



ASX Announcement

2 November 2016

Ocean Hill #2 drilling and 3D seismic program approvals underway

UIL Energy Ltd (**UIL or the “company”**) (ASX:UIL) is pleased to announce the company has initiated planning efforts on the Ocean Hill prospect that includes approvals for drilling of the Ocean Hill #2 well and the acquisition of a 3D seismic survey covering up to 250km² over the Ocean Hill permit.

The Ocean Hill prospect, combined with UIL Energy’s current Perth Basin portfolio, provides one of the most highly prospective acreage positions in the Perth Basin. The earlier Ocean Hill #1 discovery well, initially identified a play that has the potential to become significantly larger with further drilling. The Ocean Hill prospect demonstrates some geological attributes similar to those seen in the Gingin Gas Field and Red Gully Gas Projects, where Empire Oil and Gas commenced production in late 2013.

UIL Energy’s Managing Director John De Stefani commented:

“The current size of the targets within the Ocean Hill structure combined with robust long-term gas price projections and access to markets, makes the Ocean Hill prospect a very attractive investment opportunity. Progressing the approvals for the Ocean Hill #2 and 3D seismic program will strategically position UIL Energy for potential investors”.

The Ocean Hill #1 well was drilled in 1991 by SAGASCO and tested a substantial structure within the Ocean Hill permit. The well was drilled to a total depth of 3,840 metres (12,600 feet) within the Jurassic Cattamarra Coal Measures (“CCM”) and encountered over 800 metres of gas shows. Well log calculations indicated over 100 metres of potential net pay. A drill stem test flowed gas at a rate of 700 thousand cubic feet/day*.

In October 2013 Houston based consulting group, DeGoyler and MacNaughton completed an independent evaluation of the Contingent and Prospective Resources in the Ocean Hill prospect (EP 495) giving it a mean 2C Contingent Resource of 360 Bcf and 1.191 MMbbls of condensate and a best estimate Prospective Resource of 809 Bcf*.

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

The purpose of seeking the various regulatory approvals in parallel is to provide optionality for the timing of drilling, which may be considered to be desirable prior to the acquisition of further seismic, and allow the potential to drill Ocean Hill #2 mid to late 2017.

The planned Ocean Hill #2 well is a step-out well from Ocean Hill #1 well that will include production testing, and, if successful, potential commercialisation. The initial scope of work is targeted at performing the key preparations to be ready to drill a well in 2017 including the well engineering design, as well as an outlined program to drill, case and suspend the well for subsequent flow/production testing.

In parallel, UIL Energy will progress 3D Seismic planning of up to 250 km² covering both the Ocean Hill prospect and the Ocean Hill South prospect. The ecological survey has been scheduled over the coming weeks with environmental submissions to the WA government in the new year.

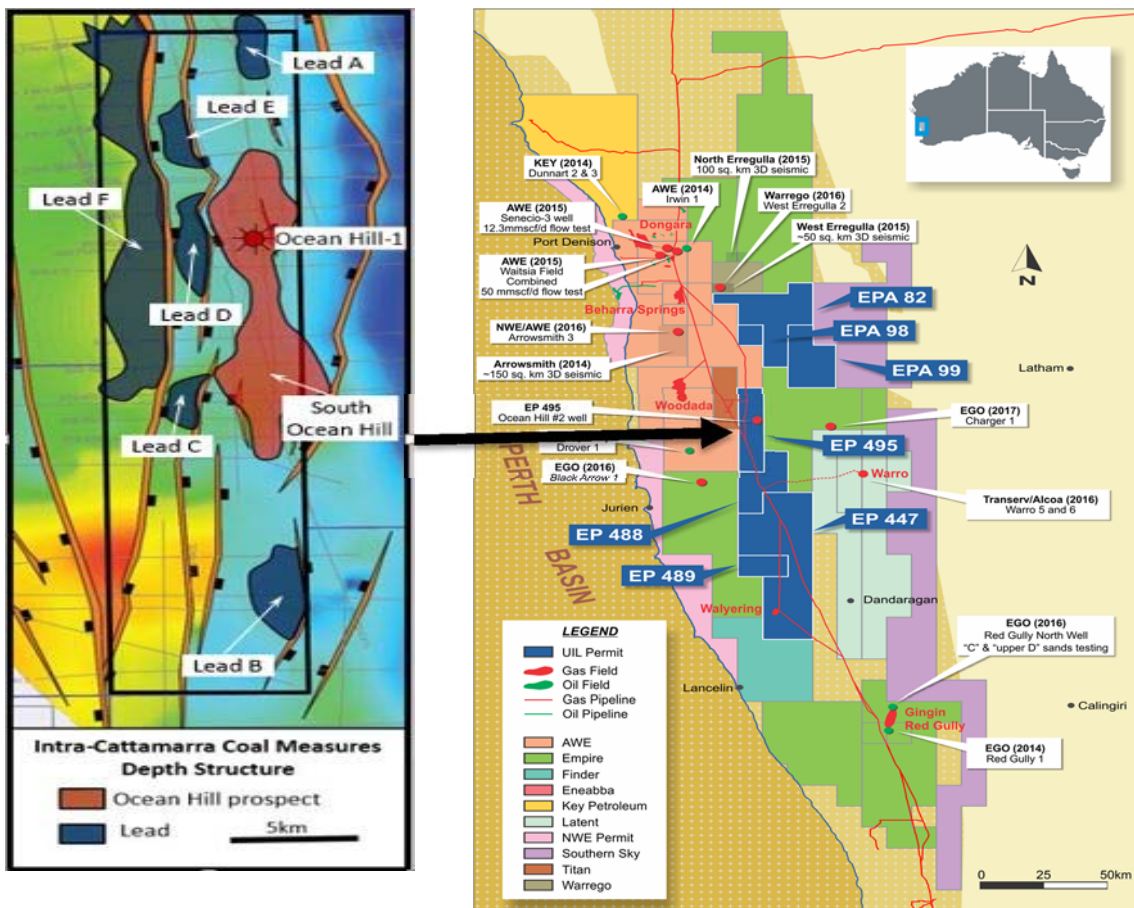
For and on behalf of the Board
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Figure 1: UIL Energy's Ocean Hill Prospect



About UIL Energy Ltd

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

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

UIL Energy's permits in Western Australia provide it with access to the largest domestic gas sector in Australia. The gas market is supply constrained with estimated gas prices to rise above \$10/GJ in real terms over the next 16 years.

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

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