UIL ENERGY LTD

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2018

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Corporate Information

DIRECTORS

Simon Hickey
John de Stefani
Keith Skipper
Stephen Bizzell
Garry Marsden

COMPANY SECRETARIES

Drew Speedy (CFO and Joint Company Secretary)
Duncan Cornish (Joint Company Secretary)

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

Level 9, 1 Eagle St
Brisbane QLD 4000
Phone: +61 7 3007 9600
Fax: +61 7 3212 9201
Email: info@uilenergy.com

COUNTRY OF INCORPORATION

Australia

AUSTRALIAN BUSINESS NUMBER

92 153 352 160

INTERNET ADDRESS

www.uilenergy.com.au

SOLICITORS

HopgoodGanim Lawyers
Level 8, Waterfront Place
1 Eagle Street
Brisbane QLD 4000
Phone: +61 7 3024 0000

AUDITOR

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000
Phone: +61 7 3237 5999

Chairman's Letter to Shareholders

Dear Shareholder,

On behalf of the Board, I am pleased to present the Annual Report of UIL Energy Ltd for the twelve months to 30 June 2018.

With stronger energy markets it has been a positive twelve months in Australia for companies in the energy sector including UIL Energy. Robust gas prices on the East Coast as well as the attractive pricing trends and projections for the West Coast, highlight an optimistic outlook for the sector.

The Perth Basin, where UIL Energy is focused, has experienced a significant increase in corporate activity in proximity to some of UIL Energy's permits and seen the continued success for AWE's Waitsia project. AWE, which owned 50% of Waitsia, became the focus of a takeover battle between three companies and the ultimate acquisition by Mitsui & Co Limited for $602 million, almost double AWE's value before the first takeover bid. Also during the past twelve months, Beach Energy Ltd acquired Lattice Energy from Origin for $1.58 billion which included their Perth Basin production and exploration portfolio.

There has also been activity adjacent to UIL Energy's northern Perth Basin applications. Strike Energy Ltd. announced a farm-in to EP 469, located immediately north and adjacent to UIL Energy's EPA 82 application. Strike Energy agreed to drill and complete a well, up to a cost of $11 million, to earn a 50% interest in EP 469 targeting the West Erregulla prospect. Beach Energy has also announced the Trieste 3D seismic program, immediately west of UIL Energy's EPA 82 and EPA 98 applications, to better define drilling targets. Both West Erregulla and Trieste prospects are targeting conventional gas formations and the potential deep Kingia/High Cliff formations that are the productive reservoirs in the giant Waitsia gas discovery.

In March this year, UIL Energy successfully raised $1.1m. Thank you to those existing shareholders who participated in the issue, and we welcome our new shareholders. The funds will be used to progress our exploration efforts and opportunities for investment in UIL Energy's permits, particularly on the Ocean Hill project and the northern Perth Basin permits.

The recent corporate activity in the Perth Basin and planned exploration in proximity of UIL Energy's permits are viewed as highly encouraging to the UIL Energy team. This increasing focus on the Perth Basin, the strategic position of UIL Energy's wholly owned permits, as well as management's efforts to progress the range of prospects in both the Northern and Central Perth Basin areas, sets UIL Energy up for an exciting year ahead.

On behalf of the Board I would like to thank our supportive shareholders and the management team for their efforts over the last year.

Yours Sincerely,

Simon Hickey
Chairman

Review of Operations

UIL Energy Ltd (ASX:UIL) is an Australian oil and gas company targeting conventional and unconventional plays to provide domestic gas supply to industrial and resource companies. UIL Energy's project footprint is currently focused on Perth Basin and the West Coast Australian gas market, with the Company assessing new opportunities across other markets.

UIL Energy maintains a 100% equity position and operatorship in the majority of its permits providing maximum flexibility in the development of potential farm-out and funding arrangements.

UIL Energy has Perth Basin prospects in two separate project areas including pipeline infrastructure covering a footprint in the Perth Basin of over 700,000 acres – one of the largest holdings in this attractive exploration and producing region.

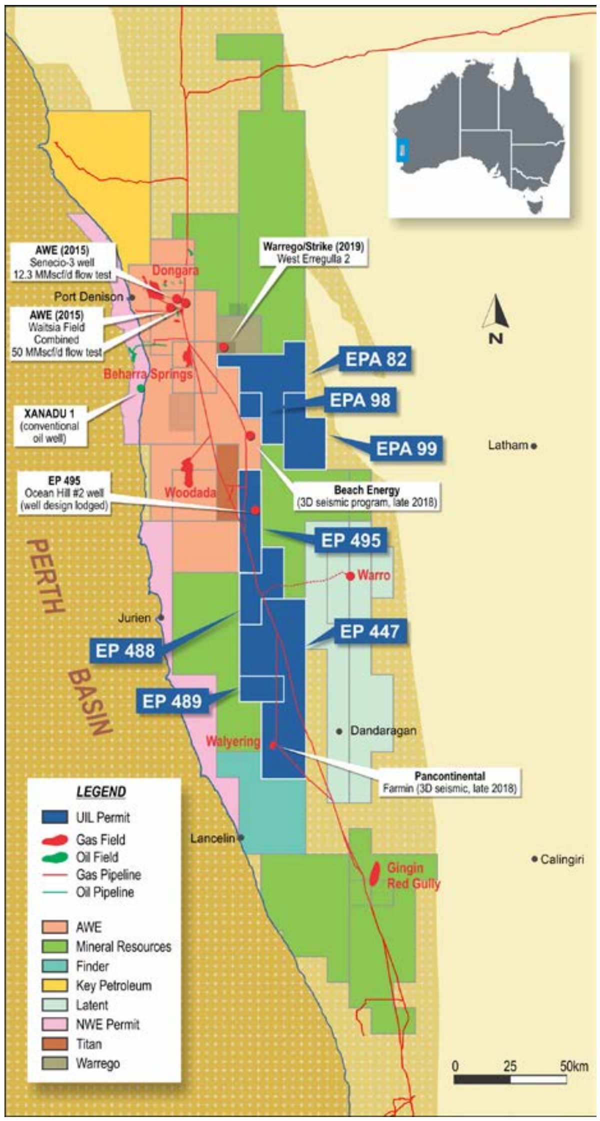

Figure 1: Perth Basin Industry Activities

$1.1 million Capital Raising Completed

In March 2018, UIL Energy completed a $1.1 million capital raise. The capital raise.was achieved through a share placement with the monies raised to be used to accelerate its activities in the Perth Basin.

Summary of Contingent and Prospective Resources

Project Area	Permit/s	Independently Certified [a]	
		2C Contingent Resources [b]	Best Estimate Prospective Resources
Ocean Hill	EP495	360PJ	
Ocean Hill South and other leads	EP495		809PJ
Southern Basin Centred Gas Accumulation	EP447/EP488/EP489		328PJ
Coomallo East prospect	EP447/EP488		277PJ
Walyering prospect	EP447		63PJ
Total Resources		360PJ	1,477PJ

Table 1: Summary of Contingent and Prospective Resources

a) Refer to *Competent Person Statement and Definitions noted at end of this review*
b) *Ocean Hill has contingent resources of 24Bcf 1C, 360Bcf 2C, 796Bcf 3C*

Above resources estimates excludes the highly prospective northern Perth applications, EPA 82, EPA 98 and EPA 99.

WA Scientific Inquiry

UIL Energy submitted a response to the Independent Scientific Panel Inquiry into Hydraulic Fracture Stimulation Western Australia in March 2018. The company notes the positive decision from the Northern Territory government allowing hydraulic fracturing subject to implementation of the panel's recommendations. The Independent Scientific Panel Inquiry into Hydraulic Fracture Stimulation in Western Australia handed its report to the Western Australian Government on 12 September 2018. The report is to be made public once the Western Australian Government has considered its findings and recommendations.

Ocean Hill Prospect

UIL Energy, as operator and 100% owner of the Ocean Hill prospect, is planning to undertake the next stage exploration and appraisal program that includes drilling of the Ocean Hill-2 well and 3D seismic program covering both Ocean Hill and Ocean Hill South prospects within the EP4 95 permit. The Ocean Hill-2 well is designed to test the hydrocarbon productivity of the gas-bearing Jurassic Cadda Formation and the Cattamarra Coal Measures.

The Ocean Hill prospect includes the Ocean Hill #1 well which was drilled in 1991 using drilling technology of that time. The well intersected in excess of 800 metres of gas shows and recorded an initial flow of over 700Mcf/day with no stimulation and reportedly recovered 17 barrels of condensate.

The company continues discussions with potential strategic participants to share in the funding for the Ocean Hill #2 appraisal well. Further work is underway on environmental (as displayed below) and safety plans submissions related to the planned 3D seismic survey.

