



QUARTERLY ACTIVITIES REPORT

PERIOD ENDED 30 SEPTEMBER 2015



***Focused on the Perth Basin
The drilling hot spot for onshore gas plays***

ASX: UIL

1. Perth Basin Activity

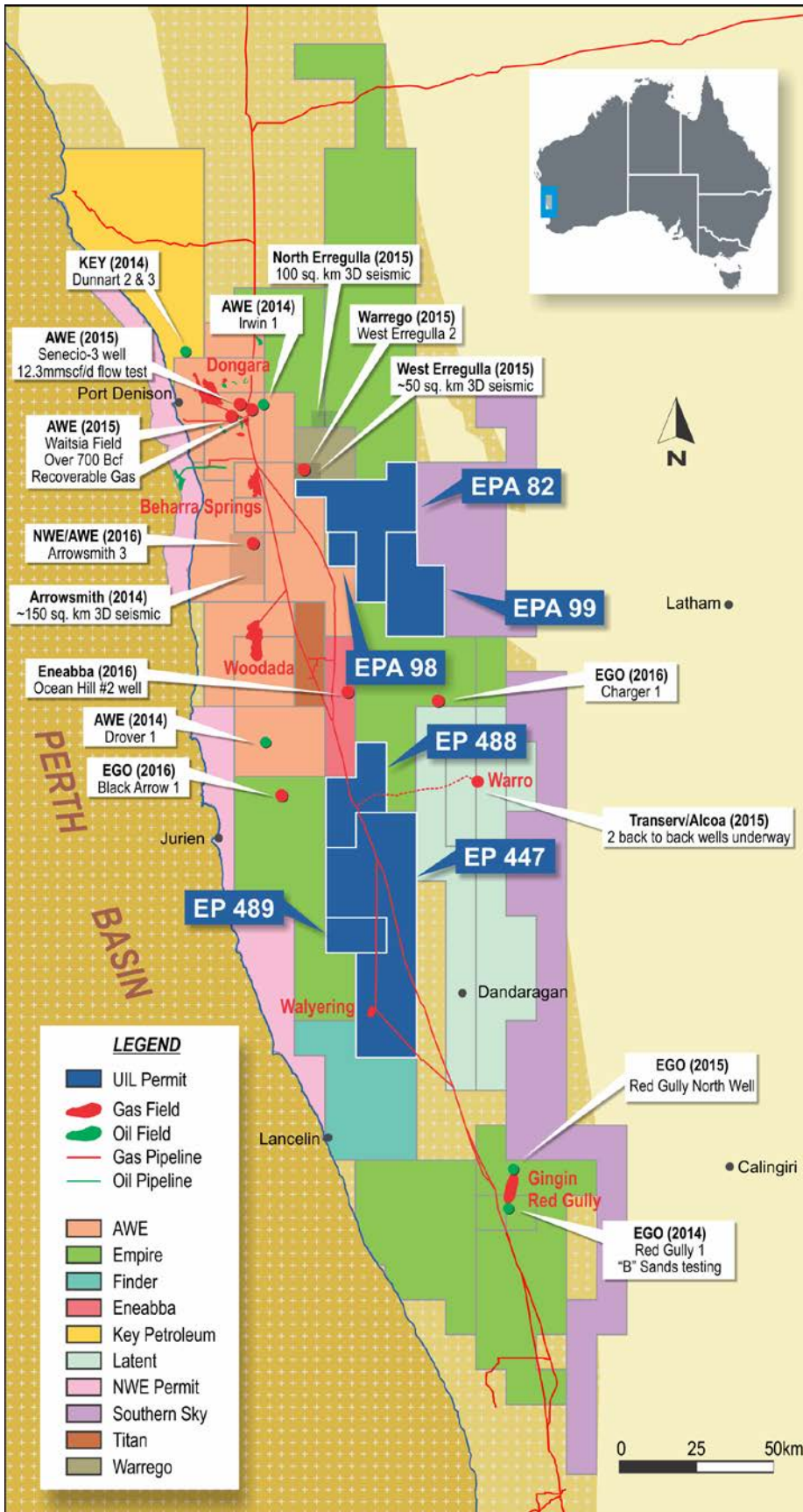


Figure 1: Perth Basin Competitor Activities as reported to the ASX.

The Company's focus is the Perth Basin targeting gas and liquids plays in two separate project areas.

UIL Energy maintains a high equity position in all permits providing maximum flexibility in the development of potential farm out and funding arrangements.

UIL Energy's permits are favorably located to leverage off of successes and key learnings derived from the exploration activities of nearby companies.

As highlighted below, activity by other operators in the Perth Basin continues to ramp up and, as envisaged by the Company, is now one of the more active on-shore drilling hot spots for petroleum in Australia.

