



QUARTERLY ACTIVITIES REPORT

PERIOD ENDED 31 DECEMBER 2014



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

ASX: UIL

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1. Highlights

- UIL Energy successfully listed on the ASX (ASX Code: UIL) on 6 November 2014 raising \$4.2 million.
- Since listing in early November 2014, the Company undertook a further technical review of its Perth Basin permits and identified a substantial number of early stage conventional leads. The review uncovered 14 exploration leads, five in UIL Energy's northern Perth basin permits and nine in its central Perth basin permits. Mapping indicates the leads range in size up to 50 km² in area.
- Planning is underway for a proposed seismic program over parts of UIL Energy's Perth Basin permits.
- During the quarter Australian Worldwide Exploration Limited (AWE) announced the largest gas discovery in Western Australia since the 1960's with the Senecio/Waitsia field north-west of UIL Energy's permits.
- The Company's focus is the Perth Basin. The Western Australian Basin has a history of gas production and UIL Energy has permits with pipeline infrastructure in place or in proximity.
- The Western Australian gas market remains supply constrained with estimated gas prices to reach \$12/GJ in real terms over the next 16 years.
- UIL Energy maintains a high equity position in all permits providing maximum flexibility in the development of potential farm out and funding arrangements.

2. Tenement Summary

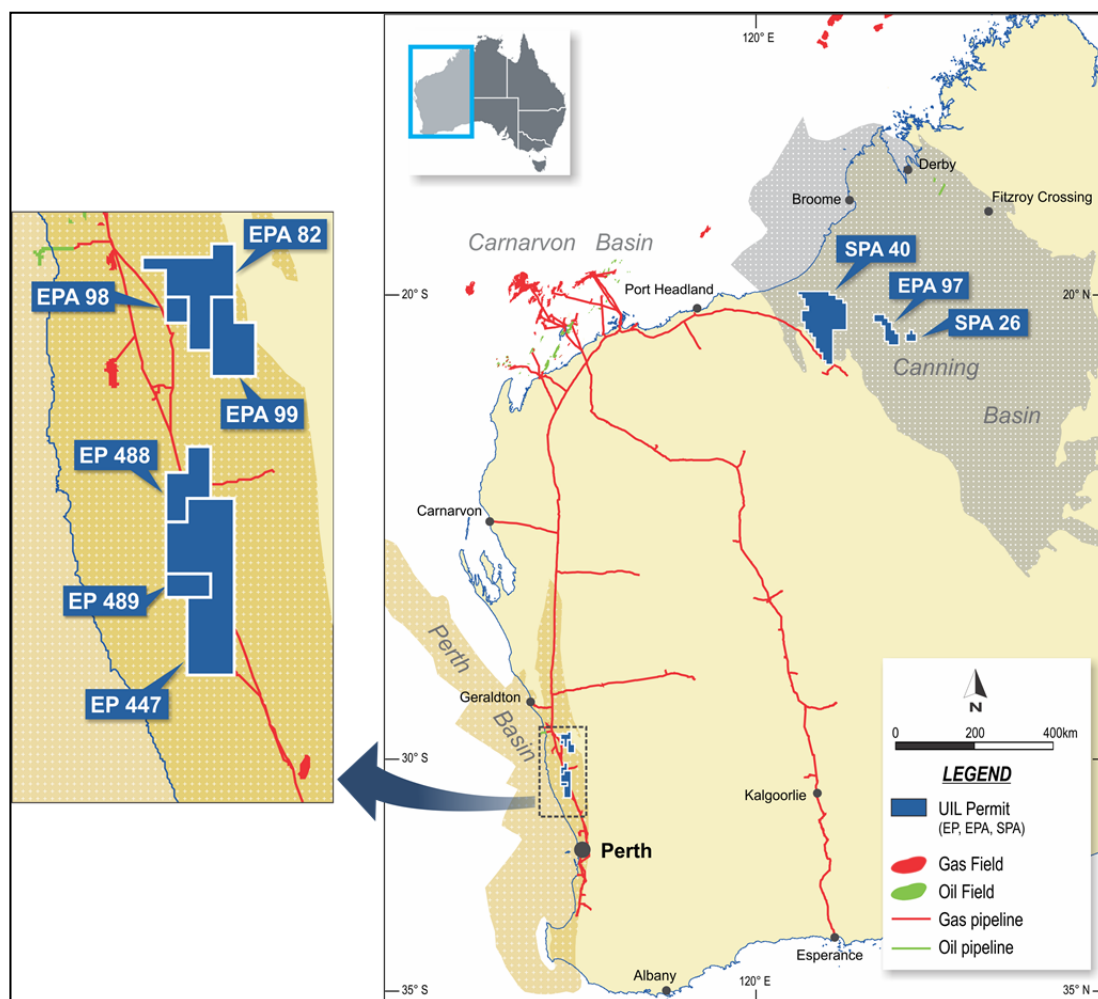


Figure 1 – UIL Energy’s Highly Prospective Onshore WA Permits

UIL Energy is targeting onshore conventional and unconventional oil and gas plays in proven hydrocarbon basins in Western Australia (Perth and Canning Basins).

With over 4.3 million gross acres of granted tenements and applications, UIL Energy has a substantial position in these key areas.

The Company’s key focus is on the Perth Basin where it has over 0.6 million gross acres ($\approx 2,558\text{km}^2$). These areas have significant gas potential with multiple targets in a known producing basin with pipeline infrastructure in place or in proximity.

Basin	Permit	Operator	UIL Interest	Permit Area (gross km ²)	Permit Area (gross acres)
Perth	EP 447	UIL	50%	1,108	273,787
	EP 488	UIL	100%	296	73,142
	EP 489	UIL	100%	148	36,571
	EPA 82	UIL	100%	559	138,129
	EPA 98	UIL	100%	75	18,533
	EPA 99	UIL	100%	372	91,921
Canning	EPA 97	UIL	100%	2,080	513,968
	SPA 40	UIL	100%	12,504	3,089,738
	SPA 26	UIL	100%	560	138,376
Total				17,702	4,374,164