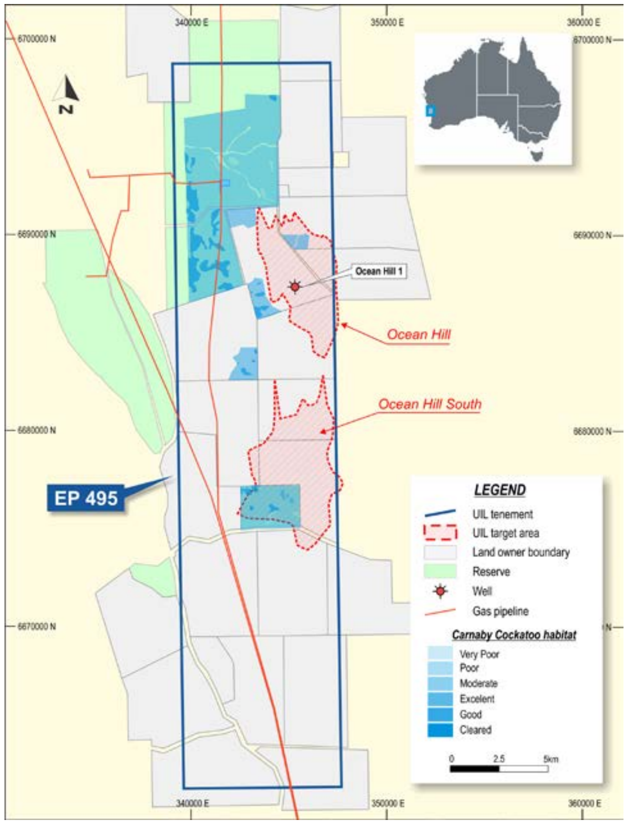

Figure 2: Ocean Hill Prospect and location of environmental sensitive areas

Walyering prospect

A Farm-in Agreement (FIA) and Joint Operating Agreement (JOA) has been executed with Pancontinental Ltd (ASX:PCL), formally Bombora Natural Gas Pty Ltd, for Pancontinental to earn a 70% working interest and right to operate in the Walyering project area within UIL Energy's 100% owned EP447.

Pancontinental is focusing on the evaluation of the previously discovered Walyering Gas Field, where 3 of 4 historical wells encountered gas within multiple Jurassic age sands, with the best-tested unstimulated zone flowing initially at 13.5 MMcf/d. The environmental plan to conduct the 3D seismic survey is currently under review by the Department Mines, Industry Regulation and Safety (DMIRS).

Pancontinental has continued with efforts under the Farm-in Agreement and advanced the required approvals for the 3D seismic program with an aim to shoot the program late 2018/early 2019 in conjunction with other 3D seismic programs in the basin.

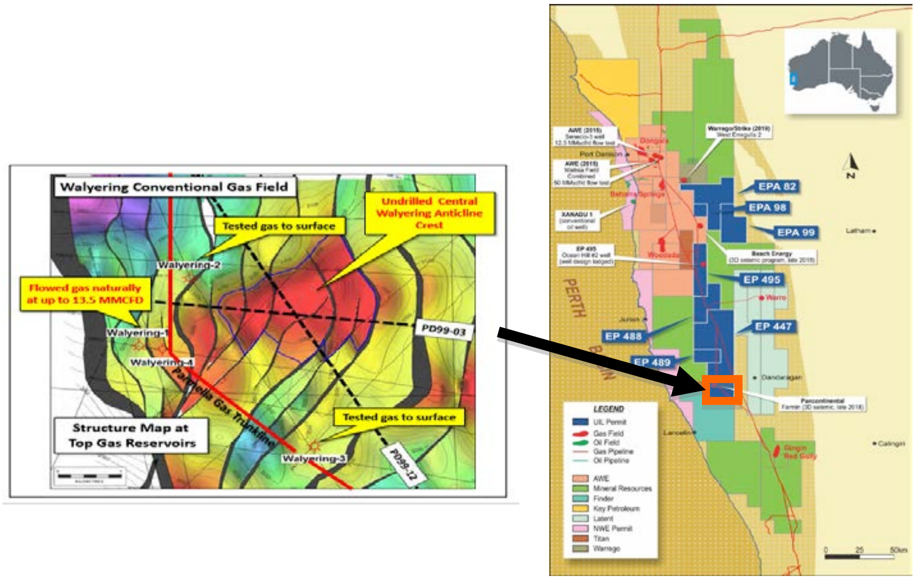

Figure 3: Walyering Project Area

Coomallo East Prospect

Located mostly in EP447 to the east of the Coomallo-1 well, the Coomallo Prospect is an up-thrown fault closure and, as mapped at the Top Eneabba horizon, has an areal closure of 3,716 hectares and vertical closure of 540m. UIL Energy is assessing a potential 2D/3D seismic program over the Coomallo East prospect.

Northern Perth Applications

UIL Energy has 100% ownership of three applications, EPA 82, 98 and 99 located in the northern Perth Basin where significant activity is scheduled over the coming year.

During the year, UIL Energy reached in-principle agreement with the native title party on commercial terms for the grant of the three northern Perth Basin applications. The parties will now aim to finalise a draft ancillary agreement to enable granting of these applications.

Strike Energy Ltd announced a farm-in to the Warrego project (EP469) located adjacent to the northern boundary of UIL Energy's applications and highlighting the significant potential in the area with an announced best estimate prospective resources of 884PJ with a well planned for Q1 2019.

Beach Energy is also aiming to shoot over 200km2 of 3D seismic this year on EP320, a permit adjacent to and on the western side of UIL Energy's applications. Beach Energy is looking to enhance the mapping of the conventional gas formations and the potential deep Permian aged Kingia/High Cliff formations that are the productive non-stimulated reservoirs containing the giant Waitsia gas discovery.

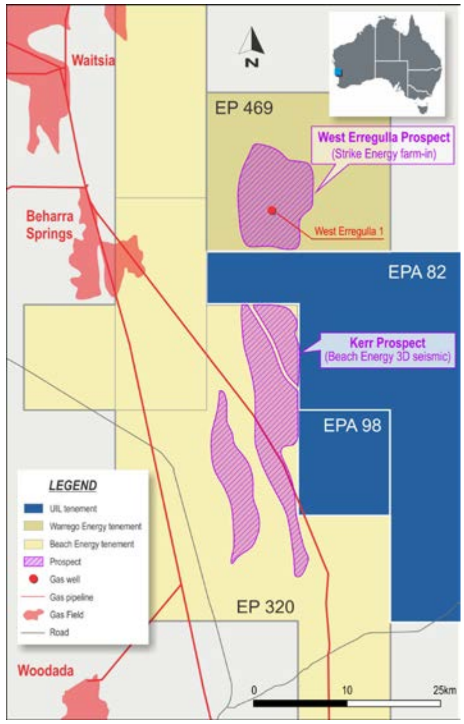

Figure 4: Northern Perth Applications

Competent Person Statement and Definitions

Reported contingent and prospective resources are in accordance with the Society of Petroleum Engineers (SPE) Reserves Auditing Standards and the SPE-Petroleum Resource Management System (PRMS) guidelines and are based on independent reports compiled by the following:

- *Ocean Hill EP495*: Mr R. M. Shuck of DeGolyer and MacNaughton
- *Basin Centred Gas Accumulation*: Mr B.H. Emslie of McDaniel & Associates
- *Coomallo East*: Mr T. Saitta of Saitta Petroleum Consultants
- *Walyering Prospect*: Mr Brian Diamond (refer PCL announcement)

All above individuals qualifications and experience meet the requirements to act as a qualified petroleum reserves and resource evaluator as defined under the ASX Listing Rule 5.42. The resource information has been issued with the prior written consent of parties or as announced by third parties.

"*Contingent Resources*" are those quantities of discovered sub-commercial petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality.

"*Prospective Resources*" are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled.

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

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' or 'the Consolidated Entity') at the end of, or during, the year ended 30 June 2018.

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, Grad 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 was a member of the Audit and Risk Management Committee up until 23 June 2018.

Mr Hickey has not served as a Director of any other ASX listed Company during the past three years

John de Stefani
B.Bus, MBA
Chief Executive Officer and Managing 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 has not served as a Director of any other ASX listed Company during the past three years.

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, 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. in Calgary, Canada in technical, managerial and executive roles. 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 (resigned 29 October 2015)

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 (resigned 6 October 2016)
- Stanmore Coal Ltd*
- Renascor Resources Ltd (formerly Renaissance Uranium Ltd)*
- Laneway Resources Limited (formerly Renison Consolidated Mines NL)*
- Aumake International Ltd (formerly Augend Ltd and Titan Energy Services Ltd - resigned 14 April 2016)

* Denotes current Directorship

Garry Marsden
B.Sc Hons (Applied Geology), GAICD
Non Executive Director (appointed 23 September 2016)

Garry Marsden is a geologist, Consultant and Company Director with 35 years of executive experience in the oil and gas and corporate finance industry.

In executive roles, Mr Marsden has worked in Investor Relations at both Oil Search Limited and AWE Limited and has participated in and led many corporate actions, including mergers and acquisitions and large equity capital market assignments. More recently, he has been active in Business Development activities and the negotiation of gas sales agreements with large industrial energy users.

