



ASX Announcement

25 February 2016

UIL Energy To Acquire Eneabba Gas' Perth Basin Assets

Highlights

- **UIL Energy and Eneabba Gas have agreed binding terms to consolidate their respective Perth Basin permits, creating a larger, more diverse Perth Basin explorer**
- **The addition of two Perth Basin permit interests including the highly prospective Ocean Hill prospect, provides further strategic growth opportunity for UIL Energy**
- **The acquisition expands UIL Energy's footprint in the Perth Basin to over 700,000 acres – one of the largest holdings in this highly prospective exploration and producing region**
- **Subject to completion, Eneabba shareholders are to receive pro-rata via an issue of convertible securities:**
 - **55 million shares in UIL Energy (equivalent to receiving 1 share in UIL Energy for approximately every 5.5 Eneabba Gas shares held); and**
 - **A further 35 million shares in UIL Energy in the event of successful results from drilling Ocean Hill#2 well (equivalent to receiving 1 additional share in UIL Energy for approximately every 8.6 Eneabba Gas shares held)**
- **Experienced oil and gas executives, Garry Marsden, to join the UIL Energy board and Barnaby Egerton-Warburton to join the UIL Energy executive team**

The Directors of UIL Energy Ltd (**UIL Energy**) (ASX:UIL) are pleased to announce they have entered into a binding Sale of Shares Agreement (**SSA**) with Eneabba Gas Ltd (**Eneabba Gas**) (ASX:ENB) to acquire Eneabba's Perth Basin permit interests for the issue of securities in UIL Energy, consolidating a 100% position in EP 447, and gaining the proven gas bearing Ocean Hill prospect through the acquisition of EPA 90.

On completion of the acquisition, UIL Energy will be sole owner and operator of over 700,000 acres in one of the active petroleum basins onshore Australia (see Figure 1 below). UIL Energy's 100% ownership of all permits across its portfolio provides great flexibility, and considerable strategic value for our shareholders. Through this consolidation transaction both UIL Energy and Eneabba Gas shareholders will share in the strategic value of their combined portfolio of Perth Basin permits.

About the Ocean Hill Prospect

The Ocean Hill prospect combined with UIL Energy's current Perth Basin portfolio provides one of the most highly prospective acreage positions in the Perth Basin. The Ocean Hill discovery demonstrates similar geological setting to the Gingin Gas Field and Red Gully Gas Project, where Empire Oil and Gas commenced production in late 2013.

The Ocean Hill #1 well was drilled in 1991 by SAGASCO and tested a substantial structure within the Ocean Hill permit. The well was drilled to a total depth of 3,840 metres within the Jurassic Cattamarra Coal Measures ("CCM") and encountered over 800 metres of gas shows within the Cadda Formation and the CCM. Well log calculations indicated over 100 metres of net pay. A drill stem test performed flowed at a rate of 700 Million cubic feet/day*.

In October 2013 Houston based consulting group, DeGoyler and MacNaughton completed an independent evaluation of the Contingent and Prospective Resources in the Ocean Hill prospect (EPA90) giving it a mean 2C Contingent Resource of 360 BcF and 1.191 MMbbls of condensate and a best estimate Prospective Resource of 809 BcF*.

(* ASX announcement by Eneabba Gas Limited [ASX: ENB] dated 27 November 2015 "Ocean Hill Project Update" and dated 12 March 2015 – Eneabba Investor Presentation "Expanding its Perth Basin Gas Portfolio", making reference to the ASX Announcement by Greenrock Energy Limited [ASX: GRK] dated 4 October 2013 "Independent Resource Valuation Ocean Hill Block".)

This transaction is another step in UIL Energy's growth and greatly strengthens the platform to act on further expansion opportunities, which are continually being assessed by UIL Energy.

UIL Energy's Chairman Simon Hickey commented:

"We are excited about the Eneabba Perth Basin permit acquisition, especially the highly prospective Ocean Hill prospect based on the historical results from the Ocean Hill #1 well. Ocean Hill #1 intersected over 800 metres of gas shows and flowed over 700Mcf/day plus 17 barrels condensate, with no stimulation, and using old technology. In addition, we welcome to the team the experience of Garry Marsden and Barnaby Egerton-Warburton".

Managing Director John De Stefani added:

"UIL Energy remains well placed with key strategic assets in the immediate proximity to infrastructure in the fundamentally strong and highly priced Western Australia gas market. Current depressed oil prices are not impacting the robust market fundamentals for gas discoveries in the Perth Basin, and therefore remain an attractive opportunity in the oil and gas sector".

Transaction Summary

Pursuant to the SSA, UIL Energy will purchase Eneabba Gas' two subsidiaries, Oceanhill Pty Ltd and GCC Methane Pty Ltd that respectively own the Ocean Hill prospect (EPA90) and 50% of EP447 (providing UIL Energy with 100% of EP447).

