



UIL ENERGY LTD

**FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2017**

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Corporate Information

DIRECTORS

Simon Hickey - Executive Chairman
John de Stefani - Managing Director
Keith Skipper - Non-Executive Director
Stephen Bizzell - Non-Executive Director
Garry Marsden – Non-Executive Director

COMPANY SECRETARIES

Drew Speedy - CFO and Co-Company Secretary
Duncan Cornish - Co-Company Secretary

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

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COUNTRY OF INCORPORATION

Australia

AUSTRALIAN BUSINESS NUMBER

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INTERNET ADDRESS

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SOLICITORS

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Level 8, Waterfront Place
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AUDITORS

BDO Audit Pty Ltd
Level 10, 12 Creek Street
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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') at the end of, or during, the half year ended 31 December 2017 and the Independent Review Report thereon.

DIRECTORS

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

Simon Hickey	Executive Chairman
John de Stefani	Chief Executive Officer and Director
Keith Skipper	Non Executive Director
Stephen Bizzell	Non Executive Director
Garry Marsden	Non Executive Director

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

UIL Energy Ltd (UIL Energy) is primarily focused on the onshore Perth Basin and is targeting gas and liquids plays in a number of project areas. UIL Energy has 100% equity position in all its permits providing maximum flexibility in securing potential farm out and funding arrangements.

During the later part of the year, Perth Basin corporate activity ramped up with AWE receiving takeover offers from a Chinese group and Mineral Resources during December 2017 and more recently a cash bid on 29 January 2018 from Mitsui & Co Ltd. AWE's takeover valuation highlights UIL Energy's upside potential for its Perth Basin tenements.

UIL Energy continues to focus on upgrading its strategically placed 700,000 acres across the Perth Basin and continues to be optimistic about the attractiveness of the Perth Basin given the recent corporate activity.

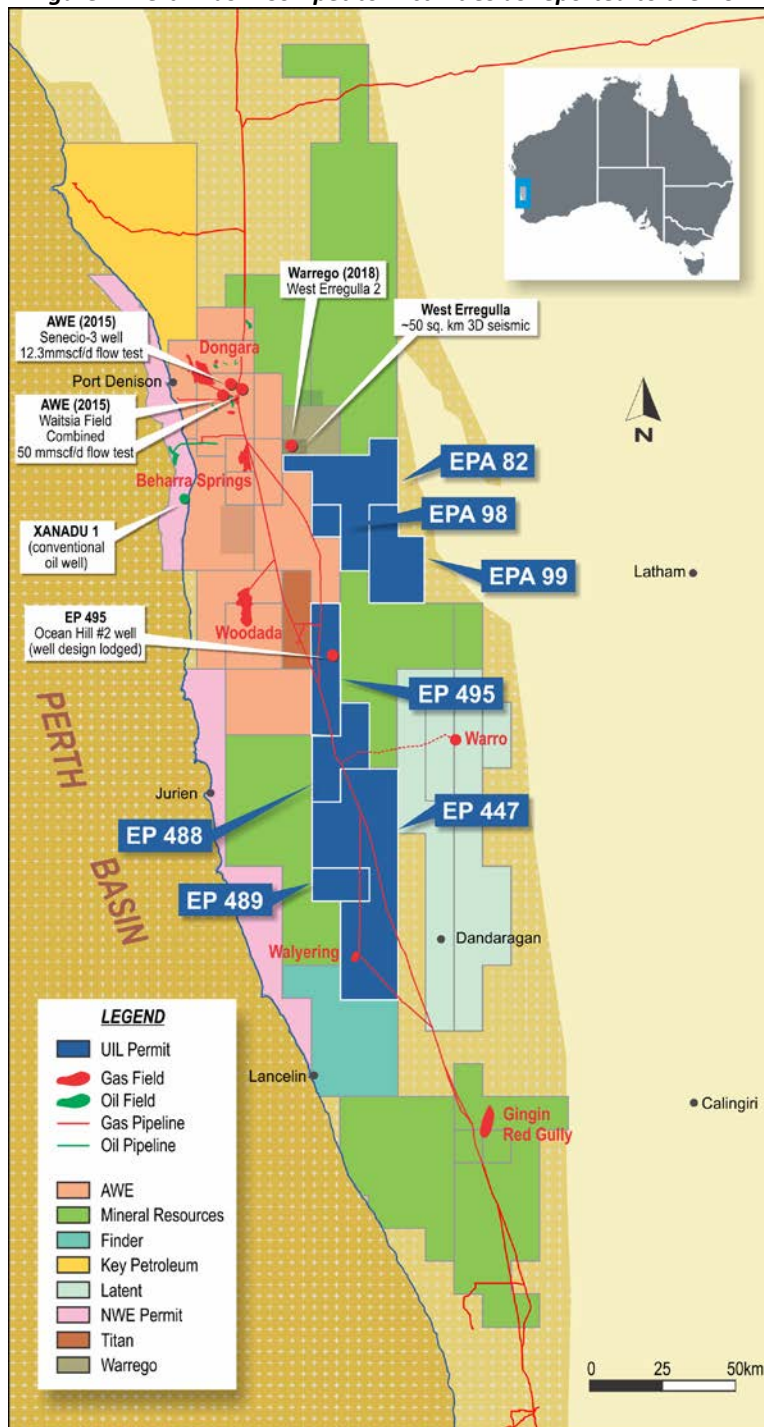
UIL Energy's focus is on progressing joint venture opportunities for investment in UIL Energy's permits, particularly on the Ocean Hill project.

