Longreach Oil Limited

64th Annual Report

30 June 2017

Contents

Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the Company's website: **www.longreachoil.com**

Notice of Meeting and Proxy Form

- see separate documents / inserts

Corporate Directory

Directors
Drew KELTON (Chairman)
Justin ROSENBERG (Managing Director)
Andrew PHILLIPS
Quintus ROUX

Company Secretary
Justin ROSENBERG

Registered and Principal Office
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Telephone: 61 2 8277 6683
Email: lgo@longreachoil.com
Website: www.longreachoil.com

Share Registry
Boardroom Limited
Level 12
225 George Street
Sydney NSW 2000
Australia
Website: www.boardroomlimited.com.au

Auditors
HLB Mann Judd
19/207 Kent Street
Sydney NSW 2000
Australia

Principal Bankers
Commonwealth Bank of Australia

Securities Exchange
Australian Securities Exchange Limited
("ASX")
Home exchange - Sydney
ASX code is: LGO

Directors' Report

Your Directors present their report on the consolidated entity ("the Group"), which consists of Longreach Oil Ltd ("the Company") and the entities it controlled during the financial year ended 30 June 2017.

Longreach Oil has been a Stock Exchange listed Oil and Gas exploration company for more than 50 years (originally on the Sydney Stock Exchange). This will be its 64th year since incorporation.

1. Review of operations

The operations of the Group for the year were managing the Group's existing exploration projects and investment in Starlogik, exploring additional opportunities to increase its stake in Starlogik, including the proposed Reverse Take Over, and examining new investment opportunities.

2. Results of operations

The operations of the consolidated entity during the year resulted in a comprehensive profit of $48,951 (2016: Loss $677,466). Excluding the write-off of the $167,000 loan from Gleneagle Securities (Aust) Pty Ltd against costs recovered, our 2017 result would be a loss of $118,049.

3. Significant changes in the State of Affairs

The only significant change to the State of Affairs was the suspension of the Company by the ASX on 29 May 2017 for having insufficient operations to warrant quotation. While the Company is actively seeking, assessing and progressing investment opportunities, we are committed to seeking the optimal transaction for our shareholders.

There were no significant changes in the State of Affairs of the group during the year.

4. Principal activities

The Company also holds the following oil & gas assets:

- 50% interest in Petroleum Lease 280 in the Surat Basin, Queensland
- 20% interest in Brisbane Petroleum Limited which in turn owns petroleum leases in the Surat Basin in Queensland.

LGO owns 4.98% of Starlogik IP LLC ("Starlogik"), a US company specialising in advanced telecommunications. Starlogik is demonstrating its core signalling capabilities to carriers and has successfully completed multiple product and technical due diligence phases at leading carriers across S.E Asian, Indian and African markets.

During its highly successful pilots, Starlogik has already serviced over 100 million mobile phone connections.

Asia

In February 2016, Starlogik commenced a trial with a leading Asian telco on a production server inside a network of 4 million subscribers. Due to an improvement in the process, in December, the service has been growing at 30% month over month without any marketing. The telco is on track to expand the pilot to reach 15 million subscribers by December 2017 with the expectation to complete the rollout to a network of 85 million subscribers by June 2018.

Africa

In June 2016, Starlogik entered into an agreement with a boutique advisory group focused on African private equity transactions. Over the past 6 months they have been working to establish Star commercial opportunities in Africa. They expect to finalise their first such opportunity by December 2017, which deploys the Star solution on a network of 35 million subscribers.

5. Significant matters after balance date

There have been no matter or circumstances that has arisen since the end of the year that has significantly affected, or may significantly the operations, the results of those operations or the state of affairs of the Group in future financial years.

6. Likely developments in operations and expected results

Likely developments in the operations of the consolidated entity and the expected results cannot be accurately predicted, as they will depend on the successful development of the Group's exploration projects and/or farm-outs or realisation of its investments. The Directors are not aware of any developments that might have a significant effect on the operations of the group in subsequent financial years not already disclosed in this report.

7. Environmental regulations

The Group is not aware of any particular environmental regulations in respect of which it would have to report on its performance.

8. Dividends

No dividends have been paid or declared since the commencement of the financial year and no dividends have been recommended.

9. Options granted over shares

In September 2015, 60 million unlisted options with an exercise price of $0.003 and expiry date of 25 February 2018 were issued to Gleneagles Securities (Aust) Pty Ltd. These were for services in relation to the acquisition of 5% in Starlogik and issued for non transactional services rendered including advisory, rent, office services, financial support and ongoing services to be provided to 30 June 2016. Of these, 20 million related to services provided during the year ended 30 June 2016, with 40 million relating to the year ended 30 June 2015.