He holds an Honours degree in Applied Geology from the University of New South Wales, is a recent graduate from the Australian Institute of Company Directors and is an active member of the Petroleum Exploration Society of Australia.

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

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

- Eneabba Gas Ltd (resigned 22 September 2016)

SECRETARIES

Drew Speedy
B.Bus, CPA, AGIA
(Co-Company Secretary & CFO) (appointed Company Secretary 1 May 2014 & CFO 1 January 2015)

Mr Speedy has 15 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.

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

Duncan Cornish
B.Bus (ACCTCY), ACA
(Co-Company Secretary) (appointed Company Secretary 24 September 2013)

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.

INTERESTS IN SECURITIES

As at the date of this report, the interests of the Directors in the securities of UIL Energy Ltd are shown in the table below:

Director	Ordinary Shares	Share Options ($0.24 @ 31-Dec-18)	Share Options ($0.075 @ 31-Dec-18)	Share Options ($0.05 @ 31-Dec-19)	Class B Convertible Redeemable Preference Shares	Performance Rights
Simon Hickey	21,278,206	842,074	-	133,334	-	1,000,000
John de Stefani	21,346,274	1,223,401	-	300,000	-	5,450,667
Keith Skipper	698,990	-	750,000		-	
Stephen Bizzell	13,262,248	2,655,400	750,000	1,721,834	-	
Garry Marsden	1,103,175		750,000		58,143	

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 2018 was a loss of $1,040,008 (2017: loss of $974,684).

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 (2017: nil).

EVENTS AFTER REPORTING DATE

There have been no events since 30 June 2018 that impact upon the financial report as at 30 June 2018.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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 2018 outlines the remuneration arrangements of the Group 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 Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group, 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. Group 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 & Chief Executive Officer
Keith Skipper	Non-Executive Director
Stephen Bizzell	Non-Executive Director
Garry Marsden	Non-Executive Director

Executives	Position
Drew Speedy	CFO and Joint Company Secretary

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 approved by the Company in General Meeting 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 2018 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 may also include 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 2018 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. The loss for each year and closing share price for the company on the ASX were as follows:

	2018	2017	2016	2015
Loss for year	$1,001,980	$974,684	$995,198	$2,179,681
Share Price	$0.039	$0.027	$0.06	$0.053

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. Salaried 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)	Ongoing commencing 19 August 2014	The Company revised the terms of the consulting agreement on 1 April 2017 with a monthly fee of $1,500 (previously $4,000).	3 Months
John de Stefani (Managing Director & Chief Executive Officer)	Ongoing commencing 16 April 2012	The Company revised the terms of Mr de Stefani's employment agreement on 1 April 2017 the annual salary reduced to $134,400 (previously $224,000), plus super.	6 Months

Name	Term of Agreement	Current Base Salary or Fees payable (exclusive of superannuation)	Notice periods
Drew Speedy (Chief Financial Officer & Co-Company Secretary)	Commencing 18 August 2014 expiring 30 June 2020	The Company revised the consulting agreement on 1 April 2017 with a daily rate of $600 for the first 7.5 days of the month increasing to $1,000 per day thereafter (previously $1,000 per day).	1 Month

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 Equity settled	Total	Performance Related
		Salary & Fees	Cash Bonus	Superannuation	Options/ Rights		
Directors		$	$	$	$	$	%
Simon Hickey							
	2018	51,000[(a)]	-	-	17,842	68,842	-
	2017	82,000[(a)]	-	-	1,411	83,411	-
John de Stefani							
	2018	158,928[(b)]	-	12,768	97,250	268,946	-
	2017	209,057[(b)]	-	15,142	2,528	226,726	-
Keith Skipper							
	2018	23,400[(c)]	-	-	3,718	27,118	-
	2017	36,000[(c)]	-	-	-	36,000	-
Stephen Bizzell							
	2018	23,400[(c)]	-	-	3,718	27,118	-
	2017	36,000[(c)]	-	-	-	36,000	-
Garry Marsden[(f)]							
	2018	23,400[(d)]	-	-	3,718	27,118	-
	2017	27,400[(d)]	-	-	-	27,400	
Executives							
Vic Palanyk[(g)]							
	2017	35,640	-	-	1,940	37,580	-
Drew Speedy							
	2018	97,780[(e)]	-	-	32,668	130,448	-
	2017	99,024[(e)]	-	-	6,075	105,099	-
Total	2018	377,908	-	12,768	158,914	549,590	
	2017	525,121	-	15,142	11,953	582,215	

(a) The total salary and fees for Mr Hickey includes an amount of $16,500 (2017: $33,000) in relation to shares issued in lieu of fees.
(b) The total salary and fees for Mr de Stefani includes an amount of $nil (2017: $46,226) in relation to shares issued in lieu of salary.
(c) The total salary and fees for Messrs Skipper and Bizzell includes an amount of $12,600 (2017: $13,500) in relation to shares each issued in lieu of fees.
(d) The total salary and fees for Mr Marsden includes an amount of $12,600 (2017: $9,000) in relation to shares issued in lieu of fees.
(e) The total salary and fees for Mr Speedy includes an amount of $5,605 (2017: $18,374) in relation to shares issued in lieu of fees.
(f) Commenced as Non-Executive Director on 23 September 2016.
(g) Ceased being a KMP on 1 January 2017.

7. Equity instruments disclosures

Options

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 options issued over unissued ordinary shares in UIL Energy Ltd at 30 June 2018 to Key Management Personnel as remuneration are set out below:

	Grant Date	Grant Number	Exercise Price $	Expiry Date	Vesting Date	Number Vested @ 30 June 2018	Value per option at grant date # $	Total value of options $	Exercised in current year	Lapsed	Balance at 30 June 2018
Directors											
Keith Skipper	30/11/2017	750,000	0.075	31/12/20	30/11/17	750,000	0.005	3,718	-	-	750,000
Stephen Bizzell	30/11/2017	750,000	0.075	31/12/20	30/11/17	750,000	0.005	3,718	-	-	750,000
Garry Marsden	30/11/2017	750,000	0.075	31/12/20	30/11/17	750,000	0.005	3,718	-	-	750,000

Value per option at grant date is calculated using the Black-Scholes option pricing model, which takes into account factors such as the 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 or performance right (refer Note 20).

Number of options held by Key Management Personnel:

2018	Balance 1 July 2017	Options Granted as Compensation	Options Exercised	Options Expired	Net Change Other*	Balance 30 June 2018
Directors						
Simon Hickey	1,042,074	-	-	(200,000)	133,334	975,408
John de Stefani	2,223,401	-	-	(1,000,000)	300,000	1,523,401
Keith Skipper	-	750,000	-	-	-	750,000
Stephen Bizzell	4,655,400	750,000	-	(2,000,000)	1,721,834	5,127,234
Garry Marsden	400,000	750,000	-	(400,000)	-	750,000
Executives						
Drew Speedy	310,312	-	-	-	-	310,312
Total	8,631,187	2,250,000	-	(3,600,000)	2,155,168	9,436,355

* Includes options issued on similar terms to other shareholders through participation in capital raising activities, transactions with related parties as detailed on page 18 of this remuneration report, and options held on appointment/resignation.

Performance Rights

Performance rights may be granted to Executives as part of their remuneration. The performance rights have non-market based performance criteria including implementing funding arrangement by way of capital raising and farm-out opportunities, identifying and acquiring additional tenements along with employment retention criteria.

The plan is designed to align the performance of Executives with that of the interests of shareholders and to assist in the retention of experienced personnel.

Each performance right that satisfies the vesting condition can be converted to one Ordinary Share for nil consideration.

Details of Performance Rights issued over unissued ordinary shares in UIL Energy Ltd at 30 June 2018 to Key Management Personnel as remuneration are set out below:

	Grant Date	Grant Number	Expiry Date	Vesting Date	Number Vested @ 30 June 2018	Value per right at grant date # $	Total value of rights $	Exercised in current year	Lapsed	Balance at 30 June 2018
Directors										
Simon Hickey	30/11/17	1,000,000	31/12/18	30/11/18	-	0.035	35,000	-	-	1,000,000
John de Stefani	30/11/17	5,450,667	31/12/18	30/11/18	-	0.035	190,773	-	-	5,450,667

Value per performance right at grant date is calculated using a Black Scholes option pricing model, which takes into account factors such as the exercise price, the share price at the date of issue and volatility of the underlying share price and the time to maturity of the performance right (refer Note 20).

