academic, financial and corporate entities on oil and gas exploration, including coalseam gas ("CSG") and shale resource projects.

Mr Skipper is Chairman of the Audit and Risk Management Committee.

During the past three years, Mr Skipper has also served as a director of the following ASX listed companies:

- Samson Oil and Gas Ltd*
- Rawson Resource Ltd (resigned 14 December 2012)

* Denotes current Directorship

Stephen Bizzell
B.Comm, MAICD
Non Executive Director (appointed 1 August 2014)

Stephen Bizzell is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd.

Mr Bizzell was an Executive Director of Arrow Energy Ltd from 1999 until its acquisition in 2010 by Shell and PetroChina for \$3.5 billion. He was instrumental in Arrow's corporate and commercial success and its growth from a junior explorer to a large integrated energy company. He was also a founding director of Bow Energy Ltd until its \$550 million takeover.

Mr Bizzell qualified as a Chartered Accountant and early in his career was employed in the Corporate Finance division of Ernst & Young and the Corporate Tax division of Coopers & Lybrand. He has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions. He has over 20 years' corporate finance and public company management experience in the resources sector in Australia and Canada with various public companies.

Mr Bizzell is a member of the Audit and Risk Management Committee.

During the past three years, Mr Bizzell has also served as a director of the following ASX listed companies:

- Armour Energy Ltd*
- Diversa Ltd*
- Titan Energy Services Ltd*
- Stanmore Coal Ltd*
- Renascor Resources Ltd (formerly Renaissance Uranium Ltd)*
- Laneway Resources Limited (formerly Renison Consolidated Mines NL)*

- Apollo Gas Ltd (delisted following takeover in January 2011)
- Bow Energy Ltd (resigned 11 January 2012)
- Dart Energy Ltd (resigned 26 November 2013)
- Hot Rock Ltd (resigned 14 August 2014)

* Denotes current Directorship

Tim Cummings

Non Executive Director (appointed 1 September 2013 and resigned 19 May 2014)

SECRETARIES

Duncan Cornish

B.Bus (ACCTCY), ACA

(Co-Company Secretary & CFO) (appointed Company Secretary 24 September 2013 & CFO 31 July 2014)

Mr Cornish is an accomplished and highly regarded corporate administrator and manager. He has many years experience in pivotal management roles in capital raisings and stock exchange listings for numerous companies on the ASX, AIM Market of the London Stock Exchange and the Toronto Stock Exchange. Highly skilled in the areas of company financial reporting, company regulatory, secretarial and governance areas, business acquisition and disposal due diligence, he has worked with Ernst & Young and PricewaterhouseCoopers both in Australia and the UK.

Mr Cornish is currently Company Secretary and CFO of other listed companies on the ASX and TSX-V where he has assisted in their listing and capital raising. He is supported by a small experienced team of accountants and administrators.

Drew Speedy

B.Bus, CPA, AGIA

(Co-Company Secretary) (appointed Company Secretary 1 May 2014)

Mr Speedy has 13 years experience in finance roles within the resources industry predominately in ASX listed upstream oil and gas companies. He was Financial Controller of Bow Energy Ltd until its sale to Arrow Energy and has held finance roles with other unconventional gas companies including Arrow Energy, Blue Energy and Queensland Gas Company during the company's market cap growth phase from \$20 million to ~\$2 billion.

He currently holds a senior finance and company secretary role within the Australian operations of a JSE listed resources company where he is involved with financial, governance and commercial activities.

Mr Speedy has a Bachelor of Business from the Queensland University of Technology. He is a member of the Certified Practising Accountants and the Governance Institute of Australia.

Ron Wilson (appointed 1 May 2012 and resigned 1 May 2014)

INTERESTS IN SECURITIES

As at the date of this report, the interests of the Directors in the shares, options and performance rights of UIL Energy Ltd are shown in the table below:

Director	Ordinary Shares	Share Options (\$0.30 @ 30-Jun-17)	Share Options (\$0.24 @ 31-Dec-18)	Share Options (\$0.24 @ 31-Dec-16)	Performance Rights
Simon Hickey	18,199,044	2,000,000	842,074	-	240,000
John de Stefani	9,496,921	3,000,000	1,223,401	-	430,000
Keith Skipper	-	500,000	-	-	-
Stephen Bizzell	7,478,258	-	1,223,401	2,000,000	-

INCORPORATION

UIL Energy Australia Pty Ltd was incorporated on 21 September 2011. On 27 April 2012 UIL Energy Australia Pty Ltd became a public company and was renamed UIL Energy Ltd.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial period were oil and gas exploration. There were no significant changes in the nature of the consolidated entity's principal activities during the financial period.

REVIEW OF OPERATIONS

Information on the operations of the Group during the financial year and up to the date of this report are set out separately in the Annual Report under Review of Operations.

OPERATING RESULTS

The net result of operations after applicable income tax expense for the consolidated entity for the year ended 30 June 2014 was a loss of \$3,005,789 (2013: loss of \$2,149,605).

REVIEW OF FINANCIAL CONDITION

Share Capital

- During the financial year the Company issued the following share capital:
 - On 31 July 2013 the Company issued 250,000 new ordinary shares paid up to \$0.05 pursuant to a share placement to a sophisticated investor.
 - On 22 November 2013 the Company issued 524,000 new ordinary shares paid up to \$0.30 following shareholder approval to Simon Hickey in lieu of accrued fees.
 - On 22 November 2013 the Company issued 224,000 new ordinary shares paid up to \$0.30 following shareholder approval to John de Stefani in lieu of accrued salary.
 - During May 2014 the Company issued 19,962,560 new ordinary shares paid up to \$0.125 upon the conversion of 2,495,320 convertible notes.
- During the financial year the following options were exercised into ordinary shares:
 - On 14 November 2013, 1,000,000 unlisted \$0.05 options expiring 30 June 2017 were exercised raising \$50,000.
 - On 14 November 2013, 2,000,000 unlisted \$0.05 options expiring 31 December 2015 were exercised raising \$100,000.

Convertible Notes

During December 2013 the Company successfully completed a capital raising for \$650,000 through an unsecured Convertible Note offer to existing shareholders and new investors. The terms of the Convertible Notes was consistent with those previously offered by the Company in mid 2013. The funds raised have been used to progress the Company to a potential IPO in late 2014.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements of the Company for the financial year.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the financial year (2013: nil).

AFTER BALANCE DATE EVENTS

The following significant events occurred following the reporting period:

- On 19 August 2014 the Company lodged a Prospectus with ASIC. The Prospectus offers between 21,000,000 and 30,000,000 New Shares for subscription at an Offer Price of \$0.20 per New Share to raise a minimum of \$4.2 million and a maximum of \$6 million (before Offer costs). For every 2 New Shares subscribed for, investors will be issued 1 free attaching New Option exercisable at \$0.20 on or before 31 December 2015. Upon the valid exercise of a New Option, in addition to being issued a Share, the holder will be issued one "Piggy-Back Option", exercisable at \$0.24 on or before 31 December 2018. The Company closed the offer on 17 October 2014 raising \$4,203,200, a total of 21,016,000 New Shares and 10,508,000 New options were issued under the offer. Following completion of the offer 4,773,000 Broker options were issued to Brokers and advisors of the offer that have an exercise price of \$0.24 and an expiry date of 31 December 2018.
- The issue of 2,680,000 fully paid ordinary shares to sophisticated investors at an issue price of \$0.125 raising \$335,000.
- The issue of 3,466,552 fully paid ordinary shares at an issue price of \$0.125 to Directors and employees of the Company in settlement of accrued salary and fees.
- The issue of 3,816,000 fully paid ordinary shares at an issue price of \$0.125 as a result of the conversion of 477,000 convertible notes.
- The issue of 4,993,643 fully paid ordinary shares at an issue price of \$0.14 as a result of the conversion of 699,110 convertible notes.
- The issue of 400,000 share options to consultants of the Company, the share options have an exercise price of \$0.24 an expiry date of 31 December 2014 and vest immediately.

There have been no other events other than those listed since 30 June 2014 that impact upon the financial report as at 30 June 2014.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

At the date of writing this report the Company had lodged a Prospectus for an initial public offering for listing of the Company's shares on the Australian Stock Exchange. Based on the current timetable, and assuming the Company successfully raises the required funds under the Prospectus, the shares of UIL Energy will be listed late October 2014.

The Company continues to identify and evaluate oil and gas exploration and evaluation opportunities that are perceived to offer outstanding value. As the consolidated entity's areas of interest are at an early stage of exploration, it is not possible to speculate likely developments from any of these exploration activities.

There are no other developments of which the Directors are aware which could be expected to affect the results of the consolidated entity's operations in subsequent financial years other than information which the Directors believe comment on, or disclosure of, would prejudice the interests of the consolidated entity.

ENVIRONMENTAL ISSUES

The consolidated entity is subject to environmental regulation in relation to its exploration activities. There are no matters that have arisen in relation to environmental issues up to the date of this report.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2014 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 (the "Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, and includes the executive team.

The remuneration report is presented under the following sections:

1. Individual key management personnel disclosures
2. Remuneration policy
3. Non-executive director (NED) remuneration arrangements
4. Executive remuneration arrangements
5. Company performance and the link to remuneration
6. Executive contractual arrangements
7. Equity instruments disclosures

1. Individual key management personnel disclosures

Key management personnel during the year include the following:

Director	Position
Simon Hickey	Executive Chairman
John de Stefani	Managing Director
Keith Skipper	Non-Executive Director
Stephen Bizzell	Non-Executive Director (appointed 1 August 2014)
Tim Cummings	Non-Executive Director (appointed 1 September 2013 and resigned 19 May 2014)
Executives	Position
Vic Palanyk	Chief Operating Officer
Ron Wilson	Company Secretary and CFO (resigned 1 May 2014)

2. Remuneration Policy

UIL Energy Ltd's remuneration strategy is designed to attract, motivate and retain Directors and employees by identifying and rewarding high performers and recognising the contribution of each person to the continued growth and success of the Company.