In March 2016, 50,000,000 unlisted options were issued as part of remuneration to the Chairman Drew Kelton at an exercise price of $0.012 vesting in three tranches on 1 March 2016, 1 March 2017 and 1 March 2018, and all with an expiry date of 1 March 2018. In March 2017, 33,333,333 of these options were cancelled.

10. Information on Directors

The name of each person who has been a Director of the Company at any time during or since the end of the year is as follows:

Drew Kelton - Non-Executive Chairman. Mr Kelton is a global business leader with over 30 years' experience in the information, communications, technology and telecommunications industries. He is currently the Managing Director for Docusign Inc. in the Asia-Pacific, the Non-Executive Chairman of Mobile Embrace Ltd (ASX: MBE) and First Wave Technology Ltd and a Non-Executive Director at Enice Ltd (ASX: ENC) & Megaport Ltd (ASX:MP1). Previous to Docusign, Mr Kelton was the Executive Vice-President of business markets at T-Mobile USA, responsible for developing and executing their latest operational strategies in a $7 billion dollar division. Prior to that, he was the President of Bharti Airtel Business in India and SE Asia, as well as Managing Director of Telstra International. Appointed on 1 March 2016.

Justin Rosenberg - Managing Director. Chartered Accountant, Bachelor of Commerce (Accounting & Finance Majors). Over 15 years' corporate advisory experience after 5 years in audit and risk management. Company Secretary since 17 September 2014. Executive Chairman of Longreach Oil from 8 July 2015 till 1 March 2016.

Andrew Phillips - Non-Executive Director. Director also of other listed companies: Richfield International Ltd and Southern Cross Exploration NL; Company Secretary of listed company - MDS Financial Services Ltd; Director of a number of proprietary companies. Appointed on 2 April 2013.

Quintus Roux - Non-Executive Director. Bachelor of Engineering and MBA. Retired from BHP Billiton Leadership Team and as Non-Executive Director of FeOre Ltd and SynnTech Project Solutions. Appointed on 14 October 2014.

Details of Directors' interests in the securities of the Company and the Group are set out in Note 17.2 to the Financial Report.

11. Directors' meetings

The following table sets out the number of meetings of Directors held during the year ended 30 June 2017 and the number of meetings attended by each Director:

	Meetings eligible to attend	Meetings attended
D Kelton	4	4
A Phillips	4	4
J Rosenberg	4	4
Q Roux	4	4

12. Remuneration Report - Audited

Disclosure of Remuneration Policy - Longreach Oil Ltd (Parent Entity)

The Board of Longreach Oil Ltd is responsible for determining and reviewing the remuneration of the Directors of the Company, within parameters approved by shareholders. No performance hurdles have been imposed so far, due to the size of the Company and the structure of the remuneration in respect of the non-executive Directors.

Administration services were provided by Directors and consultants at reasonable commercial rates.

The Company's Key Management Personnel ("KMP") comprise all of the Directors.

Remuneration of executives and consultants, whenever appointed, is determined by market conditions and is not linked to the Company's performance. There are no service agreements in place relating to Directors' fees paid. No equity based payments or other benefits were paid to Directors or consultants during the year under review; no shares or options were issued by way of remuneration.

Details of remuneration of the KMP of Longreach Oil are shown below. Note this table shows remuneration from Longreach Oil Limited for the year ended 30 June 2017

Director	Position	2017 $	2016 $
D Kelton	Consultant	*(66,677)	200,032
J Rosenberg	Managing Director and Company Secretary (Salary - $120,000 + superannuation $11,400)	131,400	103,300
Q Roux	Director	-	-
A Phillips	Director	-	-
Total		**64,723**	**303,332**

Mr Kelton's remuneration consists of $nil (2016: $60,000) advisory and consulting fees pursuant to agreement with Above Board International Pty Ltd.

In the year ended 30 June 2016 Mr Kelton's remuneration also include a 5% fee of all revenue introduced and 50,000,000 unlisted options issued at a strike price of $0.012 vesting in three tranches on 1 March 2016, 1 March 2017 and 1 March 2018, and all with an expiry date of 1 March 2018.

