

Notice of Annual General Meeting and Explanatory Memorandum

UIL Energy Ltd	ACN 153 352 160
Date of Meeting:	26 November 2014
Time of Meeting:	9.00 am (Brisbane time)
Place of Meeting:	HopgoodGanim Level 7, Waterfront Place 1 Eagle Street, Brisbane, QLD, 4000

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of shareholders of **UIL Energy Ltd ACN 153 352 160 (Company)** will be held at the offices of HopgoodGanim, Level 7, Waterfront Place 1 Eagle Street, Brisbane, QLD, 4000, on 26 November 2014 at 9.00 am (Brisbane time).

Terms used in this Notice of Meeting are defined in Section 8 of the accompanying Explanatory Memorandum.

Agenda

ORDINARY BUSINESS

Financial Statements

To receive and consider the financial statements of the Company and its controlled entities for the period ended 30 June 2014 and the related Directors' Report, Directors' Declaration and Auditor's report.

1. Resolution 1 - Adoption of the Remuneration Report

To consider and, if thought fit, pass the following Resolution, as an advisory Resolution, without amendment:

"That for the purposes of Section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report for the year ended 30 June 2014 (as set out in the Directors' Report) is adopted."

The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting restriction pursuant to Section 250R(4) of the Corporations Act

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; and
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 if:

- (a) the person does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- (c) either:
 - (1) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
 - (2) the voter is the Chairman of the Meeting and the appointment of the Chairman as proxy:
 - (A) does not specify the way the proxy is to vote on the Resolution; and
 - (B) expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

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Voting Intentions of the Chairman

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

Further details, in relation to the ability of the Chairman to vote on undirected proxies are set out in the accompanying proxy form.

2. Resolution 2 - Re-election of Mr Simon Hickey as a Director

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution, without amendment:

"That Mr Simon Hickey, who retires by rotation in accordance with Rule 20.2 of the Company's Constitution and, being eligible, offers himself for re-election be re-elected as a Director of the Company."

3. Resolution 3 - Re-election of Mr Stephen Bizzell as a Director

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution, without amendment:

"That Mr Stephen Bizzell, who was appointed to the Board following the last annual general meeting of the Company and who retires in accordance with Rule 19.4 of the Company's Constitution, and being eligible, be re-elected as a Director of the Company."

4. Resolution 4 - Issue of Options to Mr Stephen Bizzell

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

"That in accordance with Section 208(1) of the Corporations Act and subject to the Company listing on the ASX, Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 500,000 Options to Mr Stephen Bizzell, being a non-executive Director of the Company, or his nominee and otherwise on the terms set out in the Explanatory Memorandum".

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 2 by Mr Stephen Bizzell and any of his associates.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Voting restriction pursuant to Section 250BD of the Corporations Act

A vote on this Resolution 4 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel of the Company or, if the Company is part of a consolidated entity, for the entity; and

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- (b) a Closely Related Party of such a member.

However, the Company need not disregard a vote on this Resolution 4 if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the Resolution, on the condition that the appointment of proxy expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, of the entity.

Voting Intention of Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chairman and counted in favour of the Resolutions the subject of this Meeting, including Resolution 4, subject to compliance with the Corporations Act. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

SPECIAL BUSINESS

5. Resolution 5 – Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

Subject to the Company listing on the ASX prior to the date of the Meeting, to consider and, if thought fit, pass the following Resolution, as a Special Resolution, without amendment:

*“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions described in the Explanatory Memorandum (**Placement Securities**).”*

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 5 by:

- (a) a person who may participate in the issue of the Placement Securities and a person who might obtain a benefit if this Resolution 5 is passed, except a benefit solely in their capacity as a holder of Shares if the Resolution is passed; and
- (b) an associate of that person (or those persons).

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Important Note

The proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

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Notes

A copy of this Notice and Explanatory Memorandum which accompanies this notice has been lodged with ASIC in accordance with Section 218 of the Corporations Act.

