UIL ENERGY LTD

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2016

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DIRECTORS

Simon Hickey
John de Stefani
Keith Skipper
Stephen Bizzell

COMPANY SECRETARIES

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

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Chairman's Letter to Shareholders

Dear Shareholder,

On behalf of the Board, I am pleased to present the Annual Report of UIL Energy Ltd for the twelve months to 30 June 2016 and welcome new shareholders of UIL Energy.

During the year, UIL Energy acquired additional permit interests in the Perth Basin including the Ocean Hill prospect from Eneabba Gas Ltd. The acquisition consolidated the interests of both companies in the Perth Basin and expanded the holdings of UIL Energy to over 700,000 acres. The Ocean Hill prospect includes the Ocean Hill #1 well which intersected over 800 metres of gas shows and flowed over 700Mcf/day plus 17 barrels of condensate, with no stimulation in 1991, and using drilling technology from that period. The Ocean Hill prospect has an independently evaluated 2C Contingent Resource of 360Bcf and 1.191 MMbbls of condensate and a best estimate Prospective Resource of 809 Bcf.

The Perth Basin continues to be the centre of attention for onshore oil and gas in Australia. Australia Worldwide Energy ("AWE") announced the approval of the first stage development of Waitsia gas field, and AWE rejected an unsolicited takeover offer during the year. Origin continues with its sale of their Perth Basin assets and the interest in this sale should reflect positively on UIL Energy's acreage position. Wells were drilled by Transerv, in their joint venture with Alcoa, and Empire drilled the Red Gully North well. Mineral Resources acquired a strategic holding in Empire with a view to securing gas for their processing requirements in the future. This activity, coupled with the ongoing attractive dynamics of the Western Australian gas market, point to continued focus on the Perth Basin in 2017 and beyond.

UIL Energy continues its focus on the Perth Basin where there is significant inherent value in its permits. UIL Energy maintains a 100% equity position in all of its permits providing maximum flexibility in the development of potential farm-out and funding arrangements. Plans for the coming year include further seismic acquisition across EP447, EP488 and EP489 to upgrade the exploration leads identified. UIL Energy's three 100% owned northern Perth Basin permits are approximately 35 kilometres from the Waitsia discovery and the company will continue to evaluate these permits. Interpretations from adjacent wells exhibit elevated gas shows, suggest the north-west portion of the permits will have similar target reservoirs to Waitsia at greater depths. In the coming year, UIL Energy plans to progress with work to understand better the targets across its Perth Basin permits, to consider opportunities for others to participate in the exploration of our permits and add to the strategic value of our Perth Basin interests.

On behalf of the Board I would like to thank the UIL Energy team for their efforts over the last year. I would also like to welcome Garry Marsden to the Board and Barnaby Egerton-Warburton to the executive team, following completion of the Eneabba transaction. Both bring a wealth of experience to UIL Energy.

Yours Sincerely,

Simon Hickey
Chairman

Review of Operations

UIL Energy Ltd (UIL Energy) focus is the Perth Basin where its targets are gas and liquids plays and prospects in two separate project areas where the Company has over 700,000 acres. UIL Energy exploration portfolio also has pipeline infrastructure in place to UIL Energy's permits.

Subsequent to year-end and during September 2016, UIL Energy and Eneabba Gas Ltd completed the consolidation of their respective Perth Basin permits, creating a larger, more diverse Perth Basin explorer. UIL Energy acquired Eneabba Gas's Perth Basin permits in exchange for shares in UIL Energy.

The addition of two Perth Basin permit interests including the Ocean Hill prospect, provides further strategic growth opportunity for UIL Energy in this active basin and expands UIL Energy's footprint in the Perth Basin to over 700,000 acres – one of the largest holdings in this exploration and producing region.

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

Updated Technical Review

UIL Energy is planning to acquire 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. UIL Energy, as Operator of all three permits, is continuing to consult with relevant government authorities and community on all operations. Timing of the seismic survey is dependent on approvals from the various State departments. The approvals are expected by the end of this calendar year.

UIL Energy's 100% owned northern Perth Basin permits (EPA 82, 98 and 99) 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 at Waitsia. These formations have historically shown elevated or very high gas shows. UIL Energy will require further technical information by initially shooting seismic in its northern Perth Basin permits, to confirm the drilling depths and other characteristics, including possible thickness variations of the targeted formations.

Permit Management

On EP447 UIL Energy has obtained approval from the Department of Mines and Petroleum (DMP) to vary the year-two work program to the acquisition of 130km of 2D seismic and reprocessing of historic data. The DMP has also approved a revised work commitment program for EP488 and EP489 that allows the company to shoot 2D seismic in these permits.

UIL Energy, as Operator of all three permits, has submitted the environmental documents for the 2D seismic survey to the DMP and other environmental agencies for approval. Subject to receiving all statutory approvals, the new seismic survey is scheduled to be undertaken during the upcoming financial year.

UIL Energy is progressing discussions and negotiations with the Native Title groups on the three 100% owned northern Perth Basin permits (EPA 82,98 and 99) to enable for the permits to be granted.

Competitor Activity

As highlighted in Figure 1 below, competitor activity continues to ramp up in the Perth basin.

Management continues to be optimistic about the attractiveness of the Perth Basin. The upcoming sale of Origin's Perth Basin assets is expected to translate very positively for UIL Energy's acreage position, validating the value and attractiveness of the Perth Basin.