Number of unlisted performance rights held by Key Management Personnel:

2018	Balance 1 July 2017	Rights Granted as Compensation	Rights Exercised	Rights Expired	Balance 30 June 2018
Directors					
Simon Hickey	-	1,000,000	-	-	1,000,000
John de Stefani	-	5,450,667	-	-	5,450,667
Keith Skipper	-	-	-	-	-
Stephen Bizzell	-	-	-	-	-
Garry Marsden	-	-	-	-	-
Executives					
Drew Speedy	2,000,000	-	-	-	2,000,000
Total	2,000,000	6,450,667	-	-	8,450,667

Shareholdings

Number of shares held by Key Management Personnel:

2018	Balance 1 July 2017	Granted as Compensation	Options Exercised	Net Change Other*	Balance 30 June 2018
Directors					
Simon Hickey	19,684,574	-	-	1,593,632	21,278,206
John de Stefani	17,974,592	-	-	3,371,682	21,346,274
Keith Skipper	285,201	-	-	413,789	698,990
Stephen Bizzell	11,248,459	-	-	2,013,789	13,262,248
Garry Marsden	689,386	-	-	413,789	1,103,175
Executives					
Drew Speedy	695,396	-	-	212,213	907,609
Total	50,577,608	-	-	8,018,894	58,596,502

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

TRANSACTIONS WITH RELATED PARTIES

The following related party transactions occurred during the year:

(i) Consulting fees paid or payable to Directors or companies associated with Directors as follows.

- $21,000 to MITA Consulting, a company associated with Mr Simon Hickey (2017: $34,000). 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. In addition, 1,000,000 performance rights were issued to MITA Consulting as consideration for the above mentioned services. The performance rights have non-market based performance criteria including implementing funding arrangement by way of capital raising and farm-out opportunities, identifying and acquiring additional tenements along with employment retention criteria, the value of the rights at the date of issue was $35,000.

(ii) The Company entered into the following agreements with Bizzell Capital Partners (BCP), an entity associated with Mr Stephen Bizzell:

- An office sub-lease agreement was executed subsequent to the financial period with BCP confirming the terms upon which UIL Energy subleases office space from BCP. The rate per month under the agreement is $2,800 per month and covers the period 1 December 2016 to 1 December 2018. An amount of $19,200 was accrued during the financial period however an additional amount of $14,400 will be payable for the financial period under the terms of the agreement.
- Capital raising agreement: an agreement was entered into with BCP and Morgans Corporate Ltd on 26 March 2018 appointing them as Joint Lead Managers of the capital raising offer announced on 28 March 2018. In consideration for the services under the agreement BCP received a cash fee of $12,763.63 and 1,188,500 options to subscribe for fully paid ordinary shares in UIL Energy Ltd exercisable at $0.05 each and expiring 31 December 2019, the value of the options at the date of issue was $6,312.

END OF REMUNERATION REPORT

UNISSUED SHARES UNDER OPTION

As at the date of this report there were 31,731,163 (2017: 57,654,959) unissued ordinary shares of UIL Energy Ltd under option as follows:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Number of Options
31/07/2014	31/07/2014	31/12/2018	$0.24	400,000
18/08/2014	15/01/2015	31/12/2018	$0.24	10,631,959
6/11/2014	6/11/2014	31/12/2018	$0.24	4,773,000
30/11/2017	30/11/2017	31/12/2020	$0.075	2,250,000
6/04/2018	6/04/2018	31/12/2019	$0.05	13,676,204
Total				31,731,163

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 2018, no ordinary shares of the Company were issued as a result of the exercise of an option over unissued shares (2017:nil).

During the financial year ended 30 June 2018, 41,850,000 options over ordinary shares with an average exercise price of $0.075 lapsed (2017: 10,000,000 with an average exercise price of $0.28).

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' Meetings		Audit and Risk Management Committee	
Directors:	Eligible to Attend	Attended	Eligible to Attend	Attended
Simon Hickey	9	9	2	2
John de Stefani	9	9	-	-
Keith Skipper	9	8	2	2
Stephen Bizzell	9	9	2	2
Garry Marsden	9	9	2	2

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 2001 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.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor BDO Audit Pty Ltd. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

BDO Audit Pty Ltd received the following amounts for the provision of non-audit services:

- Taxation services $11,008
- Other tax and business advisory services $800

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support the principles of corporate governance. The Company's Corporate Governance Statement has been released as a separate document and is located on our website www.uilenergy.com.au.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 22 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
20 September 2018

Declaration of Independence

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF UIL ENERGY LIMITED

As lead auditor of UIL Energy Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Tim Kendall

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 20 September 2018

Interests in Petroleum Tenements

UIL Energy Ltd held the following interests in mining and exploration tenements as at 20 September 2018.

Western Australia Tenements

Tenure Type, Name and Number	Basin	Operator	% Interest of UIL	Notes
EP 447	Perth	UIL Energy Ltd	100%	Acquired additional 50% during the previous financial year from Eneabba Gas Ltd (a)
EP 488	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 28/05/2014
EP 489	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 28/05/2014
EP 495	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit acquired from Eneabba Gas Ltd on 8 Sep 2016
EPA 82	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 14/03/2013 (b)
EPA 98	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 10/10/2013 (b)
EPA 99	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 10/10/2013 (b)

(a) During the 2017 financial year the Company announced that it had entered into a Farm-In Agreement (FIA) and Joint Operating Agreement (JOA) with Pancontinental Ltd (ASX:PCL), formally Bombora Natural Energy Pty Ltd (Bombora). Under the FIA Pancontinental can earn a 70% interest and right to operate in four graticular blocks, by funding and completing 100% of the cost of preparation, acquisition, processing and interpretation of the farm-in 3D seismic survey. See Note 16 for further details.

(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. During the year the Company announced that it had reached in-principle agreement with the native title party on commercial terms for the grant of the three northern Perth Basin applications.

Shareholder Information

Additional security holder information not shown elsewhere in this report is as follows. The information is current as at 13 September 2018.

(a) Distribution of equity securities

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

	Ordinary Shares		Unlisted Options	
	No. Holders	No. Shares	No. Holders	No. Options
1 - 1,000	50	14,382	-	-
1,001 - 5,000	98	263,350	1	4,000
5,001 - 10,000	104	845,117	2	14,000
10,001 - 100,000	275	11,546,439	50	3,047,143
100,001 and over	239	215,976,978	74	28,666,020
Total	766	228,646,266	127	31,731,163

i. Substantial Shareholders:

The Company notes that the following shareholders own substantial shareholdings (>= 5.0%) in UIL Energy Limited:

Name of Shareholder:	Ordinary Shares:	% of total shares:
John de Stefani and related entities	21,346,274	9.34%
Simon Hickey and related entities	21,278,206	9.31%
Mr William David Copland & Mrs Susan Mary Copland <David Copland Super Fund A/C>	19,000,000	8.31%
Stephen Bizzell and related entities	13,262,248	5.80%

ii. Twenty largest holders

The names of the twenty largest holders of ordinary shares:

#	Registered Name	Number of shares	% of total shares
1	Mr William David Copland & Mrs Susan Mary Copland <David Copland Super Fund A/C>	19,000,000	8.31%
2	Simon Hickey	16,506,646	7.22%
3	ENJJ Co Pty Ltd <ENJJ Discretionary Trust>	13,346,274	5.84%
4	ENJJ Co Pty Ltd <ENJJ Superannuation Fund A/C>	8,000,000	3.50%
5	Black Rock Mining Limited	7,309,504	3.20%
6	Bizzell Capital Partners Pty Ltd	5,078,990	1.12%
7	Rookharp Investments Pty Ltd	4,444,402	1.94%
8	HSBC Custody Nominees (Australia) Limited	3,742,275	1.64%
9	BAM Opportunities Fund Pty Ltd	3,567,439	1.56%
10	Avanteos Investments Limited <Choice INV (Dubbo) P/L A/C>	3,507,428	1.53%
11	Mr Scott Michael Anderson & Ms Sally Louise Brown <Abetha Holdings S/Fund A/C>	3,450,000	1.51%
12	Mr Lewis Lick Wei Wu	3,055,685	1.34%
13	Mr Koo Sing Kuang + Mrs Lai Wah Kuang <Lakemba Super Fund A/C>	2,843,304	1.24%
14	Bear & Mouse Pty Ltd <The Dennis Family A/C>	2,600,000	1.14%
15	Bartinon Securities Pty Ltd	2,500,000	1.09%
16	Lotus Research Pty Ltd	2,300,000	1.01%
17	Mr William Tien Leong Wong	2,284,220	1.00%
18	Mr Kevin John Cairns & Mrs Catherine Valerie Cairns <Cairns Family Super A/C>	2,215,000	0.97%
19	Finn Air Holdings Pty Ltd	2,200,000	0.96%
20	Mr Stuart Donald Eddy + Mrs Susanne Maree Eddy <Eddy Family Super Fund A/C>	2,000,000	0.87%
	Top 20	109,951,167	48.09%
	Total	228,646,266	100.00%

(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 does not currently have any ASX mandatory restricted securities.