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the board

A handwritten signature in black ink, appearing to be 'Drew Speedy', written over a circular stamp or seal.

27 October 2014
Drew Speedy
Company Secretary

Explanatory Statement

1. Introduction

This Explanatory Memorandum is provided to shareholders of **UIL Energy Ltd ACN 153 352 160 (Company)** to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at the offices of HopgoodGanim, Level 7, Waterfront Place, 1 Eagle Street, Brisbane, QLD, 4000 on Thursday 26 November 2014 commencing at 9.00am (Brisbane time).

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in Section 8.

2. Financial Statements

The Corporations Act requires that the Company's Annual Financial Report for the period ending 30 June 2014 (including the Directors' Report, Financial Statements and the Audit Report) be laid before the Annual General Meeting for discussion. Although not requiring a vote of members, an opportunity will be provided for members to ask questions on the Annual Financial Report.

3. Resolution 1 - Adoption of Remuneration Report

3.1 Remuneration Report

In accordance with Section 250R of the Corporations Act, the Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Financial Report for the period ending 30 June 2014. The Report:

- (a) explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Director and the most highly remunerated senior executive of the Company; and
- (d) details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

3.2 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors or the Company.

3.3 Voting restrictions on Key Management Personnel and their Closely Related Parties and their proxies

As set out in the notes to Resolution 1, a voting exclusion statement applies with respect to the voting on this Resolution by certain persons connected to the Company.

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Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions the subject of this Meeting, including this Resolution 1, subject to compliance with the Corporations Act.

4. Resolution 2 - Re-election of Mr Simon Hickey as a Director

Mr Simon Hickey retires by rotation in accordance with Rule 20.2 of the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Under Rule 20.2 of the Company's Constitution, one-third of Directors are required to retire at each annual general meeting (excluding directors seeking election at the meeting for the first time, or the Managing Director).

Mr Hickey retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Simon Hickey's qualifications and experience

Mr Hickey is the founder of the Company and has 20 years experience in resource projects in Australia, North America and Asia. Mr Hickey has previously been a director of several ASX and TSX listed and has a record of successfully establishing and growing businesses in both Australia and North America. Mr Hickey has a Bachelor of Commerce and a Graduate Diploma or Applied Finance and Investment.

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

The Directors (with Mr Hickey abstaining) recommend that you vote in favour of this Ordinary Resolution.

5. Resolution 3 - Re-election of Mr Stephen Bizzell as a Director

Under Rule 19.4 of the Company's Constitution, the Board has the power at any time to appoint any person as a Director. A Director appointed under this Rule holds office only until the next annual general meeting of the Company, and is then eligible for re-election.

Mr Stephen Bizzell was appointed by the Board as a Director on 1 August 2014. Pursuant to Rule 19.4 of the Company's Constitution, Mr Bizzell retires at the end of this Meeting and, being eligible, presents himself for re-election.

Stephen Bizzell's qualifications and experience

Mr Bizzell has over 20 years' corporate finance and public company management experience in the energy and resources sector in Australia and Canada. He is a former director of Arrow Energy and Bow Energy prior to their \$3.5 billion and \$550 million takeovers, respectively.

Mr Bizzell is the chairman of Bizzell Capital Partners Pty Ltd, which is a boutique corporate advisory and funds management group. Mr Bizzell is currently a non-executive director of Armour Energy Ltd, Titan Energy Services Ltd, Stanmore Coal Ltd, Diversa Ltd, Renascor Resources Ltd, Laneway Resources Ltd and Queensland Treasury Corporation as well as other unlisted companies.

Mr Bizzell has a Bachelor of Commerce and is a member of the Australian Institute of Company Directors.

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

The Directors (with Mr Bizzell abstaining) recommend that you vote in favour of this Ordinary Resolution.

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6. Resolution 4 - Issue of Options to Mr Stephen Bizzell

6.1 Introduction

The Directors have resolved to refer to Shareholders for approval the issue of 500,000 Options to Mr Stephen Bizzell exercisable at \$0.30 each on or before 30 June 2017 on the terms set out in Schedule 1 to this Explanatory Memorandum.