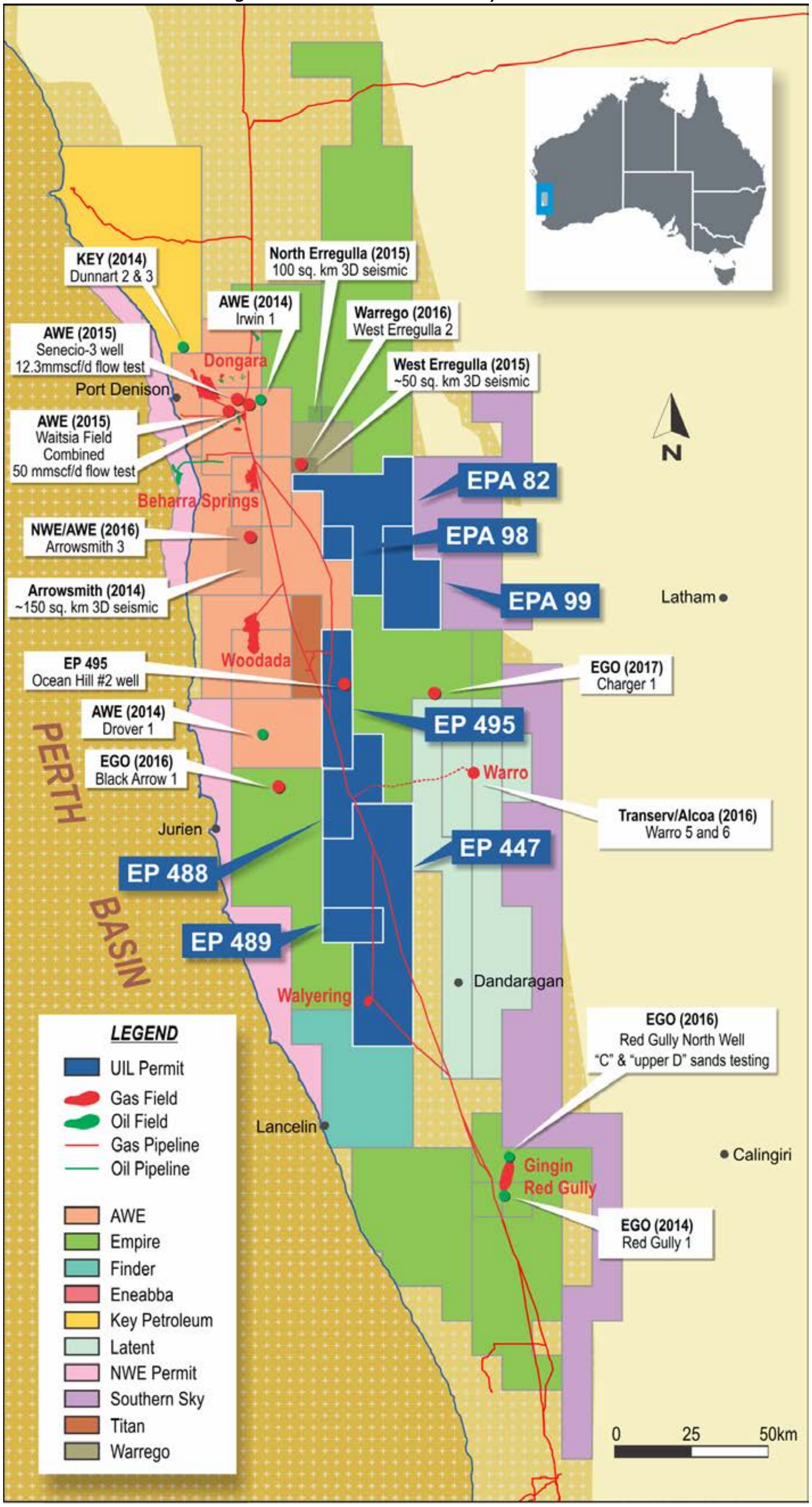
Australian Worldwide Exploration Limited (AWE) rejected an unsolicited takeover offer during the year and announced the approval of the first stage development of the Waitsia gas field following the recent flow tests from Waitsia-1 and Senecio-3 gas wells. First stage production is underway.

In addition to AWE's discoveries, Warrego Energy Ltd (Warrego), have completed their 3D seismic program on EP 469, a permit which is adjacent to UIL Energy's EPA 82. Warrego are planning to drill during the upcoming financial year.

Transerve has completed drilling and stimulation of the Warro-5 and Warro-6 wells located northeast of UIL Energy's central Perth Basin permits. Long-term gas flow testing is scheduled in due course.

Empire Oil and Gas completed the drilling of the Red Gully North-1 appraisal well with a discovery delivering 53 metres gas pay. Further analysis is underway along with a production flow test.

Figure 1: Perth Basin Industry Activities



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 2016 and the Independent Audit Report thereon.

DIRECTORS

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

Simon Hickey
B.Com, 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 is a member of the Audit and Risk Management Committee.

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

- Macarthur Minerals Ltd (resigned 30 August 2013)

John de Stefani
B.Bus, MBA
Chief Executive Officer and 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 holds no other (ASX listed) directorships.

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

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

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

He is an Australian citizen whose career experiences include evaluations and operations in many of the world's petroleum basins including periods with AMOCO (acquired by BP), Bridge Oil Limited in Sydney, Australia, PanCanadian Petroleum Limited (now part of EnCana), and Antrim Energy Inc. 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)
- Rawson Resource Ltd (resigned 14 December 2012)

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*
- Stanmore Coal Ltd*
- Renascor Resources Ltd (formerly Renaissance Uranium Ltd)*
- Laneway Resources Limited (formerly Renison Consolidated Mines NL)*
- Titan Energy Services Ltd (resigned 14 April 2016)
- Dart Energy Ltd (resigned 26 November 2013)
- Hot Rock Ltd (resigned 14 August 2014)

* Denotes current Directorship

SECRETARIES

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

Mr Speedy has 14 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 & CFO from 30 July 2014 to 1 January 2015)

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 shares, options and performance rights of UIL Energy Ltd are shown in the table below:

Director	Ordinary Shares	Share Options ($0.30 @ 30-Jun-17)	Share Options ($0.24 @ 31-Dec-18)	Share Options ($0.24 @ 31-Dec-16)
Simon Hickey	18,790,044	2,000,000	842,074	-
John de Stefani	13,715,326	3,000,000	1,223,401	-
Keith Skipper	-	500,000	-	-
Stephen Bizzell	8,963,258	500,000	2,655,400	2,000,000

INCORPORATION

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

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

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

OPERATING RESULTS

The net result of operations after applicable income tax expense for the consolidated entity for the year ended 30 June 2016 was a loss of $995,198 (2015: loss of $2,179,681).

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 (2015: nil).

EVENTS AFTER REPORTING DATE

The following significant events occurred following the reporting period:

- As previously disclosed the Company completed the Share Sale Agreement ("SSA") with Eneabba Gas Ltd ("ENB") on 8 September 2016. 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).

  UIL Energy issued to Eneabba Gas a total of 90 million convertible redeemable preference shares (CRPS) in UIL Energy which Eneabba Gas has distributed pro-rata to its shareholders. Immediately upon the distribution to those shareholders of Eneabba Gas, 55 million of these CRPS have automatically converted into 55 million ordinary shares in UIL Energy that rank equally with current UIL ordinary shareholders.

  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. 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.

- On 29 August 2016, 165,000 performance rights, issued to an Executive of the Company, converted into fully paid ordinary shares in UIL upon successful completion of the relevant vesting conditions. The remaining 835,000 performance rights either lapsed or were forfeited.

There have been no other events other than those listed since 30 June 2016 that impact upon the financial report as at 30 June 2016.