(d) On-market buy back

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

Consolidated Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2018

	Note	2018 $	Consolidated Entity 2017 $
Revenue	3	18,470	28,617
Employee benefits expense		(391,192)	(285,917)
Administration costs		(354,161)	(523,693)
Consultants fees		(283,532)	(191,484)
Depreciation expense		(830)	(2,207)
Exploration impairment		(28,763)	-
Profit/(loss) before income tax expense	4	(1,040,008)	(974,684)
Income tax expense	5	-	-
Net profit/(loss) for the year		(1,040,008)	(974,684)
Other comprehensive income/(loss)		-	-
Total comprehensive income/(loss) for the year		(1,040,008)	(974,684)

Earnings/(loss) per share attributable to owners of UIL Energy Ltd		Cents	Cents
Basic earnings/(loss) per share (cents per share)	14	(0.51)	(0.57)
Diluted earnings/(loss) per share (cents per share)	14	(0.51)	(0.57)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2018

	Note	2018 $	Consolidated Entity 2017 $
Current Assets			
Cash and cash equivalents	6	1,358,260	1,204,541
Trade and other receivables	7	34,034	29,766
Other current assets	8	7,539	11,996
Total Current Assets		1,399,833	1,246,303
Non-Current Assets			
Property, plant & equipment	9	1,738	2,568
Exploration and evaluation assets	10	9,122,213	8,968,730
Total Non-Current Assets		9,123,951	8,971,298
TOTAL ASSETS		10,523,784	10,217,601
Current Liabilities			
Trade and other payables	11	234,853	246,812
Total Current Liabilities		234,853	246,812
TOTAL LIABILITIES		234,853	246,812
NET ASSETS		10,288,931	9,970,789
Equity			
Issued capital	12	19,379,223	18,258,081
Preference Equity	12	262,500	262,500
Reserves	13	1,971,287	1,734,279
Accumulated Losses		(11,324,079)	(10,284,071)
TOTAL EQUITY		10,288,931	9,970,789

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 2018

	Issued Capital	Preference Equity	Accumulated Losses	Option Reserve	Total
	$	$	$	$	$
At 1 July 2016	12,827,340	-	(9,309,387)	1,671,150	5,189,103
Total comprehensive income for the financial year					
Profit/(loss) for the year	-	-	(974,684)	-	(974,684)
	-	-	(974,684)	-	(974,684)
Transactions with owners in their capacity as owners					
Issue of share capital	5,673,581	-	-	-	5,673,581
Issue of preference equity	-	262,500	-	-	262,500
Costs associated with issue of share capital	(242,840)	-	-	-	(242,840)
Issue of options and performance rights	-	-	-	63,129	63,129
	5,430,741	262,500	-	63,129	5,756,370
At 30 June 2017	18,258,081	262,500	(10,284,071)	1,734,279	9,970,789
Total comprehensive income for the financial year					
Profit/(loss) for the year	-	-	(1,040,008)	-	(1,040,008)
	-	-	(1,040,008)	-	(1,040,008)
Transactions with owners in their capacity as owners					
Issue of share capital	1,187,323	-	-	-	1,187,323
Costs associated with issue of share capital	(66,181)	-	-	-	(66,181)
Issue of options and performance rights	-	-	-	237,008	237,008
	1,121,142	-	-	237,008	1,358,150
At 30 June 2018	19,379,223	262,500	(11,324,079)	1,971,287	10,288,931

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 2018

	Note		Consolidated Entity
		2018	2017
		$	$
Cash Flows from Operating Activities			
Receipts from operations (including refunds of GST)		54,251	72,650
Payments to suppliers and employees		(762,571)	(916,220)
Interest received		16,840	26,551
Net cash used in operating activities	6(a)	(691,480)	(817,019)
Cash Flows from Investing Activities			
Refund of security deposits		-	-
Payments for property, plant and equipment		-	-
Payments for exploration and evaluation		(181,164)	(432,958)
Receipts from Joint Venture Partners		-	50,000
Net cash used in investing activities		(181,164)	(382,958)
Cash Flows from Financing Activities			
Proceeds from issue of shares		1,075,548	1,392,500
Capital raising expenses		(49,185)	(204,130)
Net cash provided by financing activities		1,026,363	1,188,370
Net (decrease) / increase in cash held		153,719	(11,607)
Cash at the beginning of the financial year		1,204,541	1,216,148
Cash at the end of the financial year	6	1,358,260	1,204,541

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

Notes to Financial Statements

NOTE 1 CORPORATE INFORMATION

The financial statements of UIL Energy Ltd for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Directors on 20 September 2018 and covers the consolidated entity consisting of UIL Energy Ltd ('the Company' or 'the Parent Entity') and its subsidiaries ('the Consolidated Entity') as required by the Corporations Act 2001. The principle activities of the Consolidated Entity are the exploration and evaluation for oil and gas.

The financial statements are presented in the Australian currency. UIL Energy Ltd is a company limited by shares, incorporated and domiciled in Australia.

NOTE 2 BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 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.

2.2 Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. For the year ended 30 June 2018, the Group generated a consolidated loss of $1,040,008 and incurred operating cash outflows of $691,480. As at 30 June 2018 the Group had cash and cash equivalents of $1,358,260 and net assets of $10,288,931.

The ability of the Group to continue as a going concern is dependent upon the Group being able to manage its liquidity requirements by taking some or all of the following actions:

1. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the Group to continue to progress its mineral properties and to meet the Group's working capital requirements;
2. Reducing its level of capital expenditure through farm-outs and/or joint ventures;
3. Reducing its working capital expenditure; and
4. Disposing of non-core assets.

These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Notwithstanding the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis for the following reasons:

1. The Group has the potential to undertake capital raisings over the ensuing 12 months.
2. The Company is investigating opportunities to reduce its level of capital expenditure through farm-outs and/or joint ventures.
3. The Group has the ability to scale down its current cash outflows.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

2.3 Basis of Consolidation

Subsidiaries

	Country of Incorporation	Percentage Owned (%)*	
		2018	2017
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%
GCC Methane Pty Ltd	Australia	100%	100%
Oceanhill Pty Ltd	Australia	100%	100%

* percentage of voting power is in proportion of ownership

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

2.4 Impairment of Non-Financial Assets

At the end of each reporting period the consolidated entity assesses whether there is any indication that individual non-financial 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 non-financial asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.5 Accounting Estimates and Judgements

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:

2.5 Accounting Estimates and Judgements (continued)

(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 12 and 20.

(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, with the exception of certain exploration and evaluation assets which were impaired in full as the Consolidated Entity no longer intends to progress these tenements.

(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 $9,122,213.

2.6 Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Consolidated Entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity 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.

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.

2.6 Financial Instruments (continued)

(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.

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.

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 Consolidated 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.

2.7 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.

2.8 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 consolidated statement of financial position.

Cash flows are included in the consolidated 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.

2.9 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.

2.10 New Accounting Standards and Interpretations

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

The consolidated entity has adopted all applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2017.

The adoption of these 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 Consolidated Entity for the annual reporting period ending 30 June 2018. 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.

Reference	Title	Application date of standard	Application date for the Company
AASB 9	Financial Instruments	1 January 2018	1 July 2018
AASB 16	Leases	1 January 2019	1 July 2019

	Consolidated Entity 2018 $	2017 $
NOTE 3 REVENUE		
Revenue		
Interest from other persons	18,470	28,617
Total revenue	18,470	28,617

Revenue Recognition Accounting Policy

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.

	Consolidated Entity 2018 $	2017 $
NOTE 4 LOSS FOR THE PERIOD		
Loss before tax includes the following:		
Superannuation contributions	(26,743)	(33,817)
Share-based payments	(220,012)	(24,418)
Depreciation of property, plant and equipment	(830)	(2,207)

NOTE 5 INCOME TAX EXPENSE

(a) The components of income tax expense comprise:		
Current tax	419,114	413,204
Deferred tax	(419,114)	(413,204)
	-	-
(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 27.5% (2017: 30%)	(275,545)	(292,405)
Add tax effect of:		
Share based payments - options	66,503	7,326
Fair value of Financial Liabilities	-	-
Deferred tax assets not brought to account	248,052	312,146
Capital Raising Cost deduction	(33,010)	(33,060)
Other	-	5,994
Income tax expense	-	-
(c) Recognised deferred tax assets and deferred tax liabilities		
Deferred tax liabilities		
Exploration and evaluation expenditure	1,442,884	1,462,118
Other assessable temporary differences	1,442	1,084
Total deferred tax liabilities	1,444,326	1,463,202
Deferred tax assets		
Unused tax losses	1,394,015	1,356,387
Deductible temporary differences	50,311	106,815
Total deferred tax assets	1,444,326	1,463,202
Net deferred tax liabilities	-	-

NOTE 5 INCOME TAX EXPENSE (continued)

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

	Opening Balance 1 July 2017 $	Charged to income $	Charged to equity $	Closing balance 30 June 2018 $
Deferred tax liabilities				
Exploration and evaluation expenditure	1,462,118	(19,324)	-	1,442,884
Other assessable temporary differences	1,084	358	-	1,442
Balance	1,463,202	(18,876)	-	1,444,326
Deferred tax assets				
Unused tax losses	1,356,387	37,628	-	1,394,015
Deductible temporary differences	106,815	(56,504)	-	50,311
Balance	1,463,202	(18,876)	-	1,444,326

	Consolidated Entity	
	2018 $	2017 $
(e) Unrecognised deferred tax assets		
Unused tax losses	9,690,827	8,183,839
Tax effect of unused tax losses at 27.5% (2017: 30%)	2,664,977	2,455,152

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 (SBT) must be passed.