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team. The Board assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality Board and Executive team. Such officers are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company. Further details on the remuneration of Directors and Executives are set out in this Remuneration Report.

The Company aims to reward the Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The Board's policy is to align Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives.

3. Non-executive director (NED) remuneration arrangements

The board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The Company's specific policy for determining the nature and amount of remuneration of Board members of the Company is as outlined below.

The Constitution of the Company provides that the NED's are entitled to remuneration as determined by the Company in general meeting to be apportioned among them in such manner as the Directors agree, and, in default of agreement, equally. The aggregate maximum remuneration for NED's currently determined by the Board is \$500,000.

If a NED performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to NED's.

A NED is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or general meetings of the Company or otherwise in connection with the business of the Company.

All Directors have the opportunity to qualify for participation in the Company's Employee Share Option Plan, subject to the approval of shareholders. The remuneration of NED's for the year ended 30 June 2014 is detailed in this Remuneration Report.

4. Executive remuneration arrangements

The Company aims to reward the Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- align the interests of the Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of Executives may from time to time be fixed by the Board. The remuneration will comprise a fixed remuneration component and also may include offering specific short and long-term incentives, in the form of:

- performance based salary increases and/or bonuses; and/or
- performance rights; and/or
- the issue of options.

The remuneration of the Executives employed by the Company for the year ending 30 June 2014 is detailed in this Remuneration Report.

5. Company performance and the link to remuneration

During the financial year, the Company has generated losses as its principal activity was exploration for economically viable reserves of both conventional and unconventional natural oil and gas. As the Company is still in the exploration stage, the link between remuneration, Company performance and shareholder wealth is tenuous. The Company's valuation is subject to the influence of oil and gas prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of Executive performance or remuneration.

6. Executive contractual arrangements

It is the Board's policy that contractual agreements are entered into with all Executives and employees. Contracts do not provide for pre-determined annual increases to compensation values. Rather the amount of compensation is determined by the Board in accordance with the remuneration principles previously described. Executives are entitled to their statutory entitlements of accrued annual leave and long service leave.

Executive contracts in place during the financial year:

Name	Term of Agreement	Current Base Salary or Fees payable (exclusive of superannuation)	Notice periods
Simon Hickey (Executive Chairman)	Commencing 1 May 2012 expiring at the earlier of UIL Lodging a prospectus or 30 September 2014	\$15,000 per month (a portion of the fees has been deferred until the company raises additional funding through either a cornerstone investor or the shares of the Company are listed in an exchange, in addition a portion of the employment agreement amount has been forfeited due to a reduction in work commitments from three days to two days per week during the financial period as a result of the delay in Listing on the ASX). The Company entered into a new consulting agreement on 19 August 2014 with a revised monthly fee of \$4,000.	3 Months
John de Stefani (Managing Director)	Ongoing commencing 16 April 2012	\$320,000 (a portion of the total employment costs has been deferred until the company raises additional funding through either a cornerstone investor or the shares of the Company are listed in an exchange, in addition a portion of the employment agreement amount has been forfeited due to a reduction in work commitments of one day a week during the financial period as a result of the delay in Listing on the ASX). The Company revised the terms of Mr de Stefani's employment agreement on 30 July 2014, the revised annual salary being \$224,000.	6 Months
Vic Palanyk (Chief Operating Officer)	Ongoing commencing 22 October 2012	\$280,000 (a portion of the total employment costs has been deferred until the company raises additional funding through either a cornerstone investor or the shares of the Company are listed in an exchange). The Company revised the terms of Mr Palanyk's employment agreement on 30 July 2014, the revised annual salary being \$168,000.	3 Months

Name	Term of Agreement	Current Base Salary or Fees payable (exclusive of superannuation)	Notice periods
Ron Wilson (Chief Financial Officer & Company Secretary) (resigned 1 May 2014)	Ongoing commencing 1 December 2012	\$220,000 (a portion of the total employment costs has been deferred until the company raises additional funding through either a cornerstone investor or the shares of the Company are listed in an exchange)	3 Months

Equity based entitlements of Key management personnel are detailed in section 7 below.

Remuneration of key management personnel:

	Short term benefits		Post-employment	Share based payments	Total	Consisting of	Relating to
	Salary & Fees	Cash Bonus	Superannuation	Equity settled Options		options	bonuses
Directors	\$	\$	\$	\$	\$	%	%
Simon Hickey							
2014	109,700	-	-	37,548	147,248	25.5	-
2013	160,000	-	-	-	160,000	-	-
John de Stefani							
2014	260,132	-	-	56,322	316,454	17.8	-
2013	225,806	-	16,668	66,877	309,351	21.6	-
Keith Skipper							
2014	30,000	-	-	9,387	39,387	23.8	-
2013	69,000	-	-	14,245	83,245	17.1	-
Tim Cummings ^(a)							
2014	27,000	-	-	55,963	82,963	67.5	-
2013	-	-	-	-	-	-	-
Executives							
Vic Palanyk ^{(b)(d)}							
2014	286,750	-	31,019	27,941	345,710	8.1	-
2013	228,539	40,000	23,294	169,415	461,248	36.7	8.7%
Ron Wilson ^(c)							
2014	180,426	-	20,053	-	200,479	-	-
2013	133,702	-	25,290	61,238	220,230	27.8	-
Total							
2014	894,008	-	51,072	187,161	1,132,241		
2013	817,047	40,000	65,252	311,775	1,234,074		

(a) Commenced as Non executive Director on 1 September 2013 and resigned 19 May 2014.

(b) Commenced as COO on 22 October 2012.

(c) Commenced as CFO on 1 December 2012 and resigned on 1 May 2014.

(d) The bonus paid to Mr Palanyk was a sign-on bonus to commence employment with UIL in October 2012.

7. Equity instruments disclosures

Options may be granted to Directors and Executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of Directors and Executives of the Company to align comparative shareholder return and reward for Directors and Executives.

Details of all options on issue over unissued ordinary shares in UIL Energy Ltd at 30 June 2014 to Key Management Personnel as remuneration are set out below:

	Grant / Amendment Date	Grant / Amendment Number	Exercise Price	Expiry Date	Vesting Date	Number Vested @ 30 June 2014	Value per option at grant / amendment date #	Exercised in current year	Exercised in prior years	Lapsed	Balance at 30 June 2014
			\$				\$				
Directors											
Simon Hickey	1/10/13	2,000,000	0.30	30/06/17	01/10/13	2,000,000	0.019	-	-	-	2,000,000
John de Stefani	1/10/13	3,000,000	0.30	30/06/17	01/10/13	3,000,000	0.019	-	-	-	3,000,000
	30/10/12	2,000,000	0.05	31/12/15	30/10/12	2,000,000	0.023	2,000,000	-	-	-
	11/01/2012	1,000,000	0.05	30/06/17	31/12/12	1,000,000	0.039	1,000,000	-	-	-
Keith Skipper	1/10/13	500,000	0.30	30/06/17	01/10/13	500,000	0.019	-	-	-	500,000
	5/03/12	250,000	0.125	21/11/16	31/12/12	250,000	0.093	-	-	-	250,000
Tim Cummings	11/10/13	500,000	0.30	30/06/17	11/10/13	500,000	0.112	-	-	-	500,000
Executives											
Vic Palanyk	26/03/13	250,000	0.125	31/10/18	31/10/13	250,000	0.098	-	-	-	250,000
	20/06/13	2,000,000	0.25	31/12/18	01/07/13	2,000,000	0.086	-	-	-	2,000,000
Ron Wilson	05/03/12	250,000	0.125	31/12/12	05/03/12	250,000	0.045	-	250,000	-	-
	08/03/13	1,250,000	0.25	31/12/15	01/05/13	1,250,000	0.059	-	-	1,250,000	-

Value per option at grant date is calculated using the Black-Scholes option pricing model, which takes into account factors such as the option exercise price, the share price at the date of issue and volatility of the underlying share price and the time to maturity of the option (refer Note 21).

Options and Performance Rights

Number of unlisted options held by key management personnel:

2014	Balance 1 July 2013	Options Granted as Compensation	Options Exercised	Options Expired	Balance 30 June 2014
Directors					
Simon Hickey	2,000,000	-	-	-	2,000,000
John de Stefani	6,000,000	-	(3,000,000)	-	3,000,000
Keith Skipper	750,000	-	-	-	750,000
Tim Cummings	-	500,000	-	-	500,000
Senior Management					
Vic Palanyk	2,250,000	-	-	-	2,250,000
Ron Wilson	1,250,000	-	-	(1,250,000)	-
Total	12,250,000	500,000	(3,000,000)	(1,250,000)	8,500,000

No performance rights had been issued by the Company as at the reporting date (2013: Nil). Since year end the Company has issued performance rights to Simon Hickey (240,000), John de Stefani (430,000) and Vic Palanyk (330,000).

Shareholdings

Number of shares held by key management personnel:

2014	Balance 1 July 2013	Granted as Compensation	Options Exercised	Granted on conversion of notes	Net Change Other*	Balance 30 June 2014
Directors						
Simon Hickey	15,100,020	-	-	1,371,560	524,000	16,995,580
John de Stefani	1,136,000	-	3,000,000	2,976,000	308,000	7,420,000
Keith Skipper	-	-	-	-	-	-
Tim Cummings	-	-	-	-	-	-
Senior						
Vic Palanyk	-	-	-	-	-	-
Ron Wilson	450,000	-	-	100,000	(550,000)	-
Total	16,686,020	-	3,000,000	4,447,560	282,000	24,415,580

* Includes shares issued for cash on similar terms to other shareholders, shares issued in lieu of fees owed and shares held on appointment/resignation.