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 2016 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
Keith Skipper	Non-Executive Director
Stephen Bizzell	Non-Executive Director

Executives	Position
Vic Palanyk	Chief Operating Officer
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 determined by the Board is $500,000.

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

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

All Directors have the opportunity to qualify for participation in the Company's Employee Share Option Plan, subject to the approval of shareholders. The remuneration of NED's for the year ended 30 June 2016 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 2016 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. During the previous financial period the Company successfully listed on the ASX at $0.20 per share, the closing share price for the company on the ASX as at 30 June 2015 was $0.053 and at 30 June 2016 was $0.06. As the Company is still in the exploration stage, the link between remuneration, Company performance and shareholder wealth is tenuous. The Company's valuation is subject to the influence of oil and gas prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of Executive performance or remuneration.

6. Executive contractual arrangements

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

Executive contracts in place during the financial year:

Name	Term of Agreement	Current Base Salary or Fees payable (exclusive of superannuation)	Notice periods
Simon Hickey (Executive Chairman)	Commencing 19 August 2014 expiring 19 August 2016	The Company entered into a new consulting agreement on 19 August 2014 with a monthly fee of $4,000.	3 Months
John de Stefani (Managing Director)	Ongoing commencing 16 April 2012	The Company revised the terms of Mr de Stefani's employment agreement on 30 July 2014 and as a result of the reduced working arrangements the annual salary reduced to $224,000 (previously $320,000).	6 Months
Vic Palanyk (Chief Operating Officer)	Ongoing commencing 1 October 2015	The Company revised the terms of Mr Palanyk's employment agreement on 30 September 2016. Given reduced working requirements Mr Palanyk is now engaged under a consultancy agreement with a daily rate of $1,500. (previously permanent part-time $168,000 per annum).	1 Month
Drew Speedy (Chief Financial Officer & Company Secretary)	Commencing 18 August 2014 expiring 30 June 2018	The Company entered into consulting agreement with a daily rate of $1,000.	1 Month

Equity based entitlements of Key Management Personnel are detailed in section 7 below.

Remuneration of key management personnel:

Directors		Short term benefits Salary & Fees $	Cash Bonus $	Post-employment Superannuation $	Share based payments Equity settled Options/ Rights [d] $	Total $	Relating to bonuses %
Simon Hickey							
	2016	**96,000**	-	**-**	**10,538**	**106,538**	**-**
	2015	65,875	-	-	9,099	74,974	-
John de Stefani							
	2016	**226,584**	-	**21,526**	**18,881**	**266,991**	**-**
	2015	145,600	-	13,832	16,302	175,734	-
Keith Skipper							
	2016	**36,000**	-	-	**-**	**36,000**	**-**
	2015	24,000	-	-	-	24,000	-
Stephen Bizzell[a]							
	2016	**36,000**	-	-	**-**	**36,000**	**-**
	2015	24,000	-	-	8,113	32,113	-

Executives		Short term benefits Salary & Fees $	Cash Bonus $	Post-employment Superannuation $	Share based payments Equity settled Options/ Rights $	Total $	Relating to bonuses %
Vic Palanyk							
	2016	**128,365**	**-**	**4,174**	**14,490**	**147,029**	**-**
	2015	147,374	-	27,509	12,511	187,393	-
Drew Speedy [b]							
	2016	**90,375**	**-**	**-**	**-**	**90,375**	**-**
	2015	46,000	**-**	**-**	**-**	46,000	**-**
Duncan Cornish [c]							
	2016	**-**	**-**	**-**	**-**	**-**	**-**
	2015	9,167	**-**	**-**	6,265	15,432	
Total	**2016**	**613,324**	**-**	**25,700**	**43,910**	**682,934**	
	2015	462,015	-	41,341	52,290	555,646	

(a) Commenced as Non-Executive Director on 1 August 2014.
(b) Appointed CFO on 1 January 2015.
(c) Appointed CFO on 30 July 2014 and resigned 1 January 2015.
(d) In the previous year options expense were overstated for the purposes of the remuneration report. The above table has been updated to reflect the correct value of option remuneration.

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 all options on issue over unissued ordinary shares in UIL Energy Ltd at 30 June 2016 to Key Management Personnel as remuneration are set out below:

	Grant / Amendment Date	Grant / Amendment Number	Exercise Price $	Expiry Date	Vesting Date	Number Vested @ 30 June 2016	Value per option at grant / amendment date # $	Total value of options $	Exercised in current year	Lapsed	Balance at 30 June 2016
Directors											
Simon Hickey	1/10/13	2,000,000	0.30	30/06/17	01/10/13	2,000,000	0.019	37,548	-	-	2,000,000
John de Stefani	1/10/13	3,000,000	0.30	30/06/17	01/10/13	3,000,000	0.019	56,322	-	-	3,000,000
Keith Skipper	1/10/13	500,000	0.30	30/06/17	01/10/13	500,000	0.019	9,387	-	-	500,000
Stephen Bizzell	26/11/14	500,000	0.30	30/06/17	26/02/15	500,000	0.016	8,113	-	-	500,000
Executives											
Vic Palanyk	20/06/13	2,000,000	0.25	31/12/18	01/07/13	2,000,000	0.086	172,791	-	-	2,000,000
Drew Speedy	31/07/14	200,000	0.24	31/12/18	31/07/14	200,000	0.031	6,265	-	-	200,000
Duncan Cornish	31/07/14	200,000	0.24	31/12/18	31/07/14	200,000	0.031	6,265	-	-	200,000

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 unlisted options held by Key Management Personnel:

2016	Balance 1 July 2015	Options Granted as Compensation	Options Exercised	Options Expired	Net Change Other*	Balance 30 June 2016
Directors						
Simon Hickey	2,842,074	-	-	-	-	2,842,074
John de Stefani	5,048,401	-	-	(825,000)	-	4,223,401
Keith Skipper	500,000	-	-	-	-	500,000
Stephen Bizzell	5,667,900	-	-	(512,500)	-	5,155,400
Executives						
Vic Palanyk	2,000,000	-	-	-	-	2,000,000
Drew Speedy	310,312	-	-	-	-	310,312
Duncan Cornish	560,000	-	-	-	-	560,000
Total	**16,368,687**	**-**	**-**	**(1,337,500)**	**-**	**15,031,187**

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

Performance Rights

Performance rights may be granted to Executives as part of their remuneration. The performance rights have market based performance criteria including Total Shareholder Return 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 all Performance Rights on issue over unissued ordinary shares in UIL Energy Ltd at 30 June 2016 to Key Management Personnel as remuneration are set out below:

	Grant Date	Grant Number	Expiry Date	Vesting Date	Number Vested @ 30 June 2016	Value per right at grant date # $	Total value of options $	Exercised in current year	Lapsed	Balance at 30 June 2016
Directors										
Simon Hickey	18/08/14	240,000	18/08/21	18/08/16	-	0.088	21,048	-	-	240,000
John de Stefani	18/08/14	430,000	18/08/21	18/08/16	-	0.088	37,711	-	-	430,000
Executives										
Vic Palanyk	18/08/14	330,000	18/08/21	18/08/16	-	0.088	28,941	-	-	330,000

Value per performance right at grant date is calculated using a Monte Carlo simulation, which takes into account factors such as the exercise price, market vesting conditions, 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:

2016	Balance 1 July 2015	Rights Granted as Compensation	Rights Exercised	Rights Expired	Balance 30 June 2016
Directors					
Simon Hickey	240,000	-	-	-	240,000
John de Stefani	430,000	-	-	-	430,000
Keith Skipper	-	-	-	-	-
Stephen Bizzell	-	-	-	-	-
Executives					
Vic Palanyk	330,000	-	-	-	330,000
Drew Speedy	-	-	-	-	-
Total	**1,000,000**	**-**	**-**	**-**	**1,000,000**

Shareholdings

Number of shares held by Key Management Personnel:

2016	Balance 1 July 2015	Granted as Compensation	Options Exercised	Net Change Other*	Balance 30 June 2016
Directors					
Simon Hickey	18,640,044	-	-	150,000	18,790,044
John de Stefani	12,149,466	-	-	1,416,931	13,566,397
Keith Skipper	-	-	-	-	-
Stephen Bizzell	8,733,258	-	-	230,000	8,963,258
Executives					
Vic Palanyk	250,000	-	-	-	250,000
Drew Speedy	305,000	-	-	-	305,000
Total	**40,077,768**	**-**	**-**	**1,796,931**	**41,874,699**

* 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.
- $48,000 to MITA Consulting, a company associated with Mr Simon Hickey (2015:$33,875). MITA provides business advisory services to the Company including amongst other things, consulting services related to strategy formulation, business development, stakeholder management and communications, joint venture relations and capital raising activities;

(ii) The Company entered into the following agreements with Bizzell Capital Partners (BCP), an entity associated with Mr Stephen Bizzell:
- Office lease agreement in February 2015 in which UIL Energy subleases office space from BCP, fees of $38,400 were payable during the financial period.

END OF REMUNERATION REPORT

UNISSUED SHARES UNDER OPTION

As at the date of this report there were 25,804,959 (2015: 36,312,959) unissued ordinary shares of UIL Energy Ltd under option as follows:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Number of Options
1/10/2013	1/10/2013	30/06/17	$0.30	5,500,000
26/11/2014	26/02/2015	30/06/17	$0.30	500,000
11/03/2013	11/03/2013	31/12/2016	$0.24	2,000,000
20/06/2013	1/07/2013	31/12/2018	$0.25	2,000,000
31/07/2014	31/07/2014	31/12/2018	$0.24	400,000
18/08/2014	15/01/2015	31/12/2018	$0.24	10,631,959
6/11/2014	6/11/2014	31/12/2018	$0.24	4,773,000
Total				**25,804,959**

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 2016, no ordinary shares of the Company were issued as a result of the exercise of an option over unissued shares (2015:nil).

During the financial year ended 30 June 2016, 10,508,000 options over ordinary shares with an average exercise price of $0.20 lapsed (2015: 1,000,000 with an average exercise price of $0.21).

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	8	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 $8,800
- Other tax and business advisory services $9,944

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.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 21 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
15 September 2016

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DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF UIL ENERGY LIMITED

As lead auditor of UIL Energy Limited for the year ended 30 June 2016, 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 period.

D P Wright
Director

BDO Audit Pty Ltd

Brisbane, 15 September 2016

Interests in Petroleum Tenements

UIL Energy Ltd held the following interests in mining and exploration tenements as at 15 September 2016.

Western Australia Tenements

Tenure Type, Name and Number	Basin	Operator	% Interest of UIL	Notes
EP 447	Perth	UIL Energy Ltd	100%	Acquired additional 50% post year end from Eneabba Gas Ltd
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 (a)
EPA 98	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 10/10/2013 (a)
EPA 99	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 10/10/2013 (a)

(a) The application areas are subject to Native Title Claim(s) and accordingly the provisions of the Commonwealth Native Title Act must be complied with before the applications can be granted.

Shareholder Information

Additional security holder information not shown elsewhere in this report is as follows. The information is current as at 14 September 2016.

(a) Distribution of equity securities

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

	Ordinary Shares	
	No. Holders	**No. Shares**
1 - 1,000	3	28
1,001 - 5,000	7	31,487
5,001 - 10,000	35	341,033
10,001 - 100,000	150	6,968,989
100,001 and over	143	100,847,218
Total	**338**	**108,188,755**

	Unlisted Options	
	No. Holders	**No. Options**
1 - 1,000	-	-
1,001 - 5,000	1	4,000
5,001 - 10,000	-	-
10,001 - 100,000	24	1,179,000
100,001 and over	43	24,621,959
Total	**68**	**25,804,959**

Twenty largest holders

The names of the twenty largest shareholders:

i. Ordinary shares:

#	Registered Name	Number of shares	% of total shares
1	Simon Hickey	15,268,484	14.11%
2	ENJJ Co Pty Ltd <ENJJ Discretionary Trust>	7,265,326	6.72%
3	ENJJ Co Pty Ltd <ENJJ Superannuation Fund A/C>	6,450,000	5.96%
4	Mr William David Copland & Mrs Susan Mary Copland <David Copland Super Fund A/C>	3,500,000	3.24%
5	Rookharp Investments Pty Ltd	2,950,000	2.73%
6	Bartinon Securities Pty Ltd	2,500,000	2.31%
7	ACN 601 276 886 Pty Ltd	1,885,714	1.74%
8	Bizzell Nominees Pty Ltd <Bizzell Family A/C>	1,736,830	1.61%
9	Bizzell Capital Partners Pty Ltd	1,675,000	1.55%
10	Bizzell Nominees Pty Ltd <Bizzell Superannuation Fund A/C>	1,635,714	1.51%
11	Noel Ross Archer	1,542,980	1.43%
12	Clavell Holdings Pty Ltd	1,371,560	1.27%
13	Mr Scott Michael Anderson & Ms Sally Louise Brown <Abetha Holdings S/Fund A/C>	1,356,633	1.25%
14	Mr Stuart Donald Eddy & Mrs Susanne Maree Eddy <Eddy Family Super Fund A/C>	1,200,500	1.11%
15	Finn Air Holdings Pty Ltd	1,200,000	1.11%
16	Mr Thomas Charles Goodwin & Mrs Susan Maree Goodwin <Goodwin Super Fund A/C>	1,160,000	1.07%
17	Portia Hickey	1,016,176	0.94%
18	Ms Mary Francis Wilde	1,000,000	0.92%
19	Kabila Investments Pty Limited	1,000,000	0.92%
20	Carol Hickey	1,000,000	0.92%
	Top 20	**59,214,917**	**54.73%**
	Total	**108,023,755**	**100.00%**

ii. 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:
Simon Hickey and related entities	18,790,044	17.39%
John de Stefani and related entities	13,715,326	12.70%
Stephen Bizzell and related entities	8,963,258	8.30%

(b) Voting rights

All ordinary shares carry one vote per share without restriction.