Income Tax Accounting Policy

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.

Income Tax Accounting Policy (continued)

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.

	Consolidated Entity	
	2018	2017
	$	$

NOTE 6 CASH AND CASH EQUIVALENTS

Cash on hand and at bank	207,391	166,573
Cash on deposit	1,150,869	1,037,968
	1,358,260	1,204,541

Cash at bank bear floating and fixed interest rates between 0% and 0.5% (2017: 0% and 0.6%). The effective interest rate on short-term bank deposits was 2.41% (2017: 2.30%).

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

Profit/(loss) after income tax	(1,040,008)	(974,684)
Non-cash flows in profit after income tax:		
Depreciation	830	2,207
Share options expensed	220,012	24,418
Exploration impairment	28,763	-
Issue of shares in lieu of accrued salaries and fees	87,323	156,080
Changes in operating assets and liabilities net of the effects of purchase and disposal of subsidiaries:		
- (Increase)/Decrease in trade and other receivables	24,641	(28,779)
- Increase/(Decrease) in trade and other payables	(13,041)	3,739
Cash flow from operations	(691,480)	(817,019)

(b) Non-cash investing and financing activities

During the current financial period:

As detailed in Note 20, on 6 April 2018 the Company issued advisors and brokers to the Capital Raising with 3,200,000 options to acquire shares in UIL Energy. The options have an exercise price of $0.05 and an expiry date of 31 December 2019. The value for the options granted was calculated by using a Black Scholes option pricing model that had the following additional inputs: underlying share price $0.035, expected share price volatility of 50% and a risk free rate of 2.02%. The value per option calculated was $0.0053, total value $16,996, which has been included in equity as a capital raising cost.

NOTE 6 CASH AND CASH EQUIVALENTS (continued)

During the previous financial period:

As detailed in Note 10, the Company completed the Share Sale Agreement with Eneabba Gas Ltd ("ENB"). Under the agreement the Company issued to ENB shareholders the following Convertible Redeemable Preference Shares (CRPS) as consideration for the transaction:

- 55 million Class A CRPS which converted immediately into ordinary shares of UIL Energy. The valuation of this consideration was calculated utilising the spot price of UIL Energy ordinary shares on the date of issue being $0.075 per shares (total consideration $4,125,001).
- 35 million Class B CRPS which will later convert into ordinary UIL Energy shares in the event of successful results from drilling Ocean Hill #2 well. A successful well is defined as gas flow producing at commercial rates and agreement on a further appraisal well. The CRPS can be redeemed by UIL Energy for a nominal amount if the terms relating to the issue are not satisfied by a deemed successful well or if a well is not spudded before the long stop date of 31 December 2019. The UIL Energy Board considered the probability that the conversion conditions will be met and have applied a 10% probability with respect to the valuation of the Class B CRPS (total consideration $262,500).

As detailed in Note 20, on 14 December 2016 the Company issued advisors and brokers to the Capital Raising with 10,000,000 options to acquire shares in UIL Energy. The options have an exercise price of $0.075 and an expiry date of 14 June 2018. The value for the options granted was calculated by using a Black Scholes option pricing model that had the following additional inputs: underlying share price $0.044, expected share price volatility of 50% and a risk free rate of 1.85%. The value per option calculated was $0.004, total value $38,710, which has been included in equity as a capital raising cost.

Cash and Cash Equivalents Accounting Policy

For the purposes of the Consolidated 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 original 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.

	Consolidated Entity	
	2018	2017
	$	$
NOTE 7 TRADE AND OTHER RECEIVABLES		
Current		
Goods and Services Tax receivable	4,340	5,863
Trade Debtors	-	20,290
Receivables from Share Placement	24,452	-
Interest receivable	5,242	3,613
	34,034	29,766

All trade and other receivables are neither past due nor impaired. The carrying amounts of trade and other receivables are assumed to approximate their fair value due to their short-term nature.

	Consolidated Entity	
	2018	2017
	$	$
NOTE 8 OTHER ASSETS		
Current		
Prepayments	7,539	11,996
	7,539	11,996
NOTE 9 PROPERTY, PLANT AND EQUIPMENT		
Computers and office equipment		
At cost	65,230	65,230
Accumulated depreciation	(63,492)	(62,662)
	1,738	2,568
Movements in carrying amounts		
Computers and office equipment:		
Balance at the beginning of the year	2,568	4,775
Additions	-	-
Disposals	-	-
Depreciation expense	(830)	(2,207)
	1,738	2,568

Property, Plant and Equipment Accounting Policy

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 Consolidated Entity only has one asset class being computers and office equipment which uses both the straight line and diminishing value depreciation methods with useful lives of between two (50%) and five years (20%).

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.

	Consolidated Entity	
	2018	2018
	$	$

NOTE 10 EXPLORATION AND EVALUATION ASSETS

Non-Current

Exploration and evaluation assets		
- exploration and evaluation phases	9,122,213	8,968,730

Recoverability of the carrying amount of exploration and evaluation 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	8,968,730	4,138,094
Additions[(a)]	182,246	4,830,636
Exploration impairment[(b)]	(28,763)	-
Carrying amount at the end of the year	9,122,213	8,968,730

(a) During the previous financial period the Company completed the Share Sale Agreement ("SSA") with Eneabba Gas Ltd ("ENB"). Under the agreement the Company acquired Eneabba's Perth Basin Exploration Assets through the acquisition of Eneabba's two wholly owned subsidiaries, Ocean Hill Pty Ltd and GCC Methane Pty Ltd that respectively own the Ocean Hill prospect (EP 495) and 50% of EP447 (providing UIL Energy with 100% of EP447). Neither Company meets the definition of a business under AASB 3, hence the transaction is accounted for as an asset acquisition under AASB 2.

UIL Energy issued to ENB shareholders the following Convertible Redeemable Preference Shares (CRPS) as consideration for the transaction:

- 55 million Class A CRPS which converted immediately into ordinary shares of UIL Energy. The valuation of this consideration was calculated utilising the spot price of UIL Energy ordinary shares on the date of issue being $0.075 per shares (total consideration $4,125,001).
- 35 million Class B CRPS which will later convert into ordinary UIL Energy shares in the event of successful results from drilling Ocean Hill #2 well. A successful well is defined as gas flow producing at commercial rates and agreement on a further appraisal well. The CRPS can be redeemed by UIL Energy for a nominal amount if the terms relating to the issue are not satisfied by a deemed successful well or if a well is not spudded before the long stop date of 31 December 2019. The UIL Energy Board considered the probability that the conversion conditions will be met and have applied a 10% probability with respect to the valuation of the Class B CRPS (total consideration $262,500).

(b) During the period the Company impaired historical exploration expenditure that had not been allocated to a specific area of exploration interest.

Exploration and evaluation expenditure Accounting Policy

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

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

Provisions Accounting Policy

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.

	Consolidated Entity	
	2018	2017
	$	$
NOTE 11 TRADE AND OTHER PAYABLES		
Current		
Trade payables	52,642	27,198
Sundry payables and accruals	109,495	134,769
Employee benefits	72,716	84,845
	234,853	246,812

The carrying amount of trade and other payables are assumed to approximate their fair value due to their short term nature.

Trade and Other Payables Accounting Policy

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.

Employee Benefits Accounting Policy

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.

	Consolidated Entity	
	2018	2018
	$	$
NOTE 12 ISSUED CAPITAL		
228,646,266 Fully paid ordinary shares (2017: 194,365,439)	20,357,272	19,169,949
Costs associated with issue of share capital(i)	(978,049)	(911,868)
	19,379,223	18,258,081

(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 20.

NOTE 12 ISSUED CAPITAL (continued)

	2018		2017	
	Number of shares	$	Number of shares	$
(a) Movements in ordinary fully paid shares on issue				
Balance at the beginning of the period	194,365,439	18,258,081	108,023,755	12,827,340
Issue of shares during the period:				
Equity Raising(4,6,7)	31,428,572	1,100,000	27,850,000	1,392,500
Issue to ENB shareholders(8)	-	-	55,000,000	4,125,001
In lieu of salary and fees(1,2,3,5,9,10,11)	2,852,255	87,323	3,326,684	156,080
Issue of Performance Rights (12)	-	-	165,000	-
Transaction costs on shares issued	-	(66,181)	-	(242,840)
Balance at the end of the period	228,646,266	19,379,223	194,365,439	18,258,081

During the year ended 30 June 2018:

(1) On 12 October 2017, 1,372,665 new ordinary shares at $0.02841 per share (total consideration $39,000) were issued to Directors in lieu of accrued salary and fees for the June and September 2017 quarters.

(2) On 15 November 2017, 737,266 new ordinary shares at $0.03 per share (total consideration $22,118) and 212,212 new ordinary shares at $0.2640 per share (total consideration $5,605) were issued to Consultants in lieu of fees.