Approval for the issue of the Options is sought in accordance with Part 2E of the Corporations Act. In order for the Options to be granted to a Director, the requirements of Chapter 2E of the Corporations Act need to be observed. Subject to the Company listing on the ASX, approval for the issue of the Options is also sought in accordance with Listing Rule 10.11. If approval is given under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

6.2 Regulatory Requirements

(a) Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. One of the exceptions includes where a company first obtain the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E in relation to the convening of that meeting have been met.

For the purposes of the Corporations Act, a “related party” is defined widely and includes a director of a public company.

A “financial benefit” has a wide meaning for the purposes of the Corporations Act. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

The proposed resolutions, if passed, will confer financial benefits on Mr Stephen Bizzell (being a related party of the Company), and the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act and for this reason, and for all other purposes, the following information is provided to Shareholders.

(1) The related parties to whom Resolution 4 would permit the financial benefit to be given

The financial benefit is being provided to Mr Stephen Bizzell, being a Director of the Company.

(2) The nature of the financial benefit

The nature of the proposed financial benefit to be given is:

- (a) the issue of 500,000 Options to Mr Stephen Bizzell, or his respective nominee, as referred to in Resolution 4;
- (b) the Options shall be granted for nil consideration;
- (c) the Options shall vest and be capable of exercise into fully paid ordinary Shares on the date that is three months after the date of issue;
- (d) the Options shall be exercisable into fully paid ordinary Shares at an exercise price of \$0.30 each on or before 30 June 2017, provided that the Options have not expired in accordance with their terms.

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(3) **Directors' Recommendations**

With respect to Resolution 4, all directors other than Mr Bizzell recommend that shareholders vote in favour of this resolution. As Mr Bizzell is interested in the outcome of Resolution 4, he accordingly makes no recommendation to shareholders in respect of this resolution.

The reasons for the above recommendations include:

- (a) the issue of the Options will provide Mr Bizzell with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (b) the Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (c) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors considered that the incentive provides a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could issue the Options to a third party.

(4) **Directors' interests and other remuneration**

Mr Stephen Bizzell has a material personal interest in the outcome of Resolution 4, as it is proposed that the Options be issued to him (or his nominee) as set out in Resolution 4.

Excluding the Options proposed to be issued to Mr Bizzell, Mr Bizzell (and entities associated with him) holds 7,478,258 Shares and 4,223,400 Options. Please refer to the table below under the heading "Dilutionary Effect" which indicates the dilutionary impact on the current shareholders of the Company should Mr Bizzell exercise the Options issued to him under Resolution 4.

Other than the Options to be issued to Mr Bizzell (or his nominee) pursuant to Resolution 4, Mr Bizzell receives fixed remuneration of \$36,000 from the Company for his services as a Non-Executive Director of the Company. In addition, Mr Bizzell is a related party to Bizzell Capital Partners Pty Ltd (**BCP**), which subject to the successful completion of the IPO will be paid a cash fee of 1% of the total raised under the IPO and the issue of 1,000,000 Options for corporate advisory services provided to the Company in connection with the IPO. BCP will also be paid a cash fee of 4% of the total raised from clients of BCP and parties introduced by BCP who participate in the IPO.

(5) **Valuation**

The Options are not quoted on the ASX and as such have no ready market value. The Options each grant the holder a right to subscribe for one Share in the Company upon exercise of the Options and payment of the Exercise Price. Accordingly, the Options may have a present value at the date of their issue.

The Options may acquire future value dependent upon the extent to which the Shares exceed the exercise price of the Options during the term of the Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have a value. Various factors impact upon the value of options including:

- the period outstanding before the expiry date of the options;

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- the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (ie whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the options may be converted; and
- whether the options are listed (ie readily capable of being liquidated).

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula).