Options and performance rights do not carry voting rights.

(c) Restricted securities

The Group currently has 27,195,323 ASX mandatory restricted securities.

(d) On-market buy back

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

(e) Business objectives

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

Consolidated Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2016

	Note	2016 $	Consolidated Entity 2015 $
Revenue	2	51,301	54,988
Employee benefits expense		(289,710)	(226,095)
Administration costs		(493,076)	(804,349)
Consultants fees		(231,645)	(515,691)
Depreciation expense		(4,735)	(10,333)
Fair value of financial liabilities		-	(299,619)
Exploration impairment		(27,333)	(378,582)
Profit/(loss) before income tax expense	3	**(995,198)**	**(2,179,681)**
Income tax expense	4	-	-
Net profit/(loss) for the year		**(995,198)**	**(2,179,681)**
Other comprehensive income/(loss)		-	-
Total comprehensive income/(loss) for the year		**(995,198)**	**(2,179,681)**

Earnings/(loss) per share attributable to owners of UIL Energy Ltd		**Cents**	**Cents**
Basic earnings/(loss) per share (cents per share)	13	(0.9)	(2.2)
Diluted earnings/(loss) per share (cents per share)	13	(0.9)	(2.2)

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

Consolidated Statement of Financial Position
As at 30 June 2016

	Note	2016 $	Consolidated Entity 2015 $
Current Assets			
Cash and cash equivalents	5	1,216,148	2,553,262
Trade and other receivables	6	56,766	56,206
Other current assets	7	6,216	6,081
Total Current Assets		**1,279,130**	**2,615,549**
Non-Current Assets			
Property, plant & equipment	8	4,775	9,510
Exploration and evaluation assets	9	4,138,094	3,760,656
Total Non-Current Assets		**4,142,870**	**3,770,166**
TOTAL ASSETS		**5,422,000**	**6,385,715**
Current Liabilities			
Trade and other payables	10	232,897	229,127
Total Current Liabilities		**232,897**	**229,127**
TOTAL LIABILITIES		**232,897**	**229,127**
NET ASSETS		**5,189,103**	**6,156,588**
Equity			
Issued capital	11	12,827,340	12,827,340
Reserves	12	1,671,150	1,643,437
Accumulated Losses		(9,309,387)	(8,314,189)
TOTAL EQUITY		**5,189,103**	**6,156,588**

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2016

	Issued Capital $	Retained Profits $	Option Reserve $	Total $
At 1 July 2014	**6,761,248**	**(6,134,508)**	**1,218,914**	**1,845,654**
Total comprehensive income for the financial year				
Profit/(loss) for the year	-	(2,179,681)	-	(2,179,681)
	-	(2,179,681)	-	(2,179,681)
Transactions with owners in their capacity as owners				
Issue of share capital	6,480,998	-	-	6,480,998
Costs associated with issue of share capital	(414,906)	-	-	(414,906)
Issue of options and performance rights	-	-	424,523	424,523
	6,066,092	**-**	**424,523**	**6,490,615**
At 30 June 2015	**12,827,340**	**(8,314,189)**	**1,643,437**	**6,156,588**
Total comprehensive income for the financial year				
Profit/(loss) for the year	-	(995,198)	-	(995,198)
	-	(995,198)	-	(995,198)
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Costs associated with issue of share capital	-	-	-	-
Issue of options and performance rights	-	-	27,713	27,713
	-	**-**	**27,713**	**27,713**
At 30 June 2016	**12,827,340**	**(9,309,387)**	**1,671,150**	**5,189,103**

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 2016

	Note	2016	2015
		Consolidated Entity	
		$	$
Cash Flows from Operating Activities			
Receipts from operations (including refunds of GST)		113,898	57,429
Payments to suppliers and employees		(1,070,758)	(1,414,754)
Interest received		55,032	49,712
Net cash used in operating activities	5(a)	(901,828)	(1,307,613)
Cash Flows from Investing Activities			
Refund of security deposits		-	56,162
Payments for property, plant and equipment		-	(1,409)
Payments for exploration and evaluation		(435,286)	(487,064)
Net cash used in investing activities		(435,286)	(432,311)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	4,538,200
Capital raising expenses		-	(346,876)
Proceeds from issue of convertible notes		-	160,014
Proceeds / (repayment) of a short-term loan		-	(78,846)
Net cash provided by financing activities		-	4,272,492
Net (decrease) / increase in cash held		(1,337,114)	2,532,568
Cash at the beginning of the financial year		2,553,262	20,694
Cash at the end of the financial year	**5**	**1,216,148**	**2,553,262**

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

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of UIL Energy Ltd for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the Directors on 15 September 2016 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 financial statements are presented in the Australian currency. UIL Energy Ltd is a company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

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

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

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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 2016, the Group generated a consolidated loss of $995,198 and incurred operating cash outflows of $901,828. As at 30 June 2016 the Group had cash and cash equivalents of $1,216,148 and net assets of $5,189,103.

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 is considering capital raising plans that may be implemented in the ensuing 12 months.
2. 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

Basis of preparation (continued)

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.

(a) Basis of Consolidation

Subsidiaries

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 statement of profit or loss and other comprehensive income, statement of financial position and 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.

(b) Revenue Recognition

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

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

(c) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax (continued)

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

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) 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.

(e) Cash and Cash Equivalents

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.

(f) 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;

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

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.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

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

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

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.

(g) Property, Plant and Equipment

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

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

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

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

The 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Exploration and evaluation expenditure

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.

(i) Interests in joint arrangements

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

The consolidated entity recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the consolidated entity's interests are shown in Note 16.

(j) 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.

(k) Trade and Other Payables

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

(l) Employee Benefits

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provisions

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

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

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

(n) Issued Capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

(o) Share-Based Payments

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.