TRANSACTIONS WITH RELATED PARTIES

The following relates party transactions occurred during the year:

- (i) Consulting fees paid or payable to directors or companies associated with directors as follows.
 - \$30,000 to PetroSedex Pty Ltd, a company associated with Mr Keith Skipper (2013:\$69,000). PetroSedex provides business and technical advisory services to the Company including amongst other things, consulting services related to new tenement acquisitions, business development opportunities, exploration work programs and financing proposals;
 - \$109,700 to MITA Consulting, a company associated with Mr Simon Hickey (2013:\$160,000). MITA provides business advisory services to the Company including amongst other things, consulting services related to strategy formulation, business development, stakeholder management and communications, joint venture relations and capital raising activities;
- (ii) Entities associated with directors provided a partial underwriting of the Company's Convertible Note offer made during the current and previous year. The underwritten Notes have been fully subscribed and paid for. No fees were payable to the entities or directors in relation to the underwriting.
- (iii) During 2014 certain Directors provided non-interest bearing short term loans to the company to cover the timing of receipts from the underwritten convertible note raise conducted during the financial period. At 30 June 2014 the balance payable of these loans was \$78,846, as at the date of this report all loans had been repaid to the Directors in full.

END OF REMUNERATION REPORT

UNISSUED SHARES UNDER OPTION

As at the date of this report there were 20,699,375 (2013: 14,450,000) unissued ordinary shares of UIL Energy Ltd under option as follows:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Number of Options
1/10/2013	1/10/2013	30/06/17	\$0.30	3,000,000
1/10/2013	1/10/2013	30/06/17	\$0.30	2,000,000
1/10/2013	1/10/2013	30/06/17	\$0.30	500,000
11/03/2013	11/03/2013	31/12/2016	\$0.24	2,000,000
20/06/2013	1/07/2013	31/12/2018	\$0.25	2,000,000
31/07/2014	31/07/2014	31/12/2018	\$0.24	400,000
18/08/2014	15/01/2015	31/12/2018	\$0.24	10,795,375
Total				20,695,375

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

During the financial year ended 30 June 2014, the following ordinary shares of the Company were issued as a result of the exercise of an option over unissued shares:

Grant Date	Vesting Date	Expiry Date	Exercise Date	Exercise Price	Number of Options
31/12/2012	31/12/2012	30/06/2017	14/11/2013	\$0.05	1,000,000
30/10/2012	30/10/2012	31/12/2015	14/11/2013	\$0.05	2,000,000
Total					3,000,000

During the financial year ended 30 June 2013, 750,000 ordinary shares of the Company were issued as a result of the exercise of an option over unissued shares with an average exercise price of \$0.08.

During the financial year ended 30 June 2014, 1,650,000 options over ordinary shares at an average exercise price of \$0.26 of the company lapsed (2013: Nil).

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows:

Directors:	Directors' Meetings	
	Eligible to Attend	Attended
Simon Hickey	9	9
John de Stefani	9	9
Keith Skipper	9	9
Tim Cummings	6	6

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

Each of the Directors of the Company have entered into a Deed with the Company whereby the Company has indemnified and provided certain contractual rights of access to books and records of the Company to those Directors.

The Company has insured all of the Directors of UIL Energy Ltd. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

The Company has not indemnified or insured its auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 20 of this financial report and forms part of this Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors.



John de Stefani
Managing Director

Brisbane
30 October 2014



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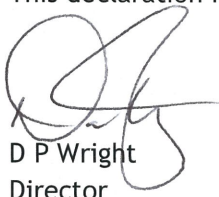
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DECLARATION OF INDEPENDENCE BY DAMIAN WRIGHT TO THE DIRECTORS OF UIL ENERGY LIMITED

As lead auditor of UIL Energy Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect UIL Energy Limited and the entities it controlled during the period.



D P Wright
Director

BDO Audit Pty Ltd

Brisbane, 30 October 2014

Interests in Petroleum Tenements

UIL Energy Ltd held the following interests in mining and exploration tenements as at 29 October 2014.

Western Australia Tenements

Tenure Type, Name and Number	Basin	Operator	% Interest of UIL	Notes
EP 447	Perth	UIL Energy Ltd	50%	
EP 488 (previously EPA 61)	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 28/05/2014
EP 489 (previously EPA 63)	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 28/05/2014
EPA 82	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 14/03/2013 (b)
SPA 98	Perth	UIL Energy Ltd	100%	SPA Application successful 10/10/2013 (a)
SPA 99	Perth	UIL Energy Ltd	100%	SPA Application successful 10/10/2013 (a)
SPA 26	Canning	UIL Energy Ltd	100%	SPA Application successful 23/02/2012 (a)
SPA 40	Canning	UIL Energy Ltd	100%	SPA Application successful 10/07/2012 (a)
SPA 97	Canning	UIL Energy Ltd	100%	SPA Application successful 10/10/2013 (a)

- (a) The Petroleum Special Prospecting Authority (SPA) areas are subject to referral to the future act provisions of the Commonwealth Native Title Act and these requirements must be complied with before the SPA can be granted. The purpose of a Special Prospecting Authority (SPA) with acreage option is to grant access to the applicant to conduct a geophysical and geochemical surveys (or other operational activities other than the drilling of a well) to identify areas which have the potential for further exploration. The applicant may then exercise the acreage option by making an application for an Exploration Permit (EP) in respect of the block or those blocks identified as prospective.
- (b) The application areas are subject to Native Title Claim(s) and accordingly the provisions of the Commonwealth Native Title Act must be complied with before the applications can be granted.

Shareholder Information

Additional security holder information not shown elsewhere in this report is as follows. The information is current as at 28 October 2014.

(a) Distribution of equity securities

The number of holders, by size of holding, in each class of security are:

	Ordinary Shares	
	No. Holders	No. Shares
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	51	505,000
10,001 - 100,000	178	9,224,302
100,001 and over	156	98,294,453
Total	385	108,023,755

	Unlisted Options		Performance Rights	
	No. Holders	No. Options	No. Holders	No. Rights
1 - 1,000	-	-	-	-
1,001 - 5,000	52	257,500	-	-
5,001 - 10,000	29	248,750	-	-
10,001 - 100,000	171	6,261,401	-	-
100,001 and over	71	29,045,308	3	1,000,000
Total	323	35,812,959	3	1,000,000

Twenty largest holders

The names of the twenty largest shareholders:

i. Ordinary shares:

#	Registered Name	Number of shares	% of total shares
1	Simon Hickey	15,827,484	14.65%
2	ENJJ Co Pty Ltd <ENJJ Discretionary Trust>	11,146,921	10.32%
3	Rookharp Pty Ltd	3,200,000	2.96%
4	Bartinson Securities Pty Ltd	2,500,000	2.31%
5	Bizzell Nominees Pty Ltd <Bizzell Family A/C>	2,006,830	1.86%
6	Hot Springs Pty Limited	1,800,000	1.67%
7	ACN 601 276 886 Pty Ltd	1,785,714	1.65%
8	Bizzell Nominees Pty Ltd <Bizzell Superannuation Fund A/C>	1,635,714	1.51%
9	Noel Ross Archer	1,542,980	1.43%
10	Clavell Holdings Pty Ltd	1,371,560	1.27%
11	Finn Air Holdings Pty Ltd	1,200,000	1.11%
12	Kabila Investments Pty Limited	1,125,000	1.04%
13	Portia Hickey	1,016,176	0.94%
14	Noel Ross Archer and Susan Kay Archer <The NRSK Superannuation Fund A/C>	1,000,000	0.93%
15	BCP Alpha Investments Ltd	1,000,000	0.93%
16	Carol Hickey	1,000,000	0.93%
17	Ms Mary Francis Wilde	1,000,000	0.93%
18	Mr Ronald Prefontaine and Mrs Annabel Frances Prefontaine <Prefontaine Super Fund A/C>	970,000	0.90%
19	Sixth Erra Pty Ltd <Staff Super Fund A/C>	965,000	0.89%
20	Burrell Stockbroking Pty Ltd	960,000	0.89%
Top 20		53,053,379	49.11%
Total		108,023,755	100.00%

* Merged holding

ii. Substantial Shareholders:

The Company notes that the following shareholders own substantial shareholdings ($\geq 5.0\%$) in UIL Energy Limited:

Name of Shareholder:	Ordinary Shares:	% of total shares:
Simon Hickey *	18,199,044	16.85%
ENJJ Co Pty Ltd <ENJJ Discretionary Trust>*	11,146,921	10.32%
Bizzell Capital Partners Pty Ltd *	8,503,258	7.87%

(b) Voting rights

All ordinary shares carry one vote per share without restriction.

Options and performance rights do not carry voting rights.

(c) Restricted securities

The Group currently has 21,590,751 voluntarily restricted securities.

(d) On-market buy back

There is not a current on-market buy-back in place.

(e) Business objectives

The Group has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

Corporate Governance Statement

The board of directors of UIL Energy Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of UIL Energy Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

UIL Energy Limited's Corporate Governance Statement, which can be found on the Company's website www.uilenergy.com.au, is structured with consideration to the Australian Securities Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 3rd Edition", which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Act ethically and responsibly
Principle 4	Safeguard integrity in corporate reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website.

The Board is of the view that with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

Roles and Responsibilities of the Board and Management

ASX CGC Principle 1

Lay solid foundations for management and oversight.

Role of the Board

The Board of Directors is pivotal in the relationship between shareholders and management and the role and responsibilities of the Board underpin corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs. Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- Ensuring compliance with the Corporations Act, ASX Listing Rules (if and when listing occurs) and all relevant laws;
- Oversight of the Group including its framework of control and accountability systems to enable risk to be assessed and managed;
- Appointing and removing the chief executive officer;
- Ratifying the appointment and, where appropriate, removal of senior executives including the chief financial officer and chief operating officer;
- Input into and final approval of management's development of corporate strategy and performance objectives;
- Monitoring senior executive's performance and implementation of strategy;

- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- Approving and overseeing Committees where appropriate to assist in the Board's function and powers.