Table 1: UIL Energy permit summary

3. Conventional and Unconventional Projects

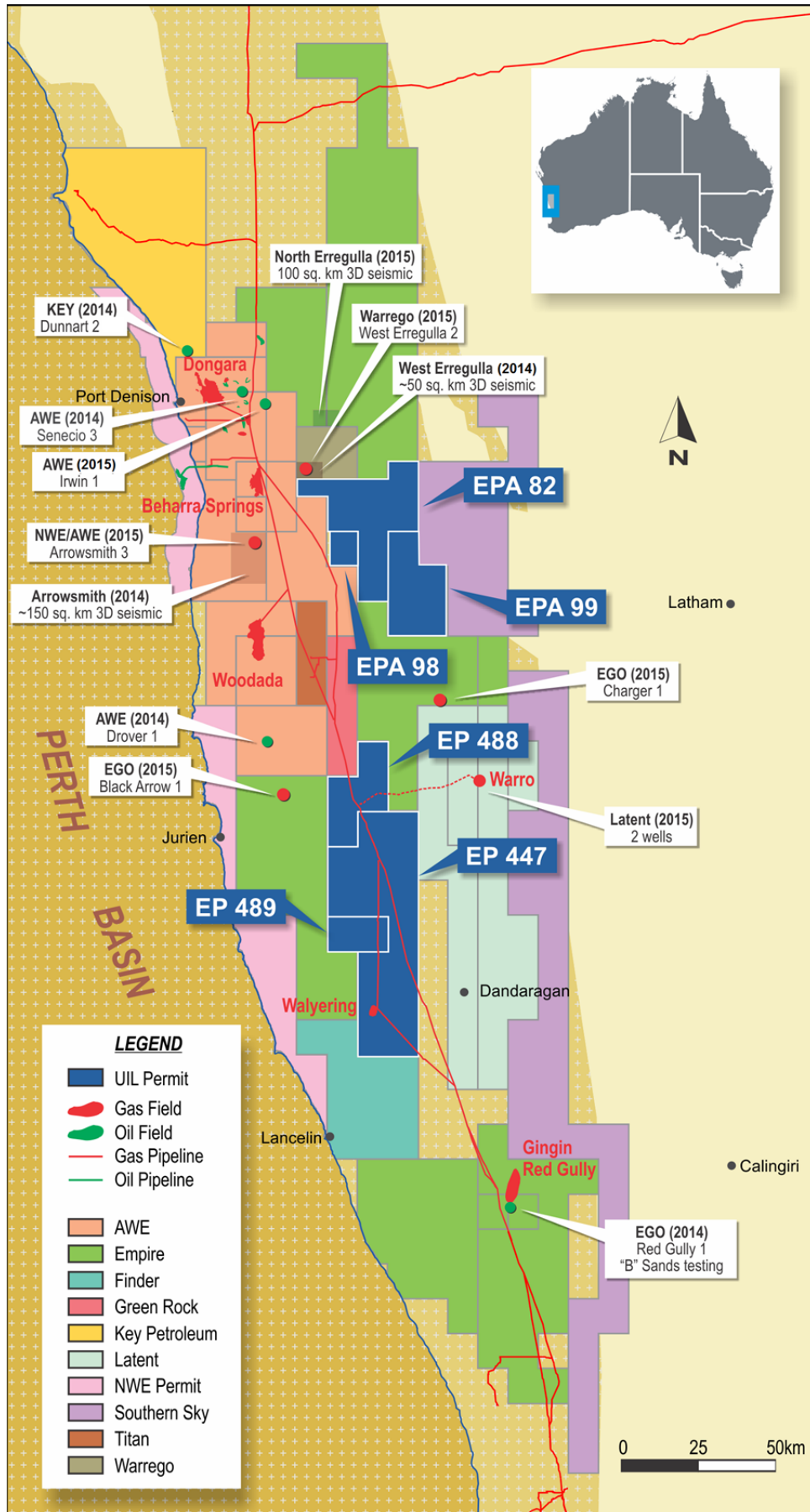


Figure 2: Perth Basin Competitor Activities

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

During the quarter Australian Worldwide Exploration Limited (AWE) announced the largest gas discovery since the 1960's with the Senecio/Waitsia field north-west of UIL Energy's permits. UIL Energy's northern Perth permits are believed to have similar reservoirs that are likely to be encountered based on historical seismic and nearby well data.

An independent geological assessment, included in the Prospectus, by McDaniel & Associates of the Basin Centered Gas Accumulation, encompassing only parts of EP 447, EP 488 and EP 489, led to an initial definition of Prospective Resources covering the Cattamarra Coal Measures.

Prospective Resource (BCF)	Low	Best	High
EP 447 / EP 488 / EP 489	69	328	1,450

Table 2: Cattamarra Coal Measures Prospective Resources as at 30 June 2014

UIL Energy has reviewed historic 2D seismic data along with the drilling results of wells within, and adjacent to UIL Energy's central (EP 447, EP 488 and EP 489) and north Perth basin permits (EPA 82, EPA 98 and EPA 99). The review has resulted in UIL Energy upgrading its technical assessment of the exploration potential in these areas.

The leads are primarily Jurassic in age, comprising the Cockleshell Gully (Cattamarra Coal Measures and Eneabba) and Cadda Formations. These formations are found in the Gingin, Red Gully, Warro, Mt Horner, North Yardanogo, Erregulla and Ocean Hill gas and liquids fields and accumulations in neighboring tenements and the Walpyring field in UIL Energy's permit EP 447.

The 14 conventional leads are in addition to unconventional tight gas plays that have previously been identified. UIL Energy will hope to optimise well locations to test both conventional and unconventional targets that may occur in stacked sequences maximising the chances of success.

The leads are interpreted to potentially contain gas and gas/liquids which, if successfully encountered, can readily be commercialised in the undersupplied Western Australia gas market. UIL Energy plans to further de-risk the leads by shooting 2D and 3D seismic over them in order to establish drillable prospects.