(p) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Earnings per Share (continued)

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.

(q) 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.

(r) 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.

(s) New Accounting Standards and Interpretations

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

The Company has adopted all applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2015.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) New Accounting Standards and Interpretations (continued)

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 2016. 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 15	Revenue from contracts	1 January 2017	1 July 2017
AASB 16	Leases	1 January 2019	1 July 2019

(u) 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:

(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 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 $4,138,094.

	Consolidated Entity	
	2016	**2015**
	$	**$**
NOTE 2 REVENUE		
Revenue		
Interest from other persons	51,301	54,988
Total revenue	51,301	54,988

	2016 $	Consolidated Entity 2015 $
NOTE 3 LOSS FOR THE PERIOD		
Loss before tax includes the following:		
Superannuation contributions	(41,191)	(62,576)
Minimum lease rentals	(38,268)	(141,939)
Share-based payments	(27,713)	(356,492)
Depreciation of property, plant and equipment	(4,735)	(10,333)

NOTE 4 INCOME TAX EXPENSE

(a) The components of income tax expense comprise:

Current tax	476,911	466,577
Deferred tax	(476,911)	(466,577)
	-	-

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

Prima facie tax payable/(benefit) on profit/(loss) before income tax at 30%	(298,560)	(653,905)
Add tax effect of:		
Share based payments - options	8,314	106,948
Fair value of Financial Liabilities	-	89,886
Tax losses incurred, not recognised	310,922	482,790
Capital Raising Cost deduction	(20,813)	(20,813)
Other	137	(4,906)
Income tax expense	-	-

(c) Recognised deferred tax assets and deferred tax liabilities

Deferred tax liabilities		
Exploration and evaluation expenditure	1,241,428	1,128,197
Other assessable temporary differences	464	1,583
Total deferred tax liabilities	1,241,892	1,129,780
Deferred tax assets		
Unused tax losses	1,064,749	898,759
Deductible temporary differences	177,143	231,020
Total deferred tax assets	1,241,892	1,129,780
Net deferred tax liabilities	-	-

NOTE 4 INCOME TAX EXPENSE (continued)

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

	Opening Balance 1 July 2015 $	Charged to income $	Charged to equity $	Closing balance 30 June 2016 $
Deferred tax liabilities				
Exploration and evaluation expenditure	1,128,197	113,231	-	1,241,428
Other assessable temporary differences	1,583	(1,119)	-	464
Balance	1,129,780	112,112	-	1,241,892
Deferred tax assets				
Unused tax losses	898,759	165,990	-	1,064,749
Deductible temporary differences	231,020	(53,877)	-	177,143
Balance	1,129,780	112,113	-	1,241,892

	Consolidated Entity 2016 $	 2015 $
(e) Unrecognised deferred tax assets		
Unused tax losses	7,795,287	6,758,881
Tax effect of unused tax losses	2,338,586	2,027,664

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. The majority of losses are carried forward at 30 June 2016 under SBT.

	Consolidated Entity 2016 $	 2015 $
NOTE 5 CASH AND CASH EQUIVALENTS		
Cash on hand and at bank	391,148	347,100
Cash on deposit	825,000	2,206,162
	1,216,148	2,553,262

Cash at bank bear floating and fixed interest rates between 0% and 1.05% (2015: 0% and 1.5%). The effective interest rate on short-term bank deposits was 2.65% (2015: 2.94%).

NOTE 5 CASH AND CASH EQUIVALENTS (continued)

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

Profit/(loss) after income tax	(995,198)	(2,179,681)
Non-cash flows in profit after income tax:		
Depreciation	4,735	10,333
Share options expensed	27,713	356,492
Exploration impairment	27,333	378,582
Fair value of financial liabilities	-	299,619
Issue of shares in lieu of accrued salaries and fees	-	467,069
Changes in operating assets and liabilities net of the effects of purchase and disposal of subsidiaries:		
- (Increase)/Decrease in trade and other receivables	34,299	(33,948)
- Increase/(Decrease) in trade and other payables	(710)	(606,079)
Cash flow from operations	(901,828)	(1,307,613)

(b) Non-cash investing and financing activities

During July 2014, the Company issued 3,016,552 new ordinary shares paid up to $0.125 to Directors and employees. The shares were issued in lieu of accrued salary and fees.

During August 2014, the Company issued 450,000 new ordinary shares paid up to $0.20 to a Director. The shares were issued following shareholder approval at the 2014 AGM and were in lieu of accrued salary.

During July and August 2014, the Company issued 3,816,000 and 4,993,643 new ordinary shares paid up to $0.125 and $0.14 respectively, on the conversion of 1,176,110 convertible notes.

	Consolidated Entity	
	2016	2015
	$	$
NOTE 6 TRADE AND OTHER RECEIVABLES		
Current		
Goods and Services Tax receivable	5,220	35,929
Receivables from Joint Operations	50,000	15,000
Interest receivable	1,546	5,277
	56,766	56,206

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.

NOTE 7 OTHER ASSETS

Current		
Prepayments	6,216	6,081
	6,216	6,081

	Consolidated Entity	
	2016	2015
	$	$

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

Computers and office equipment		
At cost	65,230	65,230
Accumulated depreciation	(60,454)	(55,720)
	4,775	9,510

Movements in carrying amounts

Computers and office equipment:		
Balance at the beginning of the year	9,510	18,434
Additions	-	1,409
Disposals	-	-
Depreciation expense	(4,735)	(10,333)
	4,775	9,510

NOTE 9 EXPLORATION AND EVALUATION ASSETS

Non-Current		
Exploration and evaluation assets		
- exploration and evaluation	4,138,094	3,760,656

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	3,760,656	3,674,982
Additions	404,771	464,256
Exploration impairment	(27,333)	(378,582)
Carrying amount at the end of the year	4,138,094	3,760,656

NOTE 10 TRADE AND OTHER PAYABLES

Current		
Trade payables	56,214	26,559
Sundry payables and accruals	105,048	128,519
Employee benefits	71,635	74,049
	232,897	229,127

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

	Consolidated Entity	
	2016	2015
	$	$
NOTE 11 ISSUED CAPITAL		
108,023,755 Fully paid ordinary shares (2015: 108,023,755)	13,496,368	13,496,368
Costs associated with issue of share capital[(i)]	(669,028)	(669,028)
	12,827,340	12,827,340

(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(b).