(3) On 26 February 2018, 203,655 new ordinary shares at $0.03756 per share (total consideration $7,650) were issued to Directors in lieu of fees for the December 2017 quarter and 117,778 new ordinary shares at $0.45 per share (total consideration $5,300) were issued to a Consultant in lieu of fees.

(4) On 28 March 2018, the Company announced that it had completed a placement to issue 31,428,572 new ordinary shares at $0.035 per share (total consideration $1,100,000)

(5) On 13 June 2018, 208,679 new ordinary shares at $0.03666 per share (total consideration $7,650) were issued to Directors in lieu of fees for the March 2018 quarter.

During the year ended 30 June 2017:

(6) On 29 September 2016 the Company announced that it had completed a placement to issue 15,000,000 new ordinary shares at $0.05 per share (total consideration $750,000).

(7) On 25 November 2016 the Company announcement it had completed a Share Purchase Plan to issue 12,850,000 new ordinary shares at $0.05 per share (total consideration $642,500).

(8) As detailed in Note 10, the Company issued 55,000,000 Class A Convertible Redeemable Preference Shares to Eneabba Gas Ltd Shareholders during the period, which converted to 55,000,000 new ordinary shares on 21 September 2016. The shares were measured at fair value on grant date.

(9) On 14 October 2016, 727,960 new ordinary shares at $0.0516 per share (total consideration $37,574) were issued to Directors and consultants in lieu of accrued salary and fees for the September 2016 quarter.

(10) On 17 January 2017, 1,228,226 new ordinary shares at $0.05 per share (total consideration $61,411) were issued to Directors, employees and consultants in lieu of accrued salary and fees for the December 2016 quarter.

(11) On 13 April 2017, 1,370,498 new ordinary shares at $0.042 per share (total consideration $57,095) were issued to Directors and consultants in lieu of accrued salary and fees for the March 2017 quarter.

(12) On 29 August 2016, 165,000 new ordinary shares were issued on the vesting and exercise of 165,000 performance rights. The remaining balance of performance rights (835,000) either lapsed or were cancelled on that date.

NOTE 12 ISSUED CAPITAL (continued)

Issued Capital Accounting Policy

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.

	30 Jun 2018 Number	30 Jun 2017 Number
(b) Preference Equity		
Class B Convertible Redeemable Preference Shares (CRPS)	35,000,000	35,000,000

As detailed in Note 10 on 21 September 2016 the Company issued 35 million Class B CRPS which will later convert into ordinary UIL Energy shares in the event of successful results from drilling Ocean Hill #2 well. A successful well is defined as gas flow producing at commercial rates and agreement on a further appraisal well. The CRPS can be redeemed by UIL Energy for a nominal amount if the terms relating to the issue are not satisfied by a deemed successful well or if a well is not spudded before the long stop date of 31 December 2019. The UIL Energy Board considered the probability that the conversion conditions will be met and have applied a 10% probability with respect to the valuation of the Class B CRPS (total consideration $262,500).

Preference Shares Accounting Policy

The classification of preference shares is based on the assessment of the contractual arrangement's substance and the definitions of a financial liability and equity instrument. The convertible redeemable preference shares are classified as equity as it represents an equity interest in the Company and any conversion is into a fixed number of ordinary shares in UIL Energy Ltd.

(c) Options

As at the reporting date there were 31,731,163 unissued ordinary shares of UIL Energy Ltd under option as follows:

Grant / Amend Date	Vesting Date	Expiry Date	Exercise Price	Number of Options
31/07/2014	31/07/2014	31/12/2018	$0.24	400,000
18/08/2014	15/01/2015	31/12/2018	$0.24	10,631,959
6/11/2014	6/11/2014	31/12/2018	$0.24	4,773,000
30/11/2017	30/11/2017	31/12/2020	$0.075	2,250,000
6/04/2018	6/04/2018	31/12/2019	$0.05	13,676,204
Total				37,731,163

During the period the Company issued the following share options:

- 2,250,000 shares options with an exercise price of $0.075 and an expiry date of 31 December 2020. The share options were issued to Non-Executive Directors following shareholder approval.
- 13,676,204 share options with an exercise price of $0.05 and an expiry date of 31 December 2019. The share options were issued as part of the capital raising activities completed during the period and were issued to participants in the share placement and as part payment of Broker fees.

During the period the following options expired:

- 41,850,000 listed share options with an exercise price of $0.075 and an expiry date of 14 June 2018.

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 20.

NOTE 12 ISSUED CAPITAL (continued)

(d) 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	
	2018	2017
	$	$
NOTE 13 RESERVES		
Option Reserve	1,971,287	1,734,279

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.

NOTE 14 EARNINGS PER SHARE

Earnings

Profit/(loss) attributable to owners of UIL Energy Ltd used to calculate basic and diluted earnings per share	(1,040,008)	(974,684)

	2018 Number	2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	203,563,758	171,088,713
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	203,563,758	171,088,713

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 2018 and 2017.

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.

NOTE 15 DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the financial year (2017: nil).

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

NOTE 16 INTERESTS IN JOINT OPERATIONS

Joint Operation	Joint Operation Partner	Percentage Owned (%)	
		2018	2017
EP447 Walyering Project Joint Operation [(a)]	Bombora Natural Energy Pty Ltd	100%	100%

(a) During the previous year the Company announced that it had entered into a Farm-In Agreement (FIA) and Joint Operating Agreement (JOA) with Bombora Natural Energy Pty Ltd (Bombora). Under the FIA Bombora can earn a 70% interest and right to operate in four graticular blocks, by funding and completing 100% of the cost of preparation, acquisition, processing and interpretation of the farm-in 3D seismic survey. Bombora will fund up to a gross costs cap of $2.25m for an 80km^2 3D seismic survey or up to $2.5m for a 100km^2 seismic survey. Costs in excess of the gross cost cap will be pro-rata between the parties with UIL's maximum exposure being capped at $100,000.

In order for the joint operations to maintain their interests in the exploration tenements in which they are involved, the joint operations are required to meet certain conditions imposed by the various statutory authorities granting the exploration permits or that are imposed by the joint operating agreements entered into by the consolidated entity. These conditions include minimum expenditure commitments. The timing and amount of minimum exploration expenditure obligations of the consolidated entity may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant area of interest. The consolidated entity's minimum expenditure obligations from its interests in joint ventures, which are not provided for in the financial statements are as follows:

	Consolidated Entity	
	2018	2017
	$	$
Minimum expenditure requirements		
Not later than 12 months	-	-
Between 12 months and 5 years	-	-
	-	-

Interests in Joint Arrangements Accounting Policy

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 Consolidated Entity has joint operations at this time.

Joint Operations Accounting Policy

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.

	Parent Entity 2018 $	2017 $

NOTE 17 PARENT ENTITY INFORMATION

(a) Summary financial information

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

	2018 $	2017 $
Statement of Financial Position		
Current Assets	1,832,530	1,559,140
Total Assets	10,522,784	10,224,260
Current Liabilities	233,853	245,812
Total Liabilities	233,853	245,812
Shareholders' equity		
Issued Capital	19,379,223	18,258,081
Preference Equity	262,500	262,500
Reserves	1,971,287	1,734,279
Accumulated Losses	(11,324,079)	(10,276,412)
	10,288,931	9,978,448
Statement of Comprehensive Income		
Loss for the year attributable to owners of the parent	(1,047,667)	(974,684)
Total comprehensive loss attributable to owners of the parent	(1,047,667)	(974,684)

(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 2018 (2017: none).

(d) Contingent Liabilities

See Note 19.

	Consolidated Entity	
	2018	2017
	$	$

NOTE 18 COMMITMENTS

(a) 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:

	2018	2017
Payable:		
- not later than 12 months	14,732,000	5,000,000
- between 12 months and 5 years	86,079,000	82,161,000
- greater than 5 years	30,300,000	43,950,000
	131,111,000	131,111,000

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.

(b) Joint Operations

Commitments arising from an interest in joint operations are included in future exploration.

NOTE 19 CONTINGENT LIABILITIES & ASSETS

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

NOTE 20 SHARE BASED PAYMENTS

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

Share Options

During the period the Company issued the following share options:

- 2,250,000 shares options were issued to Non-Executive Directors of UIL Energy Ltd following shareholder approval. The value per option calculated was $0.005, total value of $11,153, which has been included in the statement of profit or loss and other comprehensive income.
- 3,200,000 share options were issued to advisors and brokers to the Capital Raising undertaken during the period. The value per option calculated was $0.0053, total value of $16,966, which has been included in equity as a capital raising cost.

NOTE 20 SHARE BASED PAYMENTS (continued)

	2018		2017	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
		$		$
Outstanding at beginning of year	10,400,000	$0.081	8,400,000	$0.29
Granted	5,450,000	$0.06	10,000,000	$0.075
Forfeited	-	-	-	-
Cancelled	10,000,000	$0.075	8,000,000	$0.29
Exercised	-	-	-	-
Outstanding at year-end	5,850,000	$0.073	10,400,000	$0.081
Exercisable at year-end	5,850,000	$0.073	10,400,000	$0.081

During the year ended 30 June 2018 and 2017 no options issued to Directors, employees and consultants were exercised into ordinary shares.