The Company has undertaken a valuation of the Options, for the purposes of disclosing to Shareholders such information required to decide whether or not it is in the Company's interest to pass Resolution 4 and disclosing expenses in the Company's Financial Statements in accordance with AASB 2 Share Based Payments, using the Black-Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the price of the underlying Share at the time of issue, the exercise price, the time to expiry, the risk-free interest rate, the volatility of the Company's underlying Share price and expected dividends.

Inherent in the application of the Black-Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Black-Scholes Model was:

- the exercise price of the Options being \$0.30
- the Share price at the time of issue of the Options being \$0.20;
- expiry date of 30 June 2017 for the Options proposed to be issued to Mr Bizzell;
- a volatility measure of 50%;
- a risk-free interest rate of 3.16%; and
- a dividend yield of nil.

Some relatively minor variables were included in the calculation to estimate the value of Options as "American style" options (being exercisable at any time prior to the stated expiry date). Theoretically, the Black-Scholes Model prices "European style" options (being exercisable only on the exercise date).

Based on the Black-Scholes Model valuation of the Options, the Company has adopted an indicative value for the Options of \$0.042 each.

On that basis, the value of the Options to be issued pursuant to Resolution 4 is \$20,918.

(6) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of its Directors that is reasonably required by Shareholders to make a decision with respect to Resolution 4 save and except as follows:

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Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Options to Mr Bizzell (or his respective nominees) is the potentially dilutionary impact on the issued Share capital of the company (in the event that the Options are exercised). Until exercised, the issue of the Options will not impact upon the number of Shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused by the issue of the Shares may be detrimental to the Company, if at all, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms.

It is also considered that the potential increase of value in the Options is dependent upon a relative increase in the value of the Company generally.

Taxation Consequences

No stamp duty will be payable in respect of the grant of the Options. No GST will be payable by the Company in respect of the grant of the Options (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of comprehensive income. Where the grant date and the vesting date are different, the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

Dilutionary Effect

If all of the Options issued to Mr Bizzell under Resolution 4 are exercised by Mr Bizzell (or his respective nominees), the following will be the effect on their holdings in the Company and the dilutionary impact on the current Shareholders of the Company:

Shareholder	Share Capital post completion of the IPO ⁽¹⁾⁽²⁾	% of Total Share Capital ⁽¹⁾⁽²⁾	Shares held upon exercise of Options ⁽¹⁾⁽²⁾⁽⁴⁾	% of Total Share Capital upon exercise of Options ⁽¹⁾⁽²⁾⁽⁴⁾
Shareholders (other than Stephen Bizzell and his associated entities) ⁽³⁾	100,529,497	93.1%	100,529,497	92.6%
Stephen Bizzell (and his associated entities) ⁽³⁾	7,478,258 ⁽³⁾	6.9%	7,978,258	7.4%
Total	108,007,755	100%	108,507,755	100%

Notes:

- (1) Assuming that the minimum subscription is raised under the IPO and that 21,000,000 Shares are issued under the Prospectus.
- (2) Assuming that none of the 36,395,375 Options that will be on issue following completion of the IPO (based on a minimum subscription of \$4.2 million) are

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exercised, including the 4,223,400 Options that will be held by Mr Bizzell and his associated entities;

- (3) Assuming that Mr Bizzell (or his associates) do not subscribe for any Shares under the IPO;
- (4) Assuming that all of the Options issued to Mr Bizzell (or his respective nominee) pursuant to Resolution 4 convert into Shares in accordance with their terms.

(b) Listing Rule 10.11

Listing Rule 10.11 requires an entity to obtain the approval of shareholders for an issue of securities to a related party. Mr Bizzell, being a Director of the Company, is a related party. Accordingly, because the issue of the Options will result in the Company issuing securities to related parties, approval under Listing Rule 10.11 is required (subject to the Company being admitted to the official list of the ASX).

For the purposes of Listing Rule 10.13, the Company advises as follows:

- (1) the maximum number of Options to be issued to Mr Bizzell is 500,000 Options;
- (2) the Options are intended to be granted as soon as possible following the Meeting, but in any event, within one (1) month following the date of the Meeting;
- (3) the Options are being issued for nil consideration;
- (4) no funds are being raised by the Options.