The Functions, Powers and Responsibilities of the Board are set out in the Company's Corporate Governance Charter which is available on the Company's website.

Corporate Governance Council Recommendation 1.5 details that a listed entity should have a diversity policy. At this stage the Company has not adopted a formal diversity policy. The Company respects and values the competitive advantage of and the benefit of its integration throughout the Company in order to enrich the Company's perspective, improve corporate performance, increase shareholder value and maximise the probability of achievement of the Company's goals. However given the size and nature of the Company's operations, the Company has not implemented a formal policy with respect to diversity.

Board Composition

ASX CGC Principle 2

Structure of the Board to add value

The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report is detailed in the director's report.

Corporate Governance Council Recommendation 2.1 details that a listed entity should have a nomination committee. The Board believes the Company is not currently of the size to justify the formation of a separate nominations Committee. The Board currently performs the functions of a Nominations Committee and where necessary will seek the advice of external advisors in relation to this role.

Corporate Governance Council Recommendation 2.2 details that a listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. The Board believes the Company is not currently of the size to justify the implementation of a board skills matrix.

Corporate Governance Council Recommendation 2.4 details that a listed entity should have a majority of the board be independent directors. Presently under the ASX Guidelines it is considered that there is only one independent Director, being Mr Keith Skipper. The Company believes that given the size and scale of its operations, non-compliance by the Company with Recommendation 2.4 will not be detrimental to the Company.

In accordance with the Council's definition of independence, the Directors listed below are not considered to be independent:

Name	Position	Reason for non-compliance
Simon Hickey	Executive Chairman	Mr Hickey is a substantial shareholder of the Company and provides consultancy services to the Company in an executive capacity.
John de Stefani	Managing Director	Mr de Stefani is a substantial shareholder of the Company and is employed by the Company in an executive capacity.
Stephen Bizzell	Non-Executive Director	Mr Bizzell is a substantial shareholder of the Company.

UIL Energy Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of UIL Energy Limited due to their considerable industry and corporate experience.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Group's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Group.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
Simon Hickey	3 years
John de Stefani	2 years 9 months
Keith Skipper	2 years 11 months
Stephen Bizzell	2 months

Corporate Governance Council Recommendation 2.5 details that the Chair of the board of a listed entity should be an independent director. The current Chairman of the Board, Simon Hickey is a substantial shareholder of the Company, and through a related entity, provides consultancy services to the Company and is therefore not considered by the Company to be an independent Director. The Company believes that given the size and scale of its operations, non-compliance by the Company with Recommendation 2.5 will not be detrimental to the Company and will continue to review its position with respect to compliance.

Ethical and Responsible Decision-Making

ASX CGC Principle 3

Act ethically and responsibly

Code of Conduct

The Directors are subject to certain stringent legal requirements regulating the conduct both in terms of their internal conduct as directors and in their external dealings with third parties both on their own and on behalf of the Group.

To assist directors in discharging their duty to the Group and in compliance with relevant laws to which they are subject, the Group has adopted a Corporate Code of Conduct and Code of Ethics within its Corporate Governance Charter.

The Corporate Code of Conduct and Code of Ethics, as set out in the Company's Corporate Governance Charter is available from the Company's website.

Safeguard Integrity in Corporate Reporting

ASX CGC Principle 4

Independently verify and safeguard integrity of corporate reporting.

Certification of financial reports

The Managing Director has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on a sound system of financial risk management and internal compliance and control.

The Chief Financial Officer has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on sound system of financial risk management and internal compliance and control.

Audit Committee

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

The members of the Audit & Risk Management Committee are Keith Skipper (Chair), Simon Hickey and Stephen Bizzell. All of which are considered financially literate in the context of the Company's affairs.

Corporate Governance Council Recommendation 4.1 details that the board of listed entity should have an audit committee which has at least three members all of whom are non-executive directors and a majority of whom are independent directors, and is chaired by an independent director who is not the chair of the board. Presently under the ASX Guidelines it is considered that there is only one independent Director appointed to the Audit Committee, being Mr Keith Skipper. The Company believes that given the size and scale of its operations, non-compliance by the Company with Recommendation 4.1 will not be detrimental to the Company.

The Audit Committee Charter is set out in the Company's Corporate Governance Charter which is available from the Company's website.

Continuance Disclosure

ASX CGC Principle 5

Make timely and balanced disclosure

The Group duly complies with ASIC and ASX (if and when listing occurs) requirements for the timely and accurate reporting of the Group's financial activities, thus ensuring that the Group has disclosed all information which has a material impact on shareholders. This includes and will include the Annual Financial Report, Interim Financial Report, quarterly cash flows, new and relinquished tenements and changes in directors and shareholder interests and other events which are identified to be material. All ASX announcements are available on the Group's website.

If and when listing occurs the Company Secretary will be responsible for communication with the ASX, including responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and oversight of information distributed to the ASX.

The Rights of Security Holders

ASX CGC Principle 6

Respect the rights of security holders

The Board of directors undertakes to ensure that security holders are informed of all major developments affecting the Group. Information is communicated to security holders through the annual report, notices of Annual General and Extraordinary General Meetings, the AGM and Extraordinary General Meetings.

The Board encourages full participation of security holders at the AGM and at Extraordinary General Meetings to ensure a high level of accountability and identification with the Group's direction, strategy and goals. In particular, shareholders are responsible for voting on the re-election of directors.

The Group ensures that its external auditors are present at the AGM to answer any questions with regard to the efficacy of the financial statement audit and the associated independent audit report.

Risk Management

ASX CGC Principle 7

Recognise and manage risk

The Board has established an Audit and Risk Management Committee. The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company's risk management policies can be found within the Audit and Risk Management Committee Charter.

Corporate Governance Council Recommendation 7.1 details that the Board of a listed entity should have a risk committee which has at least three members, a majority of whom are independent directors, and is chaired by an independent director. The Company has established an Audit and Risk Committee which is chaired by an independent Director Mr Keith Skipper. However, as the balance of the Directors are not considered under the ASX Guidelines to be independent Directors, the Company does not comply with Recommendation 7.1 in that the majority of the members of the Audit and Risk Committee are not independent. The Company believes that given the size and scale of its operations, non-compliance by the Company with Recommendation 7.1 will not be detrimental to the Company.

Corporate Governance Council Recommendation 7.2 details that the Board of a listed entity should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. Business risks are considered regularly by the Board and management at management and Board meetings. A formal report to the Board as to the effectiveness of the management of the Company's material business risks has not been undertaken.

The Board has received written assurances from the Managing Director and Financial Controller that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Audit and Risk Management Committee Charter is set out in the Company's Corporate Governance Charter which is available from the Company's website.

Remuneration

ASX CGC Principle 8

Remunerate fairly and responsibly

Remuneration Policy

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive director's and officer's remuneration to the Group's financial and operations performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the Group
- performance incentives which allow executives, management and staff to share the rewards of the success of UIL Energy Limited.

For details on the amount of remuneration and all monetary and non-monetary components for Key Management Personnel during the period, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of UIL Energy Limited and the performance of the individual during the period.

The Group's remuneration policy is also further detailed in the Remuneration Report in the Directors Report.

Non-Executive Director Remuneration

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Non-executive directors are remunerated by fees as determined by the Board with the aggregate directors' fee pool limit of \$500,000. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Independent consultancy sources provide advice, as required; ensuring remuneration is in accordance with market practice. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the Company and are, subject to approval by shareholders, periodically offered options and/or performance rights.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Directors.

Corporate Governance Council Recommendation 8.1 details that the Board of a listed entity should have a remuneration committee. The Board considers that the Company is not currently of a size or complexity to justify a separate Remuneration Committee. The Board currently performs the functions of a Remuneration Committee and where necessary will seek the advice of external advisors in relation to this role. While the Company does not presently comply with Recommendations 8.1, the Company does not believe that the current absence of a separate Remuneration Committee will be detrimental to the Company.

Other Information

Further information relating to the Group's corporate governance practices and policies has been made publicly available on the Group's web site.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 \$	Consolidated Entity 2013 \$
Revenue	2	11,076	64,995
Employee benefits expense		(1,158,572)	(1,017,758)
Administration costs		(688,345)	(519,247)
Consultants fees		(361,704)	(659,778)
Depreciation expense		(27,570)	(17,817)
Exploration impairment		(780,674)	-
Profit/(loss) before income tax expense	3	(3,005,789)	(2,149,605)
Income tax expense	4	-	-
Net profit/(loss) for the year		(3,005,789)	(2,149,605)
Other comprehensive income/(loss)		-	-
Total comprehensive income/(loss) for the year		(3,005,789)	(2,149,605)
Earnings/(loss) per share attributable to owners of UIL Energy Ltd		Cents	Cents
Basic earnings/(loss) per share (cents per share)	14	(5.7)	(4.5)
Diluted earnings/(loss) per share (cents per share)	14	(5.7)	(4.5)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 \$	Consolidated Entity 2013 \$
Current Assets			
Cash and cash equivalents	5	20,694	767,163
Trade and other receivables	6	162,881	592,871
Other current assets	7	10,471	28,204
Total Current Assets		194,046	1,388,238
Non-Current Assets			
Property, plant & equipment	8	18,434	46,004
Other non-current assets	7	56,162	56,162
Exploration and evaluation assets	9	3,674,982	3,847,314
Total Non-Current Assets		3,749,578	3,949,480
TOTAL ASSETS		3,943,624	5,337,718
Current Liabilities			
Trade and other payables	10	921,860	563,794
Financial liabilities	11	1,176,110	3,021,430
Total Current Liabilities		2,097,970	3,585,224
TOTAL LIABILITIES		2,097,970	3,585,224
NET ASSETS		1,845,654	1,752,494
Equity			
Issued capital	12	6,761,248	3,879,028
Reserves	13(a)	1,218,914	1,002,185
Retained profits	13(b)	(6,134,508)	(3,128,719)
TOTAL EQUITY		1,845,654	1,752,494