Potential exists for UIL Energy to expand its interest in the basin.

Activities By Other Companies

Over the next six to twelve months, industry planned exploration drilling activity within the Perth Basin could significantly benefit UIL Energy. AWE's successful exploration and appraisal program continues to focus the market on the Perth Basin. AWE recently announced a significant resource upgrade of the Waitsia gas field based on the results from the Waitsia-1 (flowed at 24.7mmscf/day during testing) and Waitsia-2 wells.

Transerve recently drilled (yet to be tested and/or completed) the first of two wells in permit R6 / R7 (Warro gas field). The Warro field lies to the northeast of EP447 (UIL 50% and operator).

In November, Empire Oil and Gas is expected to spud the Red Gully North-1 appraisal well. The well is designed to appraise the Gingin-1 discovery made by WAPET in the 1960's.

UIL Energy Activities

UIL Energy is planning up to 264km of 2D seismic across its three central Perth Basin permits (EP447, EP488 and EP489) to upgrade the nine exploration leads already identified in these permits. As shown in Figure 2 below, the leads are interpreted to contain potentially gas and gas/liquids, and are primarily Jurassic in age, comprising the Cattamarra Coal Measures and the Triassic Kockatea Shale formations. If successfully encountered, any discovery can readily be commercialised by UIL Energy in the under-supplied Western Australia gas market given the reasonable proximity of the permits to existing pipeline infrastructure.

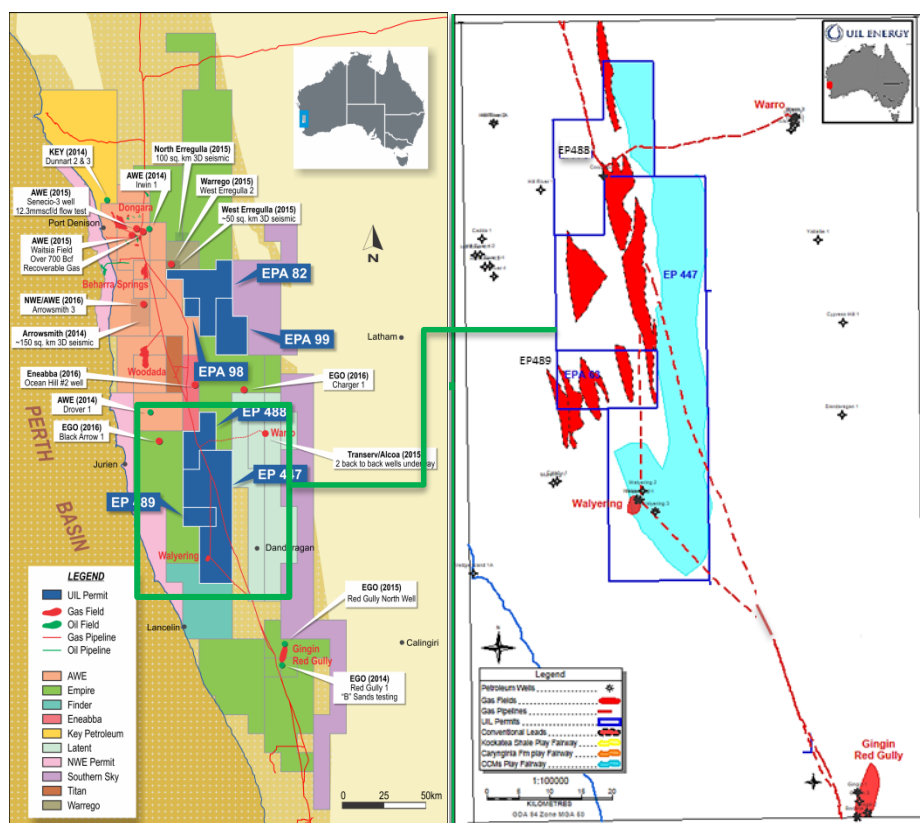


Figure 2: Leads Across UIL Energy's Central Perth Basin permits

UIL Energy owns 100% of EP488 and EP489 and 50% of EP447 (Eneabba Gas Limited owns 50%), and is Operator of all three of the permits. In EP447, UIL Energy and Eneabba have obtained approval from the Department of Mines and Petroleum (DMP) to vary the year-two work program from the requirement to drill a well to the acquisition of 130km of 2D seismic and reprocessing of historic data.

UIL Energy, as Operator of all three permits, has submitted the initial environmental documents for the 2D seismic survey to government authorities for approval. Subject to receiving all statutory, landowner and heritage approvals, the new seismic survey is scheduled to begin mid-2016.