	2016		2015	
	Number of shares	$	Number of shares	$
(a) Movements in ordinary fully paid shares on issue				
Balance at the beginning of the period	108,023,755	12,827,340	72,051,560	6,761,248
Issue of shares during the period:				
Equity Raising[(3,8)]	-	-	23,696,000	4,538,200
Exercise of unlisted options	-	-	-	-
In lieu of salary and fees[(1,4,7)]	-	-	3,466,552	467,069
Conversion of convertible notes[(2,5,6)]	-	-	8,809,643	1,475,729
Transaction costs on shares issued	-	-	-	(414,906)
Balance at the end of the period	108,023,755	12,827,340	108,023,755	12,827,340

During the year ended 30 June 2015

(1) On 1 July 2014, 391,552 new ordinary shares paid up to $0.125 (total consideration $48,944) were issued to an employee in lieu of accrued salary and wages.

(2) On 26 July 2014, 800,000 new ordinary shares paid up to $0.125 (total consideration $100,000) were issued upon the conversion of 100,000 convertible notes.

(3) On 29 July 2014, 2,680,000 new ordinary shares paid up to $0.125 (total consideration $335,000) were issued pursuant to a share placement to sophisticated investors.

(4) On 31 July 2014, 2,625,000 new ordinary shares paid up to $0.125 (total consideration $328,125) were issued to employees and consultants in lieu of accrued salary and wages.

(5) On 1 August 2014, 3,016,000 new ordinary shares paid up to $0.125 (total consideration $377,000) were issued upon the conversion of 377,000 convertible notes.

(6) On 18 August 2014, 4,993,643 new ordinary shares paid up to $0.20 (total consideration $998,729) were issued upon the conversion of 699,110 convertible notes.

(7) On 18 August 2014, 450,000 new ordinary shares paid up to $0.20 (total consideration $90,000) were issued following shareholder approval to the Managing Director in lieu of accrued salary and wages.

(8) On 6 November 2014, 21,016,000 new ordinary shares paid up to $0.20 (total consideration $4,203,200) were issued pursuant to a prospectus for the Initial Public Offering of UIL Energy Ltd.

NOTE 11 ISSUED CAPITAL (continued)

(b) Options

As at the reporting date there were 25,804,959 unissued ordinary shares of UIL Energy Ltd under option as follows:

Grant / Amend Date	Vesting Date	Expiry Date	Exercise Price	Number of Options
1/10/2013	1/10/2013	30/06/17	$0.30	5,500,000
26/11/2014	26/02/2015	30/06/17	$0.30	500,000
11/03/2013	11/03/2013	31/12/2016	$0.24	2,000,000
20/06/2013	1/07/2013	31/12/2018	$0.25	2,000,000
31/07/2014	31/07/2014	31/12/2018	$0.24	400,000
18/08/2014	15/01/2015	31/12/2018	$0.24	10,631,959
6/11/2014	6/11/2014	31/12/2018	$0.24	4,773,000
Total				**25,804,959**

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.

(c) Capital Risk Management

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

The consolidated entity's capital comprises equity as shown in the Consolidated Statement of Financial Position.

There are no externally imposed capital requirements.

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

	Consolidated Entity	
	2016	**2015**
	$	**$**
NOTE 12 RESERVES		
Option Reserve	1,671,150	1,643,437

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 13 EARNINGS PER SHARE

Earnings

Profit/(loss) attributable to owners of UIL Energy Ltd used to calculate basic and diluted earnings per share	(995,198)	(2,179,681)

NOTE 13 EARNINGS PER SHARE (continued)

	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	108,023,755	99,181,368
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	108,023,755	99,181,368

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 2016 and 2015.

NOTE 14 DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the financial year (2015: nil).

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

NOTE 15 CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		2016	2015
Parent Entity:			
UIL Energy Ltd	Australia		
Subsidiaries of UIL Energy Ltd:			
Cape Range Energy Pty Ltd	Australia	100%	100%
PB Energy No 1 Pty Ltd	Australia	100%	100%
UIL Canning Basin Pty Ltd	Australia	100%	100%

* percentage of voting power is in proportion of ownership

NOTE 16 INTERESTS IN JOINT OPERATIONS

Joint Operation	Joint Operation Partner	Percentage Owned (%)	
		2016	2015
EP447 Joint Operation[(a)]	Eneabba Gas Limited	50%	50%

(a) Subsequent to year end the Company acquired the remaining 50% interest in EP447 previously held by Eneabba Gas Limited, for further details refer to Note 26.

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:

NOTE 16 INTERESTS IN JOINT OPERATIONS (continued)

	Consolidated Entity	
	2016	**2015**
	$	**$**
Minimum expenditure requirements		
Not later than 12 months	-	-
Between 12 months and 5 years	4,114,500	4,114,500
	4,114,500	4,114,500

The principal place of business for the EP 447 Joint Operation is UIL Energy's principal place of business.

	Parent Entity	
	2016	**2015**
	$	**$**

NOTE 17 PARENT ENTITY INFORMATION

(a) Summary financial information

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

Statement of Financial Position		
Current Assets	1,285,786	2,621,223
Total Assets	5,428,659	6,391,392
Current Liabilities	231,897	228,127
Total Liabilities	231,897	228,127
Shareholders' equity		
Issued Capital	12,827,340	12,827,340
Reserves	1,671,150	1,643,437
Accumulated Losses	(9,301,728)	(8,307,512)
	5,196,762	6,163,265
Statement of Comprehensive Income		
Loss for the year attributable to owners of the parent	(994,216)	(2,178,961)
Total comprehensive loss attributable to owners of the parent	(994,216)	(2,178,961)

(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 2016 (2015: none).

(d) Contingent Liabilities

See Note 19.

	Consolidated Entity	
	2016	2015
	$	$

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:

	2016	2015
Payable:		
- not later than 12 months	6,543,823	1,732,000
- between 12 months and 5 years	60,614,500	65,764,500
- greater than 5 years	30,300,000	30,300,000
	97,458,323	97,796,500

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 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

There were no share options issued to Directors, employees and consultants during the current financial year.

The following share options were issued to Directors, employees and consultants during the previous financial year:

- 500,000 unlisted options exercisable at $0.30, expiring on or before 30 June 2017 (vesting 26 February 2015)
- 400,000 unlisted options exercisable at $0.24, expiring on or before 31 December 2018 (vesting 31 July 2014)

All of these options were issued by UIL Energy Ltd and entitle the holder to one ordinary share in UIL Energy Ltd for each option exercised. The options were granted for nil consideration. Once vested, options can be exercised at any time up to the expiry date. There is no market or performance based vesting criteria in respect of these options.