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Issued Capital	Retained Profits	Option Reserve	Total
	\$	\$	\$	\$
At 1 July 2012	3,697,115	(979,114)	545,408	3,263,409
Total comprehensive income for the financial year				
Profit/(loss) for the year	-	(2,149,605)	-	(2,149,605)
	-	(2,149,605)	-	(2,149,605)
Transactions with owners in their capacity as owners				
Issue of share capital	326,250	-	-	326,250
Costs associated with issue of share capital	(144,337)	-	-	(144,337)
Issue of options	-	-	456,777	456,777
	181,913	-	456,777	638,690
At 30 June 2013	3,879,028	(3,128,719)	1,002,185	1,752,494
Total comprehensive income for the financial year				
Profit/(loss) for the year	-	(3,005,789)	-	(3,005,789)
	-	(3,005,789)	-	(3,005,789)
Transactions with owners in their capacity as owners				
Issue of share capital	2,882,220	-	-	2,882,220
Costs associated with issue of share capital	-	-	-	-
Issue of options	-	-	216,729	216,729
	2,882,220	-	216,729	3,098,949
At 30 June 2014	6,761,248	(6,134,508)	1, 218,914	1,845,654

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	Consolidated Entity	
		2014	2013
		\$	\$
Cash Flows from Operating Activities			
Receipts from operations (including refunds of GST)		68,777	338,259
Payments to suppliers and employees		(1,509,283)	(1,791,655)
Interest received		11,420	69,004
Net cash used in operating activities	5(a)	(1,429,086)	(1,384,392)
Cash Flows from Investing Activities			
Payments for security deposits		-	(56,162)
Payments for property, plant and equipment		-	(63,820)
Payments for exploration and evaluation		(624,825)	(2,653,731)
Net cash used in investing activities		(624,825)	(2,773,713)
Cash Flows from Financing Activities			
Proceeds from issue of shares		162,500	326,250
Capital raising expenses		-	(109,785)
Proceeds from issue of convertible notes		1,066,096	2,445,320
Proceeds from a short-term loan		78,846	-
Net cash provided by financing activities		1,307,442	2,661,785
Net increase in cash held		(746,469)	(1,496,320)
Cash at the beginning of the financial year		767,163	2,263,483
Cash at the end of the financial year	5	20,694	767,163

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of UIL Energy Ltd for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors on 30 October 2014 and covers the consolidated entity consisting of UIL Energy Ltd and its subsidiaries as required by the Corporations Act 2001.

The financial statements are presented in the Australian currency.

UIL Energy Ltd is a company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. UIL Energy Ltd is a for profit entity for the purposes of Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The entity is a for-profit entity for the purposes of Australian Accounting Standards.

Going Concern

The financial statements have 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 ability of the consolidated entity to maintain continuity of normal business activities, to pay its debts as and when they fall due and to recover the carrying value of the capitalised exploration and evaluation expenditure, is dependent on the ability of the consolidated entity to successfully raise additional capital and the successful exploration and subsequent exploitation of areas of interest through sale, farm-out or development

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by UIL Energy Ltd at the end of the reporting period. A controlled entity is any entity over which UIL Energy Ltd has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Principles of Consolidation (continued)

Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 16 to the financial statements.

In preparing the consolidated financial statements, all balances and transactions between entities in the consolidated entity have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as interest accrues using the effective interest method.

(c) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national 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.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income are also recognised directly in other comprehensive income.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Impairment of Assets

At the end of each reporting period the consolidated entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, a recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(e) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity. Costs are assigned to inventories using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments (continued)

The consolidated entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments. Classification and subsequent measurement categories are as follows:

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the consolidated entity sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are measured at fair value and are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative instruments

UIL Energy Limited and controlled entities designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the consolidated entity's risk management objective and strategy for undertaking various hedge transactions is documented.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments (continued)

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item will affect profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all other financial assets and liabilities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, Plant and Equipment

Property, plant and equipment are measured on the cost basis less, where applicable, depreciation and impairment losses.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated over their useful life to the consolidated entity commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. The gains and losses are included in the profit or loss.

Costs of site restoration are provided over the life of the asset from when construction is completed and are included in the costs of that stage. Site restoration costs include the dismantling and removal of assets, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of environmental authority. Future estimated costs are recognised at the present value of those future costs. The discount rate used to determine the present value reflects current market assessments of the time value of money and risks specific to the liability.

(i) Exploration and development expenditure

Exploration, evaluation and development 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. 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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Future estimated costs are recognised at the present value of those future costs. The discount rate used to determine the present value reflects current market assessments of the time value of money and risks specific to the liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Interests in joint ventures

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangements. The group has joint operations at this time.

Joint operations

The consolidated entity recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the consolidated entity's interests are shown in Note 17.

(k) Leases

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

(l) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

(m) Employee Benefits

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

(n) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure (as adjusted for risk) required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money. The increase in the provision due to the passage of time is recognised as interest expense.

The consolidated entity is required to restore land and the surrounding environment to its original condition at the end of the respective lease terms. For close down restoration and for environmental clean up costs, provision is made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

The amortisation or "unwinding" of the discount applied in establishing the net present value of provisions is charged to profit or loss in each accounting period.

(o) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Share-Based Payments

The consolidated entity provides benefits to certain employees and consultants in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options granted to employees and consultants are recognised as an employee benefit expense with a corresponding increase in equity (option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of UIL Energy Ltd ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the consolidated entity until vesting date, or such that employees are required to meet internal targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

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

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

(q) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of UIL Energy Ltd by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the amount used in determining basic earnings per share by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) 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.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(t) New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013:

Reference	Title	Application date of standard	Application date for the Company
AASB 10	Consolidated Financial Statements	1 January 2013	1 July 2013
AASB 11	Joint Arrangements	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	1 January 2013	1 July 2013
AASB 13	Fair Value Measurements	1 January 2013	1 July 2013
AASB 20011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124 Amendments)	1 January 2013	1 July 2013

The adoption of the above standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ending 30 June 2014. None of these is expected to have a significant effect on the financial statements.

The Company anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information of new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) New Accounting Standards and Interpretations (continued)

Reference	Title	Application date of standard	Application date for the Company
AASB 9	Financial Instruments	1 January 2017	1 July 2017

(u) Accounting Estimates and Judgments

Critical accounting estimates and judgements

Details of critical accounting estimates and judgements about the future made by management at the end of the reporting period are set out below:

- (i) *Key estimates – share-based payments*
The consolidated entity uses estimates to determine the fair value of equity instruments issued to directors, executives, employees and consultants. Further detail of estimates used in determining the value of share-based payments is included in Note 21.
- (ii) *Key estimates – impairment*
The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No assets are considered impaired at year end.
- (iii) *Key judgements – exploration & evaluation expenditure*
The consolidated entity 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. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$3,674,982.

	Consolidated Entity	
	2014	2013
	\$	\$

NOTE 2 REVENUE

Revenue

- interest from other persons	11,076	64,995
Total revenue	11,076	64,995

NOTE 3 LOSS FOR THE PERIOD

Loss before tax includes the following:

Superannuation contributions	(64,966)	(62,187)
Minimum lease rentals	(126,346)	(96,135)
Share-based payments	(216,728)	(312,440)
Depreciation of property, plant and equipment	(27,750)	(17,817)

NOTE 4 INCOME TAX EXPENSE

(a) The components of income tax expense comprise:

Current tax	831,501	852,508
Deferred tax	(831,501)	(852,508)
	-	-

(b) The prima facie income tax on the profit / (loss) is reconciled to the income tax expense as follows:

Prima facie tax payable/(benefit) on profit/(loss) before income tax at 30%	(901,736)	(644,882)
Add tax effect of:		
Share based payments - options	65,019	93,732
Tax losses incurred, not recognised	836,718	1,403,658
Deferred tax through equity	-	(43,301)
Utilisation of tax losses	-	(804,537)
Other	-	(4,670)
Income tax expense	-	-

(c) Recognised deferred tax assets and deferred tax liabilities

Deferred tax liabilities		
Exploration and evaluation expenditure	1,102,495	1,012,528
Other assessable temporary differences	-	103
Total deferred tax liabilities	1,102,495	1,012,631
Deferred tax assets		
Unused tax losses	914,555	885,130
Deductible temporary differences	187,940	127,501
Total deferred tax assets	1,102,495	1,012,631
Net deferred tax liabilities	-	-

(d) Movements in deferred tax assets and deferred tax liabilities

	Opening Balance 1 July 2013 \$	Charged to income \$	Charged to equity \$	Closing balance 30 June 2014 \$
Deferred tax liabilities				
Exploration and evaluation expenditure	1,012,528	89,967	-	1,102,495
Other assessable temporary differences	103	(103)	-	-
Balance at 30 June 2012	1,012,631	89,864	-	1,102,495
Deferred tax assets				
Unused tax losses	885,130	29,425	-	914,555
Deductible temporary differences	127,501	60,439	-	187,940
Balance at 30 June 2012	1,012,631	89,864	-	1,102,495

NOTE 4 INCOME TAX EXPENSE (continued)

	Consolidated Entity	
	2014	2013
	\$	\$
(e) Unrecognised deferred tax assets		
Unused tax losses	5,167,366	2,540,560
Tax effect of unused tax losses	1,550,210	762,168

There is no expiry date on the future deductibility of unused tax losses.

There are no franking credits available to shareholders of the Company.

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test must be passed. The majority of losses are carried forward at 30 June 2014 under SBT.