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.

The options outstanding at 30 June 2018 had a weighted average exercise price of $0.073 (2017: $0.081) and a weighted average remaining contractual life of 1.8 years (2017: 1 year). An exercise price range of $0.05 to $0.24 in respect of options outstanding at 30 June 2018 (2017 range of: $0.075 to $0.24).

	2018	2017
Vesting period	2.3 years	1.5 years
Underlying share price	$0.035	$0.044
Expected share price volatility	50.00%	50.00%
Risk free interest rate	1.97%	1.85%
Vesting criteria	Nil	Nil

Performance Rights

The following performance rights were issued to Executives during the current financial year:

- 6,450,667 unlisted performance rights exercisable on or before 31 December 2018, subject to vesting conditions to be met by 30 November 2018.

6,104,218 performance rights were issued in the prior year on the same terms as those detailed above.

Performance rights may be granted to Directors, executives and employees as part of their remuneration. The performance rights have non-market based performance criteria including implementing funding arrangement by way of capital raising and farm-out opportunities, identifying and acquiring additional tenements along with employment retention criteria.

The plan is designed to align the performance of Directors and Executives with that of the interests of shareholders and to assist in the retention of experienced personnel.

Each performance right that satisfies the vesting condition can be converted to one Ordinary Share for nil consideration.

NOTE 20 SHARE BASED PAYMENTS (continued)

Grant date	Vesting Date	Expiry Date	Balance at the start of the year	Granted during the year	Vested and converted to shares during the year	Forfeited during the year	Outstanding at the end of year
14/05/2017	30/11/2018	31/12/2018	6,104,218	-	-	306,600	5,797,618
30/11/2018	30/11/2018	31/12/2018	-	6,450,667	-	-	6,450,667
Total			6,104,218	6,450,667	-	306,600	12,248,285

The weighted average fair value of the performance rights granted during the financial year was $0.035 (2017: $0.038). This price was calculated by using the Black Scholes options pricing model applying the following inputs:

	2018	2017
Vesting period	1.6 years	1.6 years
Underlying share price	$0.035	$0.038
Expected share price volatility	50.00%	50.00%
Risk free interest rate	1.75%	1.67%
Vesting criteria	Based on UIL Energy Ltd implementing funding arrangements, identifying and acquiring additional tenements and retention criteria.	

Share-Based Payments Accounting Policy

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

The fair value of options and performance rights granted to Directors, 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/performance rights. Fair value is determined by using a Black-Scholes option pricing model or a Monte Carlo simulation. 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/performance rights that will ultimately vest because of internal conditions of the options/performance rights, 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/performance rights that do not ultimately vest because internal conditions were not met. An expense is still recognised for options/performance rights that do not ultimately vest because a market condition was not met.

Where the terms of options/performance rights 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/performance rights 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/performance rights are substituted for the cancelled options/performance rights and designated as a replacement on grant date, the combined impact of the cancellation and replacement options/performance rights are treated as if they were a modification.

NOTE 21 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.

NOTE 21 RELATED PARTY TRANSACTIONS (continued)

(b) Subsidiaries

Interests in subsidiaries are disclosed in Note 2.3.

(c) Transactions with related parties

The following related party transactions occurred during the financial period:

(i) The Company entered into the following agreement with Bizzell Capital Partners Pty Ltd (BCP), an entity associated with Mr Stephen Bizzell:

- An office sub-lease agreement was executed subsequent to the financial period with BCP confirming the terms upon which UIL Energy subleases office space from BCP. The rate per month under the agreement is $2,800 per month and covers the period 1 December 2016 to 1 December 2018. An amount of $19,200 was accrued during the financial period however an additional amount of $14,400 will be payable for the financial period under the terms of the agreement.
- Capital raising agreement: an agreement was entered into with BCP and Morgans Corporate Ltd on 26 March 2018 appointing them as Joint Lead Managers of the capital raising offer announced on 28 March 2018. In consideration for the services under the agreement BCP received a cash fee of $12,763 and 1,188,500 options to subscribe for fully paid ordinary shares in UIL Energy Ltd exercisable at $0.05 each and expiring 31 December 2019, the value of the options at the date of issue was $6,312.

NOTE 22 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:

NOTE 22 FINANCIAL RISK MANAGEMENT (continued)

	Consolidated Entity	
	2018	2017
	$	$
Cash and cash equivalents	1,358,260	1,204,541
Trade and other receivables	34,034	29,766
	1,392,294	1,234,307

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 and cash equivalents is held with Commonwealth Bank of Australia and Westpac Banking Corporation who both have an 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.

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 $1,164,980 (2017: $999,491).

	Carrying Amount	Contractual Cash flows	<6 months	6 – 12 months	1 – 3 years	>3 years
	$	$	$	$	$	$
Maturity Analysis – Consolidated entity – 2018						
Financial Liabilities						
Trade and other payables	234,853	234,853	234,853	-	-	-
Maturity Analysis – Consolidated entity – 2017						
Financial Liabilities						
Trade and other payables	246,812	246,812	246,812	-	-	-

Further information regarding commitments is included in Note 18.

(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 Consolidated 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.

NOTE 22 FINANCIAL RISK MANAGEMENT (continued)

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:

2018	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	$	$	$	$	%
Financial assets					
Cash and cash equivalents	1,358,260	-	-	1,358,260	2.11%
Trade and other receivables	-	-	34,034	34,034	-
Total financial assets	1,358,260	-	34,034	1,392,294	
Financial liabilities					
Trade and other payables	-	-	234,853	234,853	-
Total financial liabilities	-	-	234,853	234,853	

2017	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	$	$	$	$	%
Financial assets					
Cash and cash equivalents	1,204,541	-	-	1,204,541	2.06%
Trade and other receivables	-	-	29,766	29,766	-
Total financial assets	1,204,541	-	29,766	1,234,307	
Financial liabilities					
Trade and other payables	-	-	246,812	246,812	-
Total financial liabilities	-	-	246,812	246,812	

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 – 2018					
Cash and cash equivalents	1,358,260	13,583	-	(13,583)	-
CONSOLIDATED – 2017					
Cash and cash equivalents	1,204,541	12,045	-	(12,045)	-

The above analysis assumes all other variables remain constant.

NOTE 23 SEGMENT INFORMATION

The Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity does not have any products/services from which it derives revenue. Accordingly, management currently identifies the Consolidated Entity as having only one operating segment, being exploration for oil and gas. All significant operating decisions are based upon analysis of the Consolidated Entity as one segment. The financial results from the segment are equivalent to the financial statements of the Consolidated Entity as a whole.

NOTE 24 KEY MANAGEMENT PERSONNEL

Key management personnel compensation

The following fees were paid to Key Management Personnel of the Consolidated Entity:

	Consolidated Entity	
	2018	2017
	$	$
Short-term benefits	377,908	525,121
Post-employment benefits	12,768	15,142
Termination benefits	-	-
Share-based payments	158,914	11,952
	549,590	552,215

NOTE 25 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	45,399	51,839
- taxation services	11,008	9,350
- Other tax and business advisory services	800	4,400
	57,207	65,589

NOTE 26 EVENTS AFTER REPORTING DATE

There have been no events since 30 June 2018 that impact upon the financial report as at 30 June 2018.

Declaration by Directors

The Directors of the company declare that:

1. The financial statements, comprising the consolidated statement of Profit or Loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian 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 2018 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
20 September 2018

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of UIL Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of UIL Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of exploration and evaluation assets

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 10 in the financial report. The Group carries significant exploration and evaluation assets as at 30 June 2018 in relation to the application of the Group's accounting policy for exploration and evaluation assets. The recoverability of exploration and evaluation asset is a key audit matter due to the significance of the total balance and the level of procedures undertaken to evaluate management's application of the requirements of *AASB 6 Exploration for and Evaluation of Mineral Resources* in light of any indicators of impairment that may be present.	We evaluated and tested compliance with the requirements of AASB 6. In particular, we challenged management in respect to possible impairment indicators. Our procedures included: • Obtaining from management a schedule of areas of interest held by the Group and selecting a sample of tenements and assessing as to whether the Group had rights to tenure over the relevant exploration areas by obtaining supporting documentation such as license agreements and also considered whether the Group maintains the tenements in good standing • Reviewing budgets and evaluating assumptions made by the entity to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the areas of interest were planned • Assessing management's determination that exploration activities have not yet progressed to the point where the existence or otherwise of an economically recoverable mineral resource may be determined through discussions with the Group's Directors, and review of the Group's ASX announcements and other relevant documentation • Reviewing the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring that management have considered the effect of potential impairment indicators, commodity prices and the stage of the Group's project against the requirements of AASB 6.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 19 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of UIL Energy Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO Audit Pty Ltd

BDO

Tim Kendall

T J Kendall
Director

Brisbane, 20 September 2018