The unlisted options were valued at the date of grant using the Black Scholes valuation methodology which calculates an implied value for the options based on the Company's share price volatility, the risk free rate of return, the life of the option, the Company's share price at the grant date and the option exercise price. The value of $140,032 was expensed in the June 2016 year.

* During the year ended 30 June 2017, the options vesting on 1 March 2017 and 1 March 2018 were cancelled (a total of 33,333,333 options), resulting in a credit to profit of loss of $46,677 for the expense that had been recognised during the year ended 30 June 2016 in relation to these options. During the year ended 30 June 2017, D Kelton waived $20,000 of fees charged in the year ended 30 June 2016.

Directors' Report *(cont'd)*

Results - last five financial years
The following table shows the results of Longreach Oil Ltd for the last five financial years:

	2013*	2014*	2015*	2016	2017
	$	$	$	$	$
Revenue from continuing operations	220,828	557,019	215,120	9,700	1,530
Total comprehensive income/(loss)	(735,906)	(1,798,226)	(1,440,283)	(677,466)	48,951
Net assets	5,668,132	5,474,239	2,061,341	1,675,476	1,677,750
Share price at year end	$0.004	$0.002	$0.003	$0.008	suspended

**** Note*** - Results for 2013, 2014 and 2015 take into account the minority subsidiary, SXX on a consolidated basis.
End of Remuneration Report

13. Non-Audit Services

No non-audit services were provided to the Group during the year by HLB Mann Judd (NSW Partnership).

14. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 6.

15. Indemnification of Officers and Auditors

During the financial year no premium was paid to insure Directors against claims while acting as a Director.

No indemnity has been granted to the Auditor of the Company.

This Report is made and signed in accordance with a Resolution of the Directors.

D Kelton
Chairman

J Rosenberg
Managing Director

29 September 2017

LONGREACH OIL LIMITED
ACN 000 131 797

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Longreach Oil Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Longreach Oil Limited and the entities it controlled during the period.

Sydney, NSW	**A G Smith**
29 September 2017	**Partner**

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
Revenue from continuing operations	2	1,530	9,700
Other income – debt forgiven	13	167,000	-
Administration expenses		(133,218)	(251,356)
Finance costs	3	(532)	(494)
(Loss)/ gain on disposal of subsidiary		-	9,881
Consultant and Legal expenses written back		32,650	-
Consultants fees		-	(205,282)
Provision for rates		-	(41,188)
Other items	4	-	(164,741)
Other expenses		(18,479)	(33,986)
Profit (Loss) from continuing operations before income tax		48,951	(677,466)
Income tax expense	25	-	-
Profit (Loss) from continuing operations		48,951	(677,466)
Other comprehensive income/(loss):		-	-
Total comprehensive income/(loss) for the year attributable to parent entity shareholders		48,951	(677,466)
Basic and diluted earnings/ (loss) per share	20	0.00004	(0.00056)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

Consolidated Balance Sheet as at 30 June 2017

	Note	2017 $	2016 $
Current Assets			
Cash and cash equivalents	5	1,051	44,952
Available for sale financial assets	6	3,057	17,871
Receivables	7	11,457	26,483
Total Current Assets		15,565	89,306
Non-Current Assets			
Available for sale financial assets	8	2,093,787	2,093,787
Receivables	9	33,413	43,412
Total Non-current Assets		2,127,200	2,137,199
Total Assets		2,142,765	2,226,505
Current Liabilities			
Trade and other payables	12	199,796	188,196
Borrowings	13	265,219	362,833
Total Current Liabilities		465,015	551,029
Net Assets		1,677,750	1,675,476
Equity			
Capital and Reserves attributable to company's equity holders			
Share capital	14	26,830,777	26,830,777
Reserves	15	247,627	294,304
Accumulated losses	16	(25,400,654)	(25,449,605)
Total equity attributable to company's Equity holders		1,677,750	1,675,476
Total Equity		1,677,750	1,675,476

The Consolidated Balance Sheet
should be read in conjunction with the accompanying Notes

Consolidated Statement of Changes in Equity for the year ended 30 June 2017

	Share Capital $	Other Reserves $	Accumulated Losses $	Total Equity Interest $
Balance at 1 July 2015	26,830,777	2,703	(24,772,139)	2,061,341
Net loss for the year	-	-	(677,466)	(677,466)
Other Comprehensive Income		-	-	-
Total Comprehensive Income/(Loss)	-	-	(677,466)	(677,466)
Share-based payment Option Issues	-	291,601	-	291,601
Balance at 30 June 2016	26,830,777	294,304	(25,449,605)	1,675,476
Balance at 1 July 2016	26,830,777	294,304	(25,449,605)	1,675,476
Net profit for the year	-	-	48,951	48,951
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Loss)	-	-	48,951	48,951
Options cancelled	-	(46,677)	-	(46,677)
Balance at 30 June 2017	26,830,777	247,627	(25,400,654)	1,677,750