	Consolidated Entity	
	2014	2013
	\$	\$

NOTE 5 CASH AND CASH EQUIVALENTS

Cash on hand and at bank	20,694	736,752
Cash on deposit	-	30,411
	20,694	767,163

Cash at bank bear floating and fixed interest rates between 0% and 2.35% (2013: 0% and 3.75%). The effective interest rate on short-term bank deposits was 0% (2013: 4.00%).

(a) Reconciliation of cash flow from operations with profit/(loss) after income tax

Profit/(loss) after income tax	(3,005,789)	(2,149,605)
Non-cash flows in profit after income tax:		
Depreciation	27,570	17,817
Share options expensed	216,728	312,440
Exploration impairment	780,674	-
Issue of shares in lieu of accrued salaries and fees	224,400	-
Changes in operating assets and liabilities net of the effects of purchase and disposal of subsidiaries:		
- (Increase)/Decrease in trade and other receivables	31,626	(929)
- Increase/(Decrease) in trade and other payables	295,705	435,885
Cash flow from operations	(1,429,086)	(1,384,392)

NOTE 5 CASH AND CASH EQUIVALENTS (continued)

(b) Non-cash investing and financing activities

On 1 December 2013, the Company issued 524,000 and 224,000 new ordinary shares paid up to \$0.30 to the Chairman and Managing Director respectively. The shares were issued following shareholder approval at the 2013 AGM and were in lieu of accrued salary and fees.

During May 2014, the Company issued 19,962,560 new ordinary shares paid up to \$0.125 upon the conversion of 2,495,320 convertible notes.

During the previous financial year, the Company issued advisers Bizzell Capital Partners with 2,000,000 options to acquire shares in UIL Energy, in relation to the seed capital raising during 2012. The options have an exercise price of \$0.24 and an expiry date of 31 December 2016.

	Consolidated Entity	
	2014	2013
	\$	\$

NOTE 6 TRADE & OTHER RECEIVABLES

Current

Convertible Notes ^(a)	160,014	576,110
Interest receivable	-	343
GST receivable	2,867	16,418
	162,881	592,871

(a) Amounts of \$160,014 and \$576,110 remained outstanding at 30 June 2014 and 30 June 2013 respectively, in relation to convertible note raisings. Subsequent to each year end these monies were received in full.

NOTE 7 OTHER ASSETS

Current

Prepayments	10,471	28,204
	10,471	28,204

Non-Current

Security deposit	56,162	56,162
	56,162	56,162

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

Computers and office equipment

At cost	63,821	63,821
Accumulated depreciation	(45,387)	(17,817)
	18,434	46,004

Movements in carrying amounts

Computers and office equipment:

Balance at the beginning of the year	46,004	-
Additions	-	63,821
Disposals	-	-
Depreciation expense	(27,570)	(17,817)
	18,434	46,004

	Consolidated Entity	
	2014	2013
	\$	\$

NOTE 9 EXPLORATION AND EVALUATION EXPENDITURE

Non-Current

Exploration and evaluation
expenditure capitalised

- exploration and evaluation	3,674,982	3,847,314
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Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of oil and/or gas, or alternatively, sale of the respective areas of interest.

Movements in carrying amounts

Balance at the beginning of the year	3,847,314	1,219,815
Additions	608,342	2,627,499
Exploration impairment	(780,674)	-
Carrying amount at the end of the year	3,674,982	3,847,314

NOTE 10 TRADE AND OTHER PAYABLES

Current

Trade payables	43,104	83,401
Sundry payables and accruals	729,563	419,134
Employee benefits	70,347	61,259
Short - term loans ^(a)	78,846	-
	921,860	563,794

(a) Short – term loans were provided by certain Directors of the Company to provide funding during the convertible note raising that was undertaken during 2014. At the date of this report all loan amounts had been repaid.

NOTE 11 FINANCIAL LIABILITIES

Current

Convertible Notes ^{(a)(b)}	1,176,110	3,021,430
	1,176,110	3,021,430

NOTE 11 FINANCIAL LIABILITIES (continued)

- (a) During the current financial year the Company issued 650,000 unsecured Convertible Notes and 3,021,430 unsecured Convertible Notes in the previous financial year with the following general terms:
- Term: Varying maturity dates between 31 May 2014 and 22 August 2014.
 - The face value of the Convertible Note is A\$1.00 per Note.
 - Coupon rate: There is no coupon rate.
 - Conversion price: if UIL Energy issues a pathfinder prospectus the conversion price will be calculated as a 30% discount to the proposed issue price per share in UIL Energy to be issued to the public. If no pathfinder prospectus is issued prior to the maturity date each note will convert into such number of shares as determined by the greater of the following: \$0.125 or 70% of the share price as determined by an independent valuation.
 - Conversion rights: Notes are not convertible at the election of the Noteholder. If the UIL Board resolve to approve a pathfinder version of a prospectus then the Board will elect to convert the Notes. If the Notes remain unconverted at the maturity date they will automatically convert at the conversion price.
 - Issue of shares: On conversion of a Note the shares will be allotted by UIL Energy as the Noteholder directs within two business days of the date of the notes are to be converted.
- (b) During May 2014 2,495,320 convertible notes issued during the previous financial year matured and converted at \$0.125 into 19,962,560 new ordinary fully paid shares.

	Consolidated Entity	
	2014	2013
	\$	\$

NOTE 12 ISSUED CAPITAL

72,051,560 Fully paid ordinary shares (2013: 48,091,000)	7,015,370	4,133,150
Costs associated with issue of share capital ⁽ⁱ⁾	(254,122)	(254,122)
	6,761,248	3,879,028

- (i) Costs associated with the issue of share capital include the issue of options over shares in the Company, further detail is provided in Note 21(d).

	2014	2013
	Number	Number
(a) Ordinary Shares		
At the beginning of the year	48,091,000	45,181,000
• Share Placement (1)	250,000	-
• Exercise of options (2)	3,000,000	-
• Share Placement (3)	224,000	-
• Share Placement (4)	524,000	-
• Conversion of notes (5)	19,962,560	-
• Share Placement (6)	-	720,000
• Share Placement (7)	-	1,440,000
• Exercise of options (8)	-	500,000
• Exercise of options (9)	-	250,000
At reporting date	72,051,560	48,091,000

- On 31 July 2013, 250,000 new ordinary shares paid up to \$0.05 (total consideration \$12,500) were issued pursuant to a share placement to a sophisticated investor and other exempt persons.
- On 14 November 2013, 1,000,000 options with an exercise price of \$0.05 and an expiry of 30 June 2017, were exercised raising \$50,000. In addition, 2,000,000 options with an exercise price of \$0.05 and an expiry of 31 December 2015, were exercised raising \$100,000.

NOTE 12 ISSUED CAPITAL (continued)

- (3) On 22 November 2013, 224,000 new ordinary shares paid up to \$0.30 (total consideration \$67,200) were issued following shareholder approval to John de Stefani in lieu of accrued salary.
- (4) On 22 November 2013, 524,000 new ordinary shares paid up to \$0.30 (total consideration \$157,200) were issued following shareholder approval to Simon Hickey in lieu of accrued fees.
- (5) During May 2014, 19,962,560 new ordinary shares paid up to \$0.125 (total consideration \$2,495,320) were issued upon the conversion of 2,495,320 convertible notes. See Note 11 for further details.
- (6) On 8 August 2012, 720,000 new ordinary shares paid up to \$0.125 (total consideration \$90,000) were issued pursuant to a share placement to a sophisticated investor and other exempt persons.
- (7) On 18 September 2012, 1,440,000 new ordinary shares paid up to \$0.125 (total consideration \$180,000) were issued pursuant to a share placement to sophisticated investors and other exempt persons.
- (8) On 27 November 2012, 500,000 options with an exercise price of \$0.05 and an expiry of 31 December 2012, were exercised raising \$25,000.
- (9) On 27 November 2012, 250,000 options with an exercise price of \$0.125 and an expiry of 31 December 2012, were exercised raising \$31,250.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

(b) Options

As at the reporting date there were 10,500,000 unissued ordinary shares of UIL Energy Ltd under option as follows:

Grant / Amend Date	Vesting Date	Expiry Date	Exercise Price	Number of Options
5/03/2012	31/12/2012	21/11/2016	\$0.125	250,000
1/10/2013	1/10/2013	30/06/2017	\$0.30	3,000,000
1/10/2013	1/10/2013	30/06/2017	\$0.30	2,000,000
1/10/2013	1/10/2013	30/06/2017	\$0.30	500,000
26/02/2013	31/10/2013	31/10/2018	\$0.125	250,000
11/03/2013	11/03/2013	31/12/2016	\$0.24	2,000,000
20/06/2013	1/07/2013	31/12/2018	\$0.25	2,000,000
11/10/2013	11/01/2014	30/06/2017	\$0.30	500,000
Total				10,500,000

For information relating to the UIL Energy Ltd employee option plan and options issued for other goods and services, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end refer to Note 21.

(c) Capital Risk Management

Management controls the capital of the consolidated entity in order to provide capital growth to shareholders and ensure the consolidated entity can fund its operations and continue as a going concern.

The consolidated entity's capital comprises equity as shown in the consolidated statement of financial position.

There are no externally imposed capital requirements.

Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues.

	Consolidated Entity	
	2014	2013
	\$	\$

NOTE 13(a) RESERVES

Option Reserve – employee share options	1,218,914	1,002,185
	1,218,914	1,002,185

The option reserve records the value of options issued as an expense relating to director and employee share options and options issued for goods and services.