NOTE 20 SHARE BASED PAYMENTS (continued)

	2016		2015	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
		$		$
Outstanding at beginning of year	8,400,000	$0.29	8,500,000	$0.28
Granted	-	-	900,000	$0.27
Forfeited	-	-	(500,000)	$0.30
Cancelled	-	-	(500,000)	$0.125
Exercised	-	-	-	-
Outstanding at year-end	8,400,000	$0.29	8,400,000	$0.29
Exercisable at year-end	8,400,000	$0.29	8,400,000	$0.29

During the year ended 30 June 2015 and 2016 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 2016 had a weighted average exercise price of $0.29 (2015: $0.29) and a weighted average remaining contractual life of 1.4 years (2015: 2.4 years). Exercise prices range from $0.24 to $0.30 in respect of options outstanding at 30 June 2016 (2015: $0.24 to $0.30).

The weighted average fair value of the options granted during the previous year was $0.024. This price was calculated by using a Black Scholes options pricing model applying the following inputs

	2015
Weighted average exercise price	$0.27
Weighted average life of the option	3.41 years
Underlying share price	$0.13
Expected share price volatility	50%
Risk free interest rate	2.57%

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

Performance Rights

There were no performance rights issued to Directors and Executives during the current financial year.

The following performance rights were issued to Directors and Executives during the previous financial year:

- 1,000,000 unlisted performance rights exercisable on or before 18 August 2021, subject to vesting conditions to be met by 18 August 2016.

Performance rights may be granted to Directors and Executives as part of their remuneration. The performance rights have market based performance criteria including Total Shareholder Return 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
18/08/2014	18/08/2016	18/08/2021	1,000,000	-	-	-	1,000,000

The weighted average fair value of the performance rights granted during the previous financial year was $0.088. This price was calculated by using a monte carlo simulation applying the following inputs:

	2015
Vesting period	2 years
Underlying share price	$0.125
Expected share price volatility	65.47%
Risk free interest rate	2.5%
Vesting criteria	Based on UIL Energy Ltd's Total Shareholder Return at the end of the performance period and its percentile rank in relation to its peer reference group.

(b) Other share-based payments

On 6 November 2014 the Company issued advisors and brokers to the Initial Public Offering with 4,773,000 options to acquire shares in UIL Energy. The options have an exercise price of $0.24 and an expiry date of 31 December 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 $0.20, expected share price volatility of 50% and a risk free rate of 2.55%. The value per option calculated was $0.073, total value $349,771, of which $281,740 has been included in share based payment expense and $68,030 included in equity as a capital raising cost.

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.

(b) Subsidiaries

Interests in subsidiaries are disclosed in Note 15.

(c) Transactions with related parties

The following related party transactions occurred during the financial period:

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

- Office lease agreement in February 2015 in which UIL Energy subleases office space from BCP, fees of $38,400 were payable during the financial period.

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:

	Consolidated Entity	
	2016	2015
	$	$
Cash and cash equivalents	1,216,148	2,553,262
Trade and other receivables	56,766	56,206
	1,272,914	2,609,468

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.

NOTE 22 FINANCIAL RISK MANAGEMENT (continued)

The consolidated entity manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The consolidated entity's working capital, being current assets less current liabilities, at reporting date was $1,046,233 (2015: $2,386,422).

	Carrying Amount $	Contractual Cash flows $	<6 months $	6 – 12 months $	1 – 3 years $	>3 years $
Maturity Analysis – Consolidated entity– 2016						
Financial Liabilities						
Trade and other payables	232,897	232,897	232,897	-	-	-
Maturity Analysis – Consolidated entity - 2015						
Financial Liabilities						
Trade and other payables	229,127	229,127	229,127	-	-	-

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.

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:

2016	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	1,216,148	-	-	1,216,148	2.12%
Trade and other receivables	-	-	56,766	56,766	-
Total financial assets	1,216,148	-	56,766	1,272,914	
Financial liabilities					
Trade and other payables	-	-	232,897	232,897	-
Total financial liabilities	-	-	232,897	232,897	

NOTE 22 FINANCIAL RISK MANAGEMENT (continued)

2015	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	2,553,262	-	-	2,553,262	2.74%
Trade and other receivables	-	-	56,206	56,206	-
Total financial assets	2,553,262	-	56,206	2,609,468	
Financial liabilities					
Trade and other payables	-	-	229,127	229,127	-
Total financial liabilities	-	-	229,127	229,127	

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:

		Increase in interest rate by 1%		Decrease in interest rate by 1%	
	Carrying Amount	Profit	Other comprehensive income	Profit	Other comprehensive income
	$	$	$	$	$
CONSOLIDATED – 2016					
Cash and cash equivalents	1,216,148	12,161	-	(12,161)	-
CONSOLIDATED – 2015					
Cash and cash equivalents	2,553,262	25,532	-	(25,532)	-

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
	2016	**2015**
	$	**$**
Short-term benefits	613,324	462,015
Post-employment benefits	25,700	41,341
Termination benefits	-	-
Share-based payments[(a)]	43,910	52,290
	682,934	555,646

(a) In the previous year options expense were overstated for the purposes of the Key Management Personnel remuneration. The above table has been updated to reflect the correct value of option remuneration.

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	51,600	40,533
- taxation services	8,800	6,905
- Other tax and business advisory services	9,944	24,793
	70,344	72,231

NOTE 26 EVENTS AFTER REPORTING DATE

The following significant events occurred following the reporting period:

- As previously disclosed the Company completed the Share Sale Agreement ("SSA") with Eneabba Gas Ltd ("ENB") on 8 September 2016. 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).

  UIL Energy issued to Eneabba Gas a total of 90 million convertible redeemable preference shares (CRPS) in UIL Energy which Eneabba Gas has distributed pro-rata to its shareholders. Immediately upon the distribution to those shareholders of Eneabba Gas, 55 million of these CRPS have automatically converted into 55 million ordinary shares in UIL Energy that rank equally with current UIL ordinary shareholders.

  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. 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.

NOTE 26 EVENTS AFTER REPORTING DATE (continued)

- On 29 August 2016, 165,000 performance rights, issued to an Executive of the Company, converted into fully paid ordinary shares in UIL upon successful completion of the relevant vesting conditions. The remaining 835,000 performance rights either lapsed or were forfeited.

There have been no other events other than those listed since 30 June 2016 that impact upon the financial report as at 30 June 2016.

Declaration by Directors

The directors of the company declare that:

1. The financial statements, comprising the consolidated statement of 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 2016 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
15 September 2016

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INDEPENDENT AUDITOR'S REPORT

To the members of UIL Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of UIL energy Limited, which comprises the consolidated statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

(a) the financial report of UIL Energy Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 18 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of UIL Energy Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

D P Wright
Director

Brisbane, 15 September 2016