As shown in Figure 3 below, UIL Energy's three 100% owned northern Perth Basin permits are approximately 35 kilometers southeast of AWE's Waitsia gas discovery. Based on historic seismic and nearby well data, UIL Energy permits are interpreted to contain similar reservoirs (although expected at greater depths) to those encountered by AWE. Wells intersecting these formations, adjacent to the UIL acreage, have historically exhibited elevated gas shows. UIL Energy will require further technical information including shooting 2D/3D seismic in its northern Perth Basin permits, to confirm the drilling depths and possible thickness variations of the targeted formations. The objective of the seismic program is to firm up the exploration leads identified across these permits. The exploration leads range up to 50 km² in size.

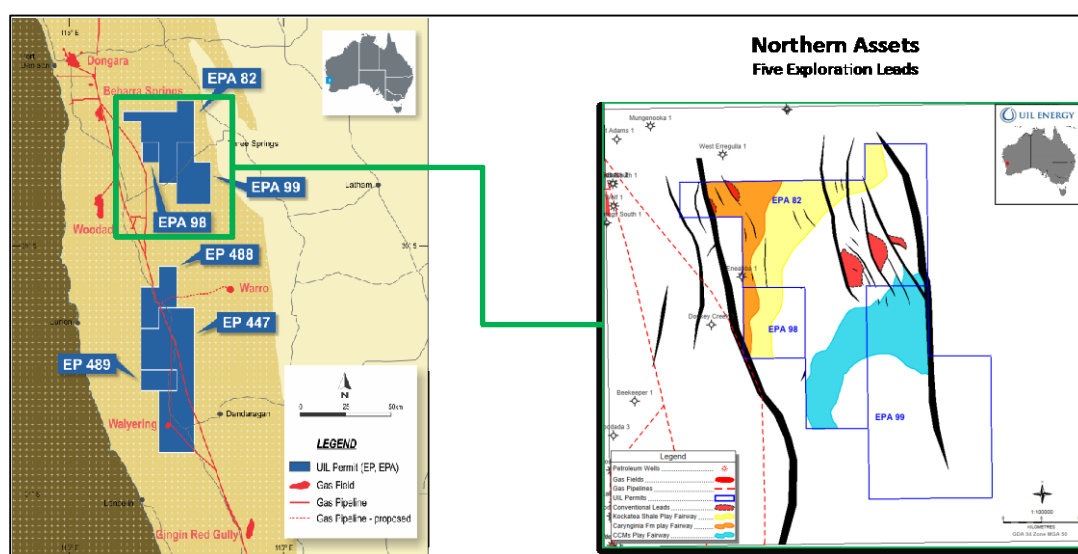


Figure 3: Leads Across UIL Energy's Northern Perth Basin permits

2. Planned Activities for Next Quarter

- UIL Energy is progressing the various approvals and commercial arrangements with contractors for a proposed seismic program over parts of its Central Perth Basin permits. Seismic is aimed at upgrading the exploration leads identified in these permits. The Company will progress approvals during the upcoming quarter to enable the seismic program to start in 2016.
- Adjacent to UIL Energy's permits, substantial funds are also committed by other companies during the next six to twelve months focusing on proving and developing the technical success in the basin. Drilling and testing by other companies includes the following:
 - Transerv (funded by Alcoa) drilling its second pilot production well at the Warro project. Both wells are planned to be stimulated and tested during the next 3-4 months
 - Empire Oil and Gas drilling Red Gully North production well; and
 - Further testing from AWE's Waitsia discovery
- UIL Energy will continue to incorporate learnings from neighboring drilling activities in order to optimize its future exploration programs.
- Continue discussions with parties for potential farmout of UIL Energy's Perth Basin acreage along with the potential to expand its interests across the basin.

3. Corporate and Permit Summary

PETROLEUM PERTH BASIN PERMITS

Permit	UIL Interest	Permit Area (gross km ²)	Permit Area (gross acres)
EP 447	50%	1,108	273,787
EP 488	100%	296	73,142
EP 489	100%	148	36,571
EPA 82	100%	559	138,129
EPA 98	100%	75	18,533
EPA 99	100%	372	91,921
TOTAL		2,558	632,083

CASH POSITION

Cash on hand as at 30 September 2015 was \$2.25 million.

ISSUED CAPITAL

UIL Energy has the following securities on issue at 30 September 2015:

Quoted:

Ordinary shares 80,828,432

Unquoted:

Ordinary shares 27,195,323

Share options 15,804,959 \$0.24 at 31-Dec-18

Share options 10,508,000 \$0.20 at 31-Dec-15

Share options 6,000,000 \$0.30 at 30-Jun-17

Share options 2,000,000 \$0.24 at 31-Dec-16

Share options 2,000,000 \$0.25 at 31-Dec-18

Performance Rights 1,000,000

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