The Ocean Hill prospect has independent certified 2C Contingent Resource of 360 Billion Cubic Feet ("BCF") with proven gas productive zones in the Jurassic, which have flow-tested gas without stimulation. Additional technical information obtained from Searcher Seismic under the licensing agreement has been integrated into the Ocean Hill #2 well design progressed by Aztech Well Construction Pty Ltd. During the period, the final well design document was submitted to the Department of Mines, Industry Regulation and Safety (DMIRS). The Company is actively seeking strategic partners to share in the funding for the Ocean Hill #2 appraisal well.

Coomallo East Prospect is an up-thrown fault closure and as mapped at the Top Eneabba horizon has an areal closure of 3,716 hectares and vertical closure of 540 metres, located mostly in EP 447 to the east of the Coomallo-1 well. Prospective Resources of 277 BCF with associated condensate of 5 Million barrels has been assessed over this lead.

UIL Energy's three 100% owned northern Perth Basin permits (EPA 82, 98 and 99) are approximately 35 kilometres southeast of AWE's Waitsia gas discovery. The company is actively negotiating with native title claimants to enable the grant of each permit. The western flank of the permits is considered prospective for further Waitsia style targets, with depths of these reservoir's to be confirmed. Adjacent to UIL Energy's permits, operator Lattice Energy (recently acquired by Beach Energy Ltd) is aiming to shoot over 200 square kilometres of 3D seismic this year on EP320. Lattice is looking to enhance the mapping of all prospective formations including the deep Kingia/High Cliff formations that are the productive reservoirs containing the giant Waitsia conventional gas discovery.

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



Within UIL Energy's 100% owned EP447, Pancontinental Oil and Gas NL (ASX:PCL) has continued with efforts under the farmin agreement to earn a working interest and right to operate in the Walyering project area.. Parties have agreed to extend the farmin arrangement through to the end of 2018. The focus is on the evaluation of the previously discovered Walyering Gas Field, where 3 of 4 historical wells encountered gas within multiple Jurassic age sands, with the best-tested unstimulated zone flowing initially at 13.5 million standard cubic feet of gas per day. The environmental plan to conduct the 3D seismic survey has been lodged and is under review by the DMIRS.

OPERATING RESULTS

The net result of operations after applicable income tax expense for the consolidated entity for the half year ended 31 December 2017 was a loss of \$624,221 (31 December 2016: loss of \$490,483).

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 period under review not otherwise disclosed in this report or the financial statements of the Company for the financial period.

AFTER BALANCE DATE EVENTS

The following significant events occurred following the reporting period:

- a) On 27 February 2018, 203,655 new ordinary shares at \$0.0375 per share (total consideration \$7,650) were issued to Directors in lieu of accrued fees for the December 2017 quarter.
- b) On 27 February 2018, 117,778 new ordinary shares at \$0.045 per share (total consideration \$5,300) were issued to a Consultant in lieu of accrued fees.

There have been no other events since 31 December 2017 that impact upon the financial report as at 31 December 2017.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 5 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
28 February 2018

Declaration of Independence



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

As lead auditor for the review of UIL Energy Limited for the half-year ended 31 December 2017, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'T J Kendall', is written over a horizontal line.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 28 February 2018

Interests in Petroleum Tenements

UIL Energy Ltd held the following interests in petroleum exploration tenements as at 28 February 2018.