Northern Perth Basin Asset Summary

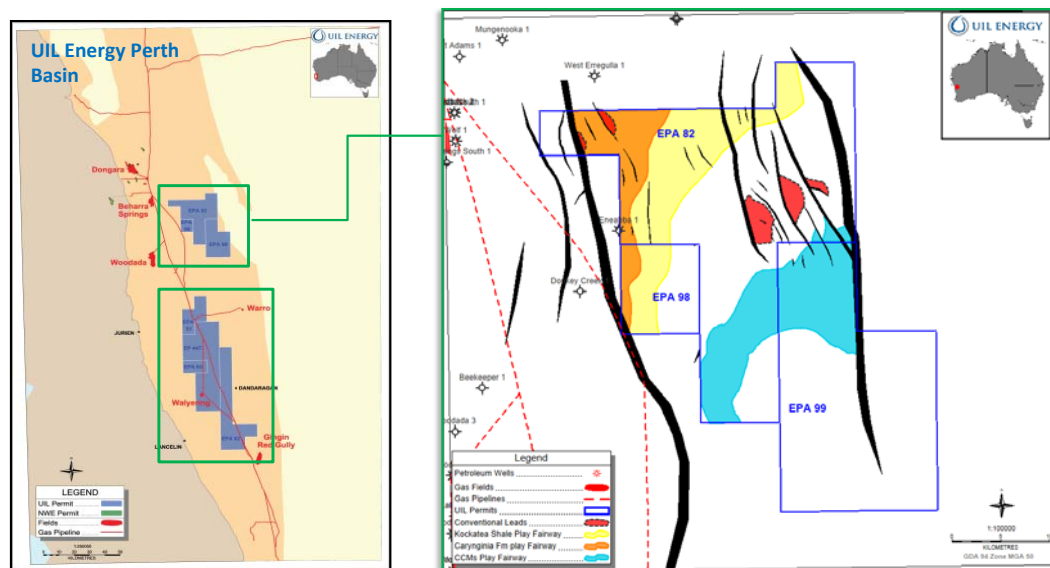


Figure 3: Conventional Leads Across UIL Energy's Northern Perth Basin permits

Central Perth Basin Asset Summary

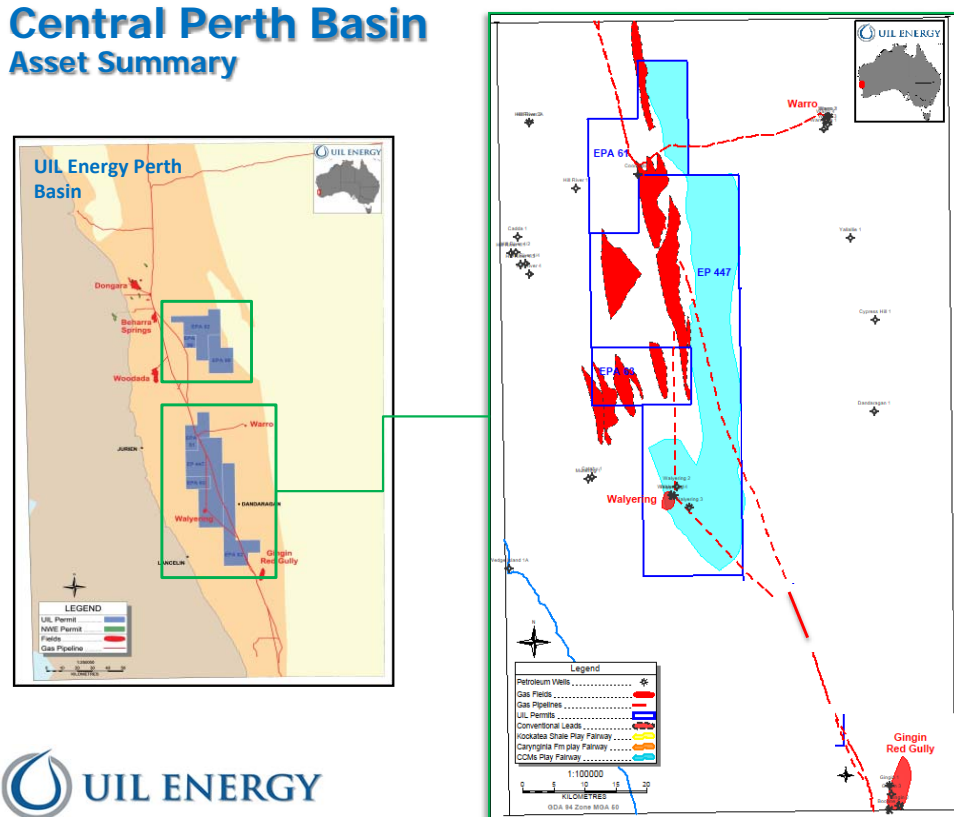


Figure 4: Conventional Leads Across UIL Energy's Central Perth Basin permits

4. Planned Activities for Next Quarter

- UIL Energy is progressing approvals and commercial arrangements with contractors for its proposed seismic program over parts of its Perth Basin permits.
- Adjacent to UIL Energy's permits, substantial funds are also committed by other companies during the next 12 months focusing on proving up and developing the recent technical success in the basin. UIL Energy will be continuing its analysis of formations within its permits that are being targeted by this neighboring drilling activity.
- Initiate discussions with parties for potential farmout opportunities across the Perth and Canning Basins.
- Perform strategic review of tenement portfolio to optimize opportunity and available cash resources
- Management to implement further corporate cost cutting initiatives to preserve cash position.

5. Other Information

5.1 Corporate Overheads

Given the level of activity in the business and focus on cost control, Duncan Cornish has stepped down as CFO and Drew Speedy will assume the CFO role immediately. Duncan will remain as co-company secretary.

In addition, further cost cutting measures are underway including staff on reduced working hours and less expensive office accommodation.

5.2 Cash Position

Cash on hand at the end of the 31 December 2014 quarter was \$3.4m.

5.3 Shares and Options Issued

During the quarter the Company issued 21,016,000 ordinary shares at \$0.20 and 10,508,000 new options under the IPO. 500,000 shares options were also issued following shareholder approval at the AGM.

5.4 Company Promotion

Recent UIL Energy company promotion includes presentation at the Gold Coast Investment on 2 December 2014.

5.5 Competent Person Statement