In accordance with Listing Rule 7.2, as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolution 4.

7. Resolution 5 – Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

7.1 Introduction

Pursuant to Resolution 5 and subject to the Company being admitted to the official list of the ASX, the Company is seeking Shareholder approval to issue an additional 10% of its issued capital over a 12 month period pursuant to Listing Rule 7.1A. If passed, this Resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**Placement Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or if the Placement Securities are not issued within five trading days of that date, the date on which the Placement Securities are issued) (**Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A. Under Listing Rule 7.1A, small and mid cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by special resolution at the annual general meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting (**Additional 10% Placement**). The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without

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shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the Placement Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below).

Funds raised from the issue of Placement Securities, if undertaken, would be applied towards the continued exploration and further technical studies on the Company's current assets and general working capital.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

7.2 Listing Rule 7.1A

(a) General

(1) Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its annual general meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

For illustrative purposes only, assuming the minimum subscription amount of \$4.2 million is raised under the IPO, the Company's market capitalisation upon close of the IPO (which is scheduled to close on 17 October 2014) will be \$21.6 million based on the offer price under the IPO of \$0.20. The calculation of market capitalisation will be based on the closing price of the shares, on the last trading day on which trades in the shares were recorded before the date of the Annual General Meeting, multiplied by the number of Shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not anticipated to be included in the S&P/ASX300 Index as at the time of the Annual General Meeting, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September. The Company is therefore an Eligible Entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholder approval pursuant to this Resolution 5, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities.

(2) Special Resolution

Listing Rule 7.1A requires this Resolution 5 to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the Resolution. Pursuant to Listing Rule 7.1A, no Placement Securities will be issued until and unless this Special Resolution is passed at the Meeting.

(3) Shareholder approval

The ability to issue the Placement Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Meeting.

(4) Formula for calculating Additional 10% Placement

Listing Rule 7.1A.2 provides that Eligible Entities that have obtained shareholder approval at an annual general meeting may issue or agree to issue,

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during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

Note that "A" has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

(b) Listing Rules 7.1 and 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% capacity under Listing Rule 7.1.

Assuming the minimum subscription amount of \$4.2 million is raised under the IPO, upon close of the IPO (which is scheduled to close on 17 October 2014) the Company will have on issue 108,007,755 Shares. Provided that the number of Shares on issue remains the same, the Company would have the capacity to issue the following Equity Securities on the date of the Meeting:

- (A) 16,201,163 Equity Securities under Listing Rule 7.1; and
- (B) subject to Shareholder approval being obtained under Resolution 5, 10,800,775 Placement Securities under Listing Rule 7.1A.

The actual number of Placement Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Placement Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

(c) Information to be given to ASX – Listing Rule 7.1A.4

If Resolution 5 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

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- (1) a list of allottees of the Placement Securities and the number of Placement Securities allotted to each (this list will not be released to the market); and
- (2) the following information required by rule 3.10.5A, will be released to the market on the date of issue:
 - details of the dilution to the existing holders of Shares caused by the issue;
 - where the Shares are issued for cash consideration, a statement of the reasons why the Company issued the Shares as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
 - details of any underwriting arrangements, including any fees payable to the underwriter; and
 - any other fees or costs incurred in connection with the issue.

7.3 Specific information required by Listing Rule 7.3A

(a) Minimum price of securities issued under Listing Rule 7.1A - Listing Rule 7.3A.1

Pursuant to and in accordance with Listing Rule 7.1A.3, the Placement Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- (1) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (2) if the Placement Securities are not issued within five trading days of the date in paragraph (1) above, the date on which the Placement Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the Placement Securities.