The 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 2017

	Note	Consolidated 30 June 2017 $	30 June 2016 $
Cash flows from operating activities:			
Dividends received		498	1,598
Interest received		1,031	11,532
Interest paid		(532)	(494)
Operating expenses		(34,491)	(291,787)
Net cash flows used in operating activities	22	(33,494)	(279,151)
Cash flows from investing activities:			
Proceeds from disposal of available for sale investments		12,593	-
Payments to acquire available for sale investments		-	(9,413)
Net cash flows provided by/(used in) investing activities		12,593	(9,413)
Cash flows from financing activities:			
Proceeds from borrowings		-	105,000
Repayment of borrowings to related party		(23,000)	(7,000)
Net cash flows provided by/(used in) financing activities		(23,000)	98,000
Net increase (decrease) in cash held		(43,901)	(190,564)
Cash at the beginning of the financial year		44,952	235,516
Cash at the end of the financial year	5	1,051	44,952

The Consolidated Statement of Cash Flows
should be read in conjunction with the accompanying Notes

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report comprises the consolidated entity consisting of Longreach Oil Limited and its subsidiaries (also referred to as "the Group").

1.1 Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board) and the Corporations Act 2001.

These consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets that have been measured at fair value. Unless otherwise indicated the accounting policies have been applied consistently in all periods presented in these financial statements.

1.2 Going concern

The Balance Sheet of the Group at 30 June 2017 showed total current assets of $15,565 and total current liabilities of $465,015 and therefore Net Current Liabilities of $449,450.The Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2017 shows a total comprehensive income of $48,951 after recording a gain on debt forgiven of $167,000.

The financial statements have been prepared on a going concern basis as the directors consider that the Group will be able to raise additional debt or equity funding, as the Group has done in prior years. The ability of the Group to continue as a going concern depends on the Group generating additional cash inflows from the receipt of debt or equity funding.

Accordingly, there is a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. No adjustments have been made in relation to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

1.3 Statement of compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and the International Financial Reporting Standards as issued by the International Accounting Standards Board.

1.4 Principles of Consolidation

Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided 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 Group.

Note 1. Summary of significant accounting policies *(cont'd)*

1.5 Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured at fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. This discount rate used in the entity's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

1.6 Parent Entity Financial Information

The financial information for the parent entity Longreach Oil Ltd has been prepared on the same basis as the consolidated financial statements.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.8 Investments and other financial assets

Available-for-sale financial assets

Available-for-sale financial assets comprising holdings in equity securities quoted on Stock Exchanges and non-listed companies are included in non-current assets unless they are intended to be disposed of within 12 months of the balance date.

Listed investments are initially recognised at fair value plus transaction costs. The investments are subsequently measured at their fair values. Unrealised gains and losses arising from changes in the fair value are recognised in equity in the fair value reserve.

Unlisted investments are initially recognised at cost where the fair value cannot be measured reliably. Where unlisted investments are subsequently re-valued, the fair values are determined after considering the underlying net asset values of the companies, price of recent investments and estimated earnings.

Considerations such as a significant or prolonged decline in the fair value of investments below their cost are used in determining whether investments are impaired. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities. Impairment losses are recognised as a reduction of the available for sale investments fair value reserve to the extent of any previous revaluation and otherwise in profit or loss.

Note 1. Summary of significant accounting policies *(cont'd)*

1.9 Fair value measurements and disclosures

AASB 13: Fair Value Measurement was adopted from 1 July 2013 when it first became applicable to the Group. AASB 13 sets out a framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. AASB 13 does not significantly impact the fair value amounts reported in the financial statements.

Some of assets and liabilities are measured at fair value on either a recurring or non-recurring basis depending on the requirements of the applicable Accounting Standard.

Fair Value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date.

The fair value of financial instruments is measured in accordance with the following levels:

Level 1	Quoted prices (unadjusted) in active markets for identical assets;
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) ; and
Level 3	Inputs for the asset that are not based on observable market data (unobservable inputs).