Western Australia Tenements

Tenure Type, Name and Number	Basin	Operator	% Interest of UIL	Notes
EP 447	Perth	UIL Energy Ltd	100%	Acquired additional 50% from Eneabba Gas Ltd on 8/09/2016 (a)
EP 488	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 28/05/2014
EP 489	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 28/05/2014
EP 495	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit acquired from Eneabba Gas Ltd on 8/09/2016
EPA 82	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 14/03/2013 (b)
EPA 98	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 10/10/2013 (b)
EPA 99	Perth	UIL Energy Ltd	100%	Petroleum Exploration Permit successful 10/10/2013 (b)

- (a) The Company announced on 21 September 2016 that it had entered into a Farm-In Agreement (FIA) and Joint Operating Agreement (JOA) with Bombora Natural Energy Pty Ltd (Bombora). Under the FIA Bombora can earn a 70% interest and right to operate in four graticular blocks, by funding and completing 100% of the cost of preparation, acquisition, processing and interpretation of the farmin 3D seismic survey.
- (b) The application areas are subject to Native Title Claim(s) and accordingly the provisions of the Commonwealth Native Title Act must be complied with before the applications can be granted.

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the half year ended 31 December 2017

	Note	Half year ended 31 December 2017 \$	Half year ended 31 December 2016 \$
Revenue	2	9,204	13,449
Employee benefits expense		(235,692)	(152,142)
Other expenses		(204,279)	(241,715)
Consultants fees		(193,035)	(109,070)
Depreciation expense		(419)	(1,005)
Loss before income tax expense	3	(624,221)	(490,483)
Income tax expense		-	-
Net loss for the year		(624,221)	(490,483)
Other comprehensive loss		-	-
Total comprehensive loss for the year		(624,221)	(490,483)
Loss per share attributable to owners of UIL Energy Ltd		Cents	Cents
Basic loss per share (cents per share)		(0.32)	(0.3)
Diluted loss per share (cents per share)		(0.32)	(0.3)

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

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	31 December 2017 \$	30 June 2017 \$
Current Assets			
Cash and cash equivalents		684,209	1,204,541
Trade and other receivables		7,167	29,766
Other current assets		32,778	11,996
Total Current Assets		724,154	1,246,303
Non-Current Assets			
Property, plant & equipment		2,150	2,568
Exploration and evaluation assets	4	9,091,916	8,968,730
Total Non-Current Assets		9,094,066	8,971,298
TOTAL ASSETS		9,818,220	10,217,601
Current Liabilities			
Trade and other payables		238,051	246,812
Total Current Liabilities		238,051	246,812
TOTAL LIABILITIES		238,051	246,812
NET ASSETS		9,580,169	9,970,789
Equity			
Issued capital	5(a)	18,324,804	18,258,081
Preference Equity	5(b)	262,500	262,500
Reserves		1,901,157	1,734,279
Accumulated Losses		(10,908,292)	(10,284,071)
TOTAL EQUITY		9,580,169	9,970,789

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity For the half year ended 31 December 2017

	Issued Capital	Preference Equity	Accumulated Losses	Option Reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2016	12,827,340	-	(9,309,387)	1,671,150	5,189,103
Total comprehensive income for the financial period					
Loss for the half year	-	-	(490,483)	-	(490,483)
	-	-	(490,483)	-	(490,483)
Transactions with owners in their capacity as owners					
Issue of share capital	5,555,075	-	-	-	5,555,075
Issue of preference equity	-	262,500	-	-	262,500
Costs associated with issue of share capital	(240,915)	-	-	-	(240,915)
Issue of options and performance rights	-	-	-	44,589	44,589
	5,314,160	262,500	-	44,589	5,621,249
At 31 December 2016	18,141,500	262,500	(9,799,870)	1,715,739	10,319,869
At 1 July 2017	18,258,081	262,500	(10,284,071)	1,734,279	9,970,789
Total comprehensive income for the financial year					
Loss for the year	-	-	(624,221)	-	(624,221)
	-	-	(624,221)	-	(624,221)
Transactions with owners in their capacity as owners					
Issue of share capital	66,723	-	-	-	66,723
Issue of options and performance rights	-	-	-	166,878	166,878
	66,723	-	-	166,878	233,601
At 31 December 2017	18,324,804	262,500	(10,908,292)	1,901,157	9,580,169

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2017

	Note	Half year ended 31 December 2017	Half year ended 31 December 2016
		\$	\$
Cash Flows from Operating Activities			
GST refunds		38,897	37,244
Payments to suppliers and employees (including GST)		(451,093)	(503,596)
Interest received		11,214	10,277
Net cash used in operating activities		(400,982)	(456,075)
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(119,351)	(176,607)
Receipts from Joint Venture Partners		-	50,000
Net cash used in investing activities		(119,351)	(126,607)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	1,392,500
Capital raising expenses		-	(129,953)
Net cash provided by financing activities		-	1,262,547
Net increase/(decrease) in cash held		(520,333)	679,865
Cash and cash equivalents at the beginning of the financial year		1,204,541	1,216,148
Cash and cash equivalents at the end of the financial year		684,209	1,896,013

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 half year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 27 February 2018 and covers the consolidated entity consisting of UIL Energy Ltd and its subsidiaries as required by the Corporations Act 2001.