On completion of the SSA, UIL Energy will issue to Eneabba Gas a total of 90 million convertible redeemable preference shares in UIL Energy (**CRPS**) which Eneabba Gas must, shortly after completion of the SSA, distribute pro-rata to its shareholders. Immediately upon distribution to the shareholders of Eneabba Gas, 55 million of these CRPS will automatically convert into 55 million ordinary shares in UIL Energy.

As a result, Eneabba Gas shareholders will retain direct exposure to the potential of the Eneabba Perth Basin projects, as well as gain exposure to UIL Energy's larger Perth Basin portfolio.

The remaining 35 million CRPS distributed to the shareholders of Eneabba Gas will later convert into ordinary UIL Energy shares in the event of successful results from drilling Ocean Hill#2 well. Success is defined to include testing a flow of natural gas at commercial rates and sufficient long-term gas flow rates to support development of a gas operation. The CRPS can be redeemed by UIL Energy for a nominal amount if the terms relating to issue are not satisfied. Full details of the CRPS will be included in a Notice of Meeting to be issued shortly by UIL Energy seeking shareholder approval for their issue pursuant to the Listing Rules.

Completion of the transaction is subject to certain terms and conditions that include:

- Ocean Hill becoming the sole registered and beneficial owner of EPA90 permit and the issue of the exploration permit in respect of EPA90;
- Eneabba Gas shareholder approval;
- UIL Energy shareholder approval; and
- Lodgment by Eneabba Gas of a prospectus in respect of the in specie distribution of the UIL Energy CRPS to Eneabba Gas shareholders.

Certain Eneabba shareholders, such as related parties and top 10 shareholders, will have voluntary restriction deeds in place preventing them from dealing with their interest in UIL Energy for a period of between six to twelve months.

On completion of the transaction the UIL Energy Board would be expanded with Mr Garry Marsden from Eneabba Gas to be appointed as a UIL Energy Non-Executive Director. John De Stefani will continue as Managing Director of UIL Energy, and Barnaby Egerton-Warburton will join the UIL Energy executive team in the role of Business Development Manager.

Garry Marsden is a petroleum geologist and has held positions with Pancontinental Petroleum, Bankers Trust, Oil Search and AWE Limited where he held the positions of Corporate Development Manager and Business Development Manager over a ten-year period. Garry has an intricate knowledge of the Perth Basin and its potential.

Barnaby Egerton-Warburton brings strong commercial skills from his experience in the investment banking industry with a focus on the energy sector. Barnaby holds a Bachelor in Economics, is a graduate of the Australian Institute of Company Directors and is a member of American Association of Petroleum Geologists.

For and on behalf of the Board
Drew Speedy and Duncan Cornish
Co-Company Secretaries
UIL Energy Ltd

For further information contact:

John De Stefani
Managing Director
Tel: +61 7 3007 9600

UIL Energy Limited
ACN 153 352 160
Level 9, 1 Eagle Street Waterfront Place
Brisbane QLD 4000
Website: www.uilenergy.com

The estimates of contingent and prospective resources reported in this announcement are taken from the ASX announcements by Eneabba Gas Limited [ASX: ENB] dated 27 November 2015 “Ocean Hill Project Update” and 12 March 2015 – Eneabba Investor Presentation “Expanding its Perth Basin Gas Portfolio”, making reference to the ASX announcement by Greenrock Energy Limited [ASX: GRK] dated 4 October 2013 “Independent Resource Valuation Ocean Hill Block”. UIL Energy confirms that it is not aware of any new information or data that materially affects the information included in those ASX announcements and that all the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed.

About UIL Energy Ltd

UIL Energy Ltd (ASX:UIL) is an Australian oil and gas exploration company targeting conventional and unconventional plays with a focus on the Perth Basin, one of Australia’s largest producing basins.

The Company’s strategy is to focus on large-scale opportunities across known petroleum basins with a history of gas production in Western Australia. UIL Energy has targeted areas that have pipeline or transport infrastructure in place or in reasonable proximity.

UIL Energy’s permits in Western Australian provide it with access to the largest domestic gas sector in Australia. The gas market is supply constrained with estimated gas prices to reach \$12/GJ in real terms over the next 16 years.

UIL Energy has an experienced Board and management team with an expertise in oil and gas exploration, development and production as well as a strong track record of value creation for shareholders.

UIL Energy Limited
ACN 153 352 160
Level 9, 1 Eagle St Waterfront Place
Brisbane QLD 4000
Website: www.uilenergy.com

Figure 1: UIL Energy's Perth Basin Portfolio following completion of the acquisition