	Consolidated Entity	
	2014	2013
	\$	\$

NOTE 13(b) RETAINED PROFITS

Retained profits / (accumulated losses) attributable to members of UIL Energy Ltd at beginning of the financial year	(3,128,719)	(979,114)
Profits / (losses) after income tax	(3,005,789)	(2,149,605)
Retained profits attributable to members of UIL Energy Ltd at the end of the financial year	(6,134,508)	(3,128,719)

NOTE 14 EARNINGS PER SHARE

Earnings

Profit/(loss) attributable to owners of UIL Energy Ltd used to calculate basic and diluted earnings per share	(3,005,789)	(2,149,605)
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	2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	52,278,376	47,654,528
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	52,278,376	47,654,528

Options could potentially dilute basic earnings per share in the future but were not included in the calculation of dilutive earnings per share because they were anti-dilutive for both 2014 and 2013.

NOTE 15 DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the financial year (2013: nil).

There were no franking credits available to the shareholders of the Company.

	Country of Incorporation	Percentage Owned (%)*	
		2014	2013

NOTE 16 CONTROLLED ENTITIES

Parent Entity:			
UIL Energy Ltd	Australia		
Subsidiaries of UIL Energy Ltd:			
Cape Range Energy Pty Ltd	Australia	100%	100%
PB Energy No 1 Pty Ltd	Australia	100%	100%
UIL Canning Basin Pty Ltd	Australia	100%	100%

* percentage of voting power is in proportion of ownership

NOTE 17 JOINT VENTURES

During the previous financial year the Company completed a 212km seismic program to earn a 50% interest in a joint venture arrangement for EP447. The consolidated entity has informed its joint venture partner that it does not intend to earn any additional ownership % in EP447 under the Farm-in agreement. The consolidated entity's share of the expenditure commitment for this joint venture over the next 5 years is \$5,625,000 which has been disclosed in Note 19 Commitments.

During the current financial year the consolidated entity decided not to proceed with the EP359 farm-in.

	Parent Entity	
	2014	2013
	\$	\$

NOTE 18 PARENT ENTITY INFORMATION**(a) Summary financial information**

The individual financial report for the parent entity shows the following aggregate amounts:

Statement of Financial Position

Current Assets	199,000	1,465,659
Total Assets	3,948,581	5,342,972
Current Liabilities	2,096,970	3,585,224
Total Liabilities	2,096,970	3,585,224

Shareholders' equity

Issued Capital	6,761,247	3,879,027
Reserves	1,218,914	1,002,186
Accumulated Losses	(6,128,551)	(3,123,465)
	1,851,610	1,757,748

Statement of Comprehensive Income

Loss for the year attributable to owners of the parent	(3,005,086)	(2,148,406)
Total comprehensive loss attributable to owners of	(3,005,086)	(2,148,406)

NOTE 18 PARENT ENTITY INFORMATION (continued)

(b) Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

(c) Contractual Commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2014 (2013: none).

(d) Contingent Liabilities

See Note 20.

	Consolidated Entity	
	2014	2013
	\$	\$

NOTE 19 COMMITMENTS

(a) Office Lease

The consolidated entity 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.

The commitments to be undertaken are as follows:

Payable:

- not later than 12 months	162,060	155,081
- between 12 months and 5 years	133,713	295,773
- greater than 5 years	-	-
	295,773	450,854

(b) Future Exploration

The consolidated entity 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 consolidated entity.

The commitments to be undertaken are as follows:

Payable:

- not later than 12 months	1,550,000	12,000,000
- between 12 months and 5 years	91,400,000	62,600,000
- greater than 5 years	37,800,000	15,650,000
	130,750,000	90,250,000

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

(c) Joint Ventures

Commitments arising from interest in joint ventures are included in future exploration.

NOTE 20 CONTINGENT LIABILITIES & ASSETS

The directors are not aware of any significant contingent liabilities or contingent assets at the date of this report.

NOTE 21 SHARE BASED PAYMENTS

(a) Share-based payments to Directors

The following share options were issued to Director's or share option previously issued were amended during the financial year:

	Grant / Amendment Date	Grant / Amendment Number	Exercise Price	Expiry Date	Vesting Date	Number Vested @ 30 June 2014	Value per option at grant / amendment date	Total value of options at grant / amendment date	Total value expensed during the year ended 30 June 2014	Maximum total value of grant yet to vest
			\$				\$	\$	\$	\$
Directors										
John de Stefani	1/10/13	3,000,000 ⁽ⁱ⁾	0.30	30/06/17	01/10/13	3,000,000	0.019	56,322	56,322	-
Simon Hickey	1/10/13	2,000,000 ⁽ⁱ⁾	0.30	30/06/17	01/10/13	2,000,000	0.019	37,548	37,548	-
Keith Skipper	1/10/13	500,000 ⁽ⁱ⁾	0.30	30/06/17	01/10/13	500,000	0.019	9,387	9,387	-
Tim Cummings	11/10/13	500,000	0.30	30/06/17	11/10/13	500,000	0.112	55,963	55,963	-

- (i) The expiry date of options previously issued to these Director's on 17 April 2012 was extended from 31 December 2015 to 30 June 2017 and the exercise price was increased from \$0.25 to \$0.30 per option.

	2014		2013	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
		\$		\$
Outstanding at beginning of year ⁽ⁱ⁾	8,750,000	\$0.21	8,750,000	\$0.18
Granted	500,000	\$0.30	-	-
Forfeited	-	-	-	-
Exercised	3,000,000	\$0.05	-	-
Outstanding at year-end ⁽ⁱⁱ⁾	6,250,000	\$0.29	8,750,000	\$0.18
Exercisable at year-end ⁽ⁱⁱⁱ⁾	6,250,000	\$0.29	8,750,000	\$0.18

(i) The weighted average exercise price has been amended to represent the increase in the exercise price from \$0.25 to \$0.30 for 5,500,000 share options on issue at the beginning of the year.

(ii) Following year end 250,000 share options with an exercise price of \$0.125 were cancelled by the Company and 500,000 share options with an exercise price of \$0.30 lapsed.

During the year ended 30 June 2014 the following options were exercised, both with a weighted average share price of \$0.125 at the time of exercise:

- 1,000,000 options at \$0.05 expiring on 30 June 2017 were exercised into ordinary shares.
- 2,000,000 options at \$0.05 expiring on 31 December 2015 were exercised into ordinary shares.

All options exercised resulted in the issue of ordinary shares in UIL Energy Limited on a 1:1 basis. All persons exercising options paid the relevant exercise price in its entirety in cash.

During the year ended 30 June 2013 no options issued to Directors were exercised into ordinary shares.

NOTE 21 SHARE BASED PAYMENTS (continued)

The options outstanding at 30 June 2014 had a weighted average exercise price of \$0.29 (2013: \$0.18) and a weighted average remaining contractual life of 3.0 years (2013: 2.7 years). Exercise prices range from \$0.125 to \$0.30 in respect of options outstanding at 30 June 2014 (2013: \$0.05 to \$0.25).

The weighted average fair value of the options granted/amended during the year was \$0.03 (2013: \$0.02). This price was calculated by using a Black Scholes options pricing model applying the following inputs

	2014	2013
Weighted average exercise price	\$0.30	\$0.05
Weighted average life of the option	3.75 years	3.17 years
Underlying share price	\$0.21	\$0.125
Expected share price volatility	85%	100%
Risk free interest rate	2.58%	2.50%

Comparative volatility of similar companies has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

(b) Share-based payments to employees and consultants

The following share options were granted to a consultant during the financial year:

Grant Date	Grant Number	Exercise Price	Expiry Date	Vesting Date	Number Vested @ 30 June 2014	Value per option at grant date (\$)#	Total value of options at grant date	Total value expensed during the year ended 30 June 2014	Maximum total value of grant yet to vest
		\$				\$	\$	\$	\$
20/11/13	200,000 ^(a)	0.36	30/06/14	1/12/13	-	0.097	19,327	19,327	-
	200,000				-		19,327	19,327	-

(a) The options issued on 20 November 2013 have the following key terms:

- Exercise price will be 120% of the offer price of Shares as specified in the pathfinder version of the Prospectus approved by the UIL Energy Ltd Board.
- Vesting date will be on the admission of UIL Energy to the official list of the ASX and if the vesting condition is not met by 30 June 2014, the options will lapse.
- Expiry date is 15 months after admission of UIL Energy to the official list of the ASX

	2014		2013	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
		\$		\$
Outstanding at beginning of year	3,700,000	\$0.24	1,500,000	\$0.18
Granted	200,000	\$0.36	3,700,000	\$0.24
Forfeited	1,650,000	\$0.26	750,000	\$0.10
Exercised	-	-	750,000	\$0.075
Outstanding at year-end	2,250,000	\$0.24	3,700,000	\$0.24
Exercisable at year-end	2,250,000	\$0.24	1,250,000	\$0.25

NOTE 21 SHARE BASED PAYMENTS (continued)

During the year ended 30 June 2014 no options issued to employees and consultants were exercised into ordinary shares.

During the year ended 30 June 2013 the following options were exercised, both with a weighted average share price of \$0.125 at the time of exercise:

- 500,000 options at \$0.05 expiring on 31 December 2012 were exercised into ordinary shares.
- 250,000 options at \$0.125 expiring on 31 December 2012 were exercised into ordinary shares.

All options exercised resulted in the issue of ordinary shares in UIL Energy Limited on a 1:1 basis. All persons exercising options paid the relevant exercise price in its entirety in cash.

The options outstanding at 30 June 2014 had a weighted average exercise price of \$0.24 (2013: \$0.24) and a weighted average remaining contractual life of 4.5 years (2013: 4.3 years). Exercise price of \$0.25 in respect of options outstanding at 30 June 2014 (2013: \$0.125 to \$0.25).