UIL Energy Ltd is a company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

The half year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements.

The half year financial statements should be read in conjunction with the annual report of UIL Energy Ltd as at 30 June 2017.

It is also recommended that the half year financial statements be considered together with any public announcements made by the Group during the half year ended 31 December 2017 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and Australian Securities Exchange Listing Rules.

The half year consolidated financial statements are general-purpose condensed financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

The financial statements have been prepared on a historical costs basis and are presented in Australian dollars (\$).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The fair values of financial assets and financial liabilities approximate their carrying values due to their short term nature.

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 half year ended 31 December 2017, the Group generated a consolidated loss of \$624,221 and incurred operating cash outflows of \$400,982. As at 31 December 2017 the Group had cash and cash equivalents of \$684,209 and net assets of \$9,580,169.

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

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 petroleum tenements 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.

Notes to the Financial Statements for the half year ended 31 December 2017

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 Company is investigating opportunities to reduce its level of capital expenditure through farm-outs and/or joint ventures
3. The Group has the ability to scale down its current cash outflows.

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

	For the half year ended 31 Dec 2017	For the half year ended 31 Dec 2016
	\$	\$

NOTE 2 REVENUE

Revenue		
- interest from other persons	9,204	13,449
Total revenue	9,204	13,449

NOTE 3 LOSS FOR THE PERIOD

Loss before tax includes the following:

Superannuation contributions	(15,487)	(16,652)
Share-based payment expense	(166,878)	(5,879)
Depreciation of property, plant and equipment	(419)	(1,005)

	For the half year ended 31 Dec 2017	For the year ended 30 Jun 2017
	\$	\$

NOTE 4 EXPLORATION AND EVALUATION EXPENDITURE

Non-Current

Exploration and evaluation expenditure capitalised:

- exploration and evaluation	9,091,916	8,968,730
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Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of oil and/or gas, or alternatively, sale of the respective areas of interest.

Movements in carrying amounts

Balance at the beginning of the year	8,968,730	4,138,094
Additions ^(a)	123,186	4,830,636
Exploration impairment	-	-
Carrying amount at the end of the period	9,091,916	8,968,730

- (a) During the previous financial period the Company completed the Share Sale Agreement ("SSA") with Eneabba Gas Ltd ("ENB"). Under the agreement the Company acquired Eneabba's Perth Basin Exploration Assets through the acquisition of Eneabba's two wholly owned subsidiaries, Ocean Hill Pty Ltd and GCC Methane Pty Ltd that respectively own the Ocean Hill prospect (EP 495) and 50% of EP447 (providing UIL Energy with 100% of EP447).

Notes to the Financial Statements for the half year ended 31 December 2017

Neither Company meets the definition of a business under AASB 3, hence the transaction is accounted for as an asset acquisition under AASB 2.

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

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

	As at 31 Dec 2017	As at 30 Jun 2017
	\$	\$

NOTE 5 EQUITY

(a) Contributed Equity

196,687,582 Fully paid ordinary shares (30 June 2017: 194,365,439)	19,236,672	19,169,949
Costs associated with issue of share capital ⁽ⁱ⁾	(911,868)	(911,868)
	18,324,804	18,258,081

(i) Costs associated with the issue of share capital include the issue of options over shares in the Company, issued as part payment of Broker fees.

	For the half year ended 31 Dec 2017		For the year ended 30 Jun 2017	
	Number of shares	\$	Number of shares	\$
Movements in ordinary fully paid shares on issue				
Balance at the beginning of the period	194,365,439	18,258,081	108,023,755	12,827,340
Issue of shares during the period:				
Equity Raising ^(a,b)	-	-	27,850,000	1,392,500
Issue to ENB shareholders ^(c)	-	-	55,000,000	4,125,001
In lieu of salary and fees ^(d,e,f,g)	2,322,143	66,723	3,326,684	156,080
Issue of Performance Rights ^(h)	-	-	165,000	-
Transaction costs on shares issued	-	-	-	(242,840)
Balance at the end of the period	196,687,582	18,324,804	194,365,439	18,258,081

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

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

c) As detailed in Note 4, the Company issued 55,000,000 Class A Convertible Redeemable Preference Shares to Eneabba Gas Ltd Shareholders during the period, which converted to 55,000,000 new ordinary shares on 21 September 2016. The shares were measured at fair value on grant date.