The technical information that relates to Prospective Resources in this quarterly report has been compiled in accordance with 2007 SPE/WPC/AAPG/SPEE Petroleum Resource Management System and has been prepared by McDaniel & Associates Consultants Ltd (**McDaniel**), an independent petroleum consultancy firm registered with the Association of Professional Engineers and Geoscientists of Alberta (**APEGA**) with over 50 years of experience in the evaluation of oil and gas properties.

6. Corporate Information & Directory

DIRECTORS

John de Stefani (Managing Director)
Simon Hickey (Executive Chairman)
Keith Skipper (Non-Executive Director)
Stephen Bizzell (Non-Executive Director)

EXECUTIVES

John de Stefani (Managing Director)
Vic Palanyk (Chief Operating Officer)
Drew Speedy (Chief Financial Officer and Co-Company Secretary)
Duncan Cornish (Co-Company Secretary)

SHAREHOLDER ENQUIRIES

Link Market Services Limited manages
UIL Energy Ltd's share registry.

If you would like to manage your shareholding
online, you can do so by visiting Link Market
Services Ltd's website:
www.linkmarketservices.com.au and follow the
instructions.

For issuer-sponsored shareholders, if you change
address, or if you have any other queries
regarding details of your shareholding, please
contact the Company's share registry directly:

Level 15 ANZ Building
324 Queen Street
Brisbane, QLD 4000

Phone: 1300 554 474
Fax: +61 2 828 7454

AUSTRALIAN STOCK EXCHANGE ("ASX")

ASX Code: UIL (Ordinary shares)

ISSUED CAPITAL

UIL Energy has the following securities on
issue at 31 December 2014:

Quoted:
Ordinary shares 78,814,100

Unquoted:
Ordinary shares 29,209,655
Share options 15,804,959 \$0.24 at 31-Dec-18
Share options 10,508,000 \$0.20 at 31-Dec-15
Share options 6,000,000 \$0.30 at 30-Jun-17
Share options 2,000,000 \$0.24 at 31-Dec-16
Share options 2,000,000 \$0.25 at 31-Dec-18
Performance Rights 1,000,000

INTERNET ADDRESS

All Company announcements, reports and
presentations are posted on our website.
www.uilenergy.com.au

AUSTRALIAN BUSINESS NUMBER

ABN 92 153 352 160

REGISTERED OFFICE AND HEAD OFFICE

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