The weighted average fair value of the options granted during the year was \$0.10 (2013:\$0.08). This price was calculated by using a Black Scholes options pricing model applying the following inputs

	2014	2013
Weighted average exercise price	\$0.36	\$0.24
Weighted average life of the option	1.27 years	4.46 years
Underlying share price	\$0.30	\$0.125
Expected share price volatility	85%	100%
Risk free interest rate	2.58%	2.84%

Comparative volatility of similar companies has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

(c) Share-based payments to Directors, employees and consultants

The expected life of the options has been taken to be the full period of time from grant date to expiry date. The respective options pricing model assumes that options will be exercised on or immediately before the expiry date.

(d) Other share-based payments

On 11 March 2013 the Company issued advisers Bizzell Capital Partners with 2,000,000 options to acquire shares in UIL Energy, in relation to the seed capital raising during 2012. The options have an exercise price of \$0.24 and an expiry date of 31 December 2016. The value for the options granted to the advisor was calculated by using a Black Scholes option pricing model that had the following additional inputs: underlying share price \$0.125, expected share price volatility of 100% and a risk free rate of 2.94%. The value per option calculated was \$0.072, total value \$144,337, which has been included in equity as a capital raising cost.

NOTE 22 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity and ultimate controlling entity is UIL Energy Ltd, which is incorporated in Australia.

(b) Subsidiaries

Interests in subsidiaries are disclosed in Note 16.

NOTE 23 FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses, the consolidated entity is exposed to risks that arise from its use of financial instruments. This note describes the consolidated entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The consolidated entity's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the consolidated entity's finance function. The consolidated entity's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the consolidated entity where such impacts may be material.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the consolidated entity's competitiveness and flexibility. Further details regarding these policies are set out below:

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the consolidated entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the consolidated entity. The consolidated entity's objective is to minimise the risk of loss from credit risk exposure.

The consolidated entity's maximum exposure to credit risk at the end of the reporting period, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date, is as follows:

	Consolidated Entity	
	2014	2013
	\$	\$
Cash and cash equivalents	20,694	767,163
Trade and other receivables	162,881	592,871
Security deposits	56,162	56,162
	239,737	1,416,196

Credit risk is reviewed regularly by the Board. It arises from exposure to customers (trade receivables) as well as through deposits with financial institutions and other receivables including receivables from subsidiaries.

Cash at bank is held with Commonwealth Bank of Australia who have a AA- credit rating.

(c) Liquidity risk

Liquidity risk is the risk that the consolidated entity may encounter difficulties raising funds to meet financial obligations as they fall due. The object of managing liquidity risk is to ensure, as far as possible, that the consolidated entity will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

Liquidity risk is reviewed regularly by the Board.

NOTE 23 FINANCIAL RISK MANAGEMENT (continued)

The consolidated entity manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The consolidated entity's working capital, being current assets less current liabilities, at reporting date was (\$727,814) (2013: \$824,444), convertible notes have been excluded from current liabilities as they are not repayable and can only be converted to equity.

	Carrying Amount	Contractual Cash flows	<6 months	6 – 12 months	1 – 3 years	>3 years
	\$	\$	\$	\$	\$	\$

Maturity Analysis – Consolidated entity– 2014**Financial Liabilities**

Trade and other payables	921,860	921,860	921,860	-	-	-
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Maturity Analysis – Consolidated entity - 2013**Financial Liabilities**

Trade and other payables	563,794	563,794	563,794	-	-	-
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Further information regarding commitments is included in Note 19.

(d) Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The entity does not have any material exposure to market risk other than interest rate risk.

Interest rate risk

Interest rate risk arises principally from cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimising the return.

Interest rate risk is managed with a mixture of fixed and floating rates. For further details on interest rate risk refer to the tables below:

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2014	2014	2014	2014	2014
	\$	\$	\$	\$	%
<i>Financial assets</i>					
Cash and cash equivalents	20,694	-	-	20,694	1.21%
Trade and other receivables	-	-	162,881	162,881	-
Security deposits	-	56,162	-	56,162	3.1%
Total financial assets	20,694	56,162	162,881	239,737	
<i>Financial liabilities</i>					
Trade and other payables	-	-	921,860	921,860	-
Convertible notes	-	-	1,176,110	1,176,110	-
Total financial liabilities	-	-	2,097,970	2,097,970	

NOTE 23 FINANCIAL RISK MANAGEMENT (continued)

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2013	2013	2013	2013	2013
	\$	\$	\$	\$	%
<i>Financial assets</i>					
Cash and cash equivalents	736,752	30,411	-	767,163	3.74%
Trade and other receivables	-	-	592,871	592,871	-
Security deposits	-	56,162	-	56,162	4.35%
Total financial assets	736,752	86,537	592,871	1,416,196	
<i>Financial liabilities</i>					
Trade and other payables	-	-	563,794	563,794	-
Convertible notes	-	-	3,021,430	3,021,430	-
Total financial liabilities	-	-	3,585,224	3,585,224	

The consolidated entity has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current year results and equity which could result from a change in these risks.

The effect on profit and equity as a result of changes in the interest rate would be as follows:

	Carrying Amount	Increase in interest rate by 1%		Decrease in interest rate by 1%	
		Profit	Other comprehensive income	Profit	Other comprehensive income
	\$	\$	\$	\$	\$

CONSOLIDATED – 2014

Cash and cash equivalents	20,694	207	-	(207)	-
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CONSOLIDATED – 2013

Cash and cash equivalents	767,163	7,671	-	(7,671)	-
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The above analysis assumes all other variables remain constant.

NOTE 24 FAIR VALUES

The Company uses various methods in estimating the fair value of assets and liabilities. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The following table presents the consolidated entity's assets and liabilities measured and recognised at fair value at 30 June 2014.

NOTE 24 FAIR VALUES (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
CONSOLIDATED – 2014				
Financial liabilities at fair value through profit or loss	-	-	1,176,110	1,176,110
CONSOLIDATED – 2013				
Financial liabilities at fair value through profit or loss	-	-	3,021,430	3,021,430

Level 3 liabilities

Movements in Level 3 assets and liabilities during the current and previous financial year are set out below:

	Convertible Notes \$	Total \$
Consolidated		
Balance at 1 July 2012	-	-
Convertible notes issued	3,021,430	3,021,430
Balance at 30 June 2013	3,021,430	3,021,430
Convertible Notes issued	650,000	650,000
Convertible Notes converted to equity	(2,495,320)	(2,495,320)
Balance at 30 June 2014	1,176,110	1,176,110

The Convertible Notes have been valued based upon the most recent equity placements by the company. Movement of the share price of UIL Energy would adjust the fair value of the Convertible Notes as follows: 5% increase \$34,956, 5% decrease \$0.

NOTE 25 SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company is managed primarily on a geographic basis - that is the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board. The Company does not have any products/services from which it derives revenue. Accordingly, management currently identifies the Company as having only one operating segment, being exploration. All significant operating decisions are based upon analysis of the Company as one segment. The financial results from the segment are equivalent to the financial statements of the Company as a whole.

NOTE 26 KEY MANAGEMENT PERSONNEL

(a) Key management personnel compensation

The following fees were paid to key management personnel of the company:

NOTE 26 KEY MANAGEMENT PERSONNEL (continued)

	Consolidated Entity	
	2014	2013
	\$	\$
Short-term benefits	894,008	588,047
Post-employment benefits	51,072	65,252
Termination benefits	-	-
Share-based payments	187,161	297,530
	1,132,241	950,828

NOTE 27 AUDITOR'S REMUNERATION

Remuneration for the auditor of the parent entity for:

- auditing or reviewing the financial report of any entity in the consolidated entity	15,000	10,500
- taxation services	11,119	13,700
- Other tax and business advisory services	42,522	7,000
	68,641	31,200

NOTE 28 EVENTS AFTER BALANCE DATE

The following significant events occurred following the reporting period:

- On 19 August 2014 the Company lodged a Prospectus with ASIC. The Prospectus offers between 21,000,000 and 30,000,000 New Shares for subscription at an Offer Price of \$0.20 per New Share to raise a minimum of \$4.2 million and a maximum of \$6 million (before Offer costs). For every 2 New Shares subscribed for, investors will be issued 1 free attaching New Option exercisable at \$0.20 on or before 31 December 2015. Upon the valid exercise of a New Option, in addition to being issued a Share, the holder will be issued one "Piggy-Back Option", exercisable at \$0.24 on or before 31 December 2018. The Company closed the offer on 17 October 2014 raising \$4,203,200, a total of 21,016,000 New Shares and 10,508,000 New options were issued under the offer. Following completion of the offer 4,773,000 Broker options were issued to Brokers and advisors of the offer that have an exercise price of \$0.24 and an expiry date of 31 December 2018.
- The issue of 2,680,000 fully paid ordinary shares to sophisticated investors at an issue price of \$0.125 raising \$335,000.
- The issue of 3,466,552 fully paid ordinary shares at an issue price of \$0.125 to Directors and employees of the Company in settlement of accrued salary and fees.
- The issue of 3,816,000 fully paid ordinary shares at an issue price of \$0.125 as a result of the conversion of 477,000 convertible notes.
- The issue of 4,993,643 fully paid ordinary shares at an issue price of \$0.125 as a result of the conversion of 699,110 convertible notes.
- The issue of 400,000 share options to consultants of the Company, the share options have an exercise price of \$0.24 an expiry date of 31 December 2014 and vest immediately.

There have been no other events other than those listed since 30 June 2014 that impact upon the financial report as at 30 June 2014.

Declaration by Directors

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date.
2. The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the directors.



John de Stefani
Managing Director

Brisbane
30 October 2014

INDEPENDENT AUDITOR'S REPORT

To the members of UIL Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of UIL Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of UIL Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of UIL Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

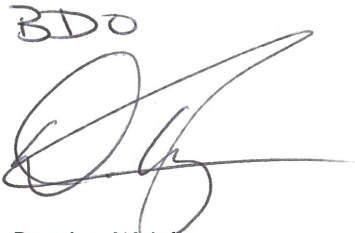
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of UIL Energy Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd



Damian Wright
Director

Brisbane, 30 October 2014