Notes to the Financial Statements for the half year ended 31 December 2017

- d) On 14 October 2016, 727,960 new ordinary shares at \$0.0516 per share (total consideration \$37,574) were issued to Directors and consultants in lieu of accrued salary and fees for the September 2016 quarter.
- e) On 12 October 2017, 1,372,665 new ordinary shares at \$0.0284 per share (total consideration \$39,000) were issued to Directors in lieu of accrued fees for the June and September 2017 quarters.
- f) On 15 November 2017, 737,266 new ordinary shares at \$0.03 per share (total consideration \$22,118) were issued to consultants in lieu of accrued fees.
- g) On 15 November 2017, 212,212 new ordinary shares at \$0.0264 per share (total consideration \$5,605) were issued to consultants in lieu of accrued fees.
- h) On 29 August 2016, 165,000 new ordinary shares were issued on the vesting and exercise of 165,000 performance rights. The remaining balance of performance rights (835,000) either lapsed or were cancelled on that date.

	As at 31 Dec 2017 Number	As at 30 Jun 2017 Number
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(b) Preference Equity

Class B Convertible Redeemable Preference Shares (CRPS)	35,000,000	35,000,000
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As detailed in Note 4 on 21 September 2016 the Company issued 35 million Class B CRPS which will later convert into ordinary UIL Energy shares in the event of successful results from drilling Ocean Hill #2 well. A successful well is defined as gas flow producing at commercial rates and agreement on a further appraisal well. The CRPS can be redeemed by UIL Energy for a nominal amount if the terms relating to the issue are not satisfied by a deemed successful well or if a well is not spudded before the long stop date of 31 December 2019. The UIL Energy Board considered the probability that the conversion conditions will be met and have applied a 10% probability with respect to the valuation of the Class B CRPS (total consideration \$262,500).

(c) Options

As at the reporting date there were 59,904,959 unissued ordinary shares of UIL Energy Ltd under option as follows:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Number of Options
31/07/2014	31/07/2014	31/12/2018	\$0.24	400,000
18/08/2014	4/02/2015	31/12/2018	\$0.24	10,631,959
6/11/2014	6/11/2014	31/12/2018	\$0.24	4,773,000
14/12/2016	14/12/2016	14/06/2018	\$0.075	41,850,000
30/11/2017	30/11/2017	31/12/2020	\$0.075	2,250,000
Total				59,904,959

During the period the Company issued 2,250,000 unlisted options with an exercise price of \$0.075 and an expiry date of 31 December 2020. The options were issued to Non-Executive Directors following shareholder approval at the UIL Energy Ltd 2017 Annual General Meeting.

(d) Performance Rights

As at the reporting date there were 12,554,885 performance rights on issue as follows:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Number of Rights
14/05/2017	30/11/2018	31/12/2018	\$0.00	6,104,218
30/11/2017	30/11/2018	31/12/2018	\$0.00	6,450,667
Total				12,554,885

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

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

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

The fair value of both Options and Performance Rights issued is measured at grant date and is determined using a Black-Scholes pricing model that takes into account the term of the option, the underlying share price at grant date, the expected dividend yield and the risk free interest rate for the term of the share option.

NOTE 6 DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the financial period (2016: nil).

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

NOTE 7 CONTINGENT LIABILITIES & ASSETS

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

NOTE 8 SEGMENT INFORMATION

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

NOTE 9 EVENTS AFTER BALANCE DATE

The following significant events occurred following the reporting period:

- a) On 27 February 2018, 203,655 new ordinary shares at \$0.0375 per share (total consideration \$7,650) were issued to Directors in lieu of accrued fees for the December 2017 quarter.
- b) On 27 February 2018, 117,778 new ordinary shares at \$0.045 per share (total consideration \$5,300) were issued to a Consultant in lieu of accrued fees.

There have been no other events since 31 December 2017 that impact upon the financial report as at 31 December 2017.

Declaration by Directors

The directors of the company declare that:

1. The financial statements and notes, are in accordance with the *Corporations Act 2001*, including:
 - (a) comply with Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date.
2. 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.

This declaration is signed in accordance with a resolution of the directors.



John de Stefani
Managing Director

Brisbane
28 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of UIL Energy Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of UIL Energy Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

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

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO



T J Kendall
Director

Brisbane, 28 February 2018