(b) Risk of economic and voting dilution - Listing Rule 7.3A.2

As provided by Listing Rule 7.3A.2, if Resolution 5 is passed and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. Assuming the minimum subscription amount of \$4.2 million is raised under the IPO, upon close of the IPO (which is scheduled to close on 17 October 2014) the Company will have on issue 108,007,755 Shares. Should the number of Shares on issue remain the same, the Company could issue 10,800,775 Placement Securities on the date of the meeting (however, it is important to note that the exact number of Placement Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2, details of which are set out above). Any issue of Placement Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (1) the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the Meeting; and

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- (2) the Placement Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date, which may have an effect on the amount of funds raised by the issue or the value of the Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued share capital has doubled and the Market Price of the shares has halved. Table 1 also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

- (1) decreased by 50%; and
(2) increased by 100%.

Table 1

Issued Capital	Share	50% decrease in Market Price \$0.10		Current Market Price \$0.20		100% increase in Market Price \$0.40	
		10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised
Present Issued Share Capital = 108,007,755 Shares		10,800,775	\$1,080,077	10,800,775	\$2,160,155	10,800,775	\$4,320,310
50% Increase in Share Capital = 162,011,633 Shares		16,201,163	\$1,620,116	16,201,163	\$3,240,233	16,201,163	\$6,480,465
100% Increase in Share Capital = 216,015,510 Shares		21,601,551	\$2,160,155	21,601,551	\$4,320,310	21,601,551	\$8,640,620

Assumptions and explanations

- The table assumes that there are 108,007,755 Shares on issue, which includes the 21,000,000 Shares to be issued on a minimum raise scenario upon completion of the IPO.
- Assumes a Market Price of \$0.20, which is based on the IPO price of \$0.20 per Share.
- The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only Shares are issued), and not any Shares issued under the 15% capacity under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue.
- The Company issues the maximum number of Placement Securities.
- The issue price of the Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).

(c) Final date for issue – Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Placement Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 26 November 2015. The approval under Resolution 5 for the

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issue of the Placement Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the Annual General Meeting.

(d) **Purpose – Listing Rule 7.3A.4**

As noted above, the purpose for which the Placement Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards the continued exploration and further technical studies on the Company's current assets and general working capital.

(e) **Shares issued for non-cash consideration - Listing Rule 7.3A.4**

The Company may issue Placement Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Placement Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Placement Securities complies with Listing Rule 7.1A.3.

(f) **Company's allocation policy - Listing Rule 7.3A.5**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the Placement Securities. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to a number of factors including but not limited to the following:

- (1) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing shareholders can participate;
- (2) the effect of the issue of the Placement Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Placement Securities have not been determined as at the date of this Notice but may include existing substantial Shareholders and new Shareholders who are not related parties or associates of a related party of the Company.

Furthermore, if the Company is successful in acquiring new assets or investments for which Placement Securities are issued as consideration, it is likely that the allottees of some of the Placement Securities will be the vendors of the new assets or investments.

(g) **Company not previously obtained shareholder approval under listing rule 7.1A**

Listing Rule 7.1A came into effect on 1 August 2012 and the Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

(h) **Voting Exclusion Statement**

A voting exclusion statement is included in this Notice. At the date of the Notice, the proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities),

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Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

8. Interpretation

Annual General Meeting or **Meeting** means the Annual General Meeting of the Company to be held on 26 November 2014.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ACN 008 624 691.

Board means the board of directors of the Company.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependent of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this paragraph.

Company means UIL Energy Ltd ACN 153 352 160

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

Directors means the directors of the Company.

Equity Securities has the meaning give to that term in the Listing Rules.

IPO means the initial public offering of the Company pursuant to the offer for new Shares and new Options in the Company under a Prospectus dated 19 August 2014.

Listing Rules means the listing rules of the ASX.

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Market Price has the meaning given to that term in the Listing Rules.

Notice of Meeting or **Notice** means this notice of meeting.

Options means an option to subscribe for a Share in the Company.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast by members entitled to vote on the Resolution.

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Placement Securities means the Equity Securities that may be issued if Resolution 5 is passed, representing up to 10% of the issued capital of the Company (at the time of issue) and calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3, and otherwise on the terms and conditions described in the Explanatory Memorandum.

Prospectus means a prospectus for the offer of new securities issued by the Company pursuant to Section 710 of the Corporations Act dated 19 August 2014.

Resolution means a resolution to be proposed at the Meeting.

Shares means ordinary fully paid shares in the issued capital of the Company

Special Resolution means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) passed by at least 75% of the votes cast by members entitled to vote on the Resolution.

VWAP means the volume weighted average market price of the Shares.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Drew Speedy (Company Secretary): drew.speedy@uilenergy.com phone +61 7 3007 9600

Schedule 1 – Summary of Option Terms

1. No consideration is payable for the grant of the Options.
2. The Options are options to subscribe for ordinary shares in the capital of the Company (**Shares**).
3. The exercise price for the Options is \$0.30 (**Exercise Price**).
4. The Options will, except to the extent earlier exercised, expire on the earlier of:
 - a. 30 June 2017;
 - b. the Business Day after the expiration of 3 months, or any longer period which the Board may determine, after the Option holder ceases to be a Director or employee of the Company or an associated body corporate of the Company; or
 - c. the date on which the Option holder ceases to be a Director or employee of the Company or an associated body corporate of the Company due to fraud or dishonesty.

(Expiry Date).
5. The Options are transferable in whole or in part.
6. The Options may be exercised wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the exercise price per Option to the Company at any time on or after the vesting date (if applicable) and on or before the Expiry Date.
7. Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue Shares ranking pari passu with the then issued Shares.
8. The Option holder does not have any right to participate in new issues of securities in the Company made to shareholders generally. In the event that the Company is listed on ASX or an Approved Overseas Financial Market, the Company will, where required pursuant to the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable), provide the Option holder with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable).
9. The Option holder does not participate in any dividends unless the Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlements to the dividend.
10. In the event that the Company is listed on ASX or an Approved Overseas Financial Market, the Company does not intend to apply for listing of the Options on the ASX or an Approved Overseas Financial Market (as applicable).
11. Subject to the Company being listed on ASX or an Approved Overseas Financial Market, the Company shall apply for listing on the ASX or an Approved Overseas Financial Market (as applicable) of the resultant Shares of the Company issued upon exercise of any Option.

12. In the event that the Company is listed on ASX or an Approved Overseas Financial Market, subject to the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable), if there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O_n = O - \frac{E[P - (S + D)]}{N + 1}$$

$$N + 1$$

Where:

O_n = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying Shares into which one Option is exercisable

P =

(i) if the Company is listed on ASX or an Approved Overseas Financial Market, the average market price per share (weighted by reference to volume) of the underlying Shares during the five (5) trading days ending on the day before the ex rights date or ex entitlements date; or

(ii) otherwise, the average market price per Share determined by the accountants for the Company;

S = the subscription price for a Share under the pro rata issue;

D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

13. In the event that the Company is listed on ASX or an Approved Overseas Financial Market, subject to the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable), if there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
14. In the event that the Company is listed on ASX or an Approved Overseas Financial Market, subject to the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable), the terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.
15. Subject to the Company being listed on ASX or an Approved Overseas Financial Market, in the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
- (a) the number of Options, the Exercise Price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable) at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
 - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
16. For the purposes of these terms and conditions, "Approved Overseas Financial Market" means a financial market outside Australia which ASIC has declared in writing under Class Order 02/249 to be an approved overseas financial market for the purposes of subsection 257B(7) of the Corporations Act.

Proxy, representative and voting entitlement instructions

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the Corporations Act.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

This proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, scanned and emailed or sent by facsimile transmission to the address listed below**, not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

UIL Energy Ltd
GPO Box 3284
Brisbane Australia 4000

Email: info@uilenergy.com
Facsimile No: +61 7 3007 9699
Phone: +61 7 3007 9600

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company.

A proxy form is attached to this Notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (Brisbane time) on 24 November 2014. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: To sign under Power of Attorney, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can sign alone.
- Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.
- Please indicate the office held by signing in the appropriate place.