1.10 Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and are included in current assets, except for maturities greater than 12 months after the balance sheet date which are included in non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment is established for amounts due that are not likely to be collected according to the original terms of the receivables. The amount of the provision is recognised in profit or loss.

1.11 Exploration and evaluation assets

Exploration costs are accounted for under the "Area of Interest" method, whereby costs are carried forward provided that rights to tenure of the area of interest are current and either there is a reasonable probability of recoupment through successful development and exploitation or by their sale, or exploration activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable mineral reserves and active and significant operations in, or in relation to, the area are continuing. The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration or evaluation phases is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. Exploration & Evaluation Assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

1.12 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.13 Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being paid on normal commercial terms.

1.14 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under these leases are charged to profit or loss.

Note 1. Summary of significant accounting policies *(cont'd)*

1.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

1.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the settlement is not required for at least 12 months after the balance sheet date.

1.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and that it can be reliably measured.

Dividends
Dividends are recognised on receipt.

Interest
Interest is recognised as it accrues.

Sale of Financial Assets
The net gains (losses) on sales are included as revenue (expense) at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

1.18 Segment Information

The Group has two reportable segments, namely "Exploration" and "Investment". The "Exploration" segment relates to exploring for metals and other minerals and primarily for oil, gas and other energy resources, either directly and/or through equity investments in exploration companies. The "Investment" segment predominantly relates to an investment in a US based company specializing in advanced telecommunications.

1.19 Accounting estimates and judgement

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying nature of assets are as follows:

(i) Estimated fair values of unlisted investments, and investments in mining projects.

The Group carries some unlisted investments at fair value. Cost is sometimes determined by an evaluation of the value of shares issued by the Group to acquire the investments. The Directors update their assessment of the fair value and the recoverable amount of unlisted investments at least annually. The Group carries its investments in mining projects at cost, subject to annual review for impairment.

(ii) Share-based payments expense

The group issues options which require estimates to be made in determining the fair value. Refer to note 1.20 and note 15 for details.

1.20 Share-based payments

The fair value of options granted to directors, employees and consultants as remuneration are valued at grant date using the Black Scholes valuation methodology which calculates an implied value for the options based on the Company's share price volatility, the risk free rate of return, the life of the option, the Company's share price at the grant date and the option exercise price. The amount is recognised as an expense with the corresponding entry in the Option Premium Reserve.

Note 1. Summary of significant accounting policies *(cont'd)*

1.21 Income tax

Deferred income tax is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and the carry forward of unused tax losses can be utilised. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

1.22 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods or 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 as applicable; and
- 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 Balance Sheet.

Cash Flows are included in the 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 is classified as operating cash flows.

1.23 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting period. The Group has elected not to early adopt the standards and interpretations. The following standard is the only standard that the Group considers could have a material impact:

***AASB 9: Financial Instruments and Associated Amending Standards* (effective for annual reporting periods beginning on or after 1 January 2018).**

The standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

It is anticipated that the application of this standard will not have a material effect on the Group's results of financial reports in future periods.

		Consolidated	
		2017	2016
Note 2.	**Revenues**	**$**	**$**
	Dividends	499	1,598
	Interest - other	1,031	1,491
	Profit on disposal of investments	-	6,611
		1,530	9,700

Note 3.	**Finance costs**		
	Interest expense – other	532	494

Note 4.	**Other items**		
	Exploration expenditure written off	-	84,981
	Legal costs expense	-	39,760
	Impairment loss - shares in corporations not listed on Stock Exchanges (Level 3)	-	40,000
		-	164,741

Note 5.	**Cash and cash equivalents**		
	Cash at bank	1,051	44,952

Note 6.	**Available for sale financial assets - current**		
	Listed equity securities (Level 1)	3,057	17,871

Note 7.	**Receivables - current**		
	Goods and Services Tax	11,457	26,483

Note 8. Available for sale financial assets - non-current

	Consolidated 2017	2016
Shares in corporations not listed on		
Stock Exchanges - at fair value (Level 3)	2,093,787	2,093,787
- at cost	110,900	110,900
Provision for Impairment	(110,900)	(110,900)
	2,093,787	2,093,787

Shares in corporations not listed on stock exchanges at fair value (Level 3) relates to the Company's 4.98% investment in Starlogik IP LLC, a private limited liability company located in the USA. Details of the basis of the valuation of this investment are included in note 28. On 26 February 2016, the Group announced it had signed a binding term sheet to acquire the remaining 95% of Starlogik IP LLC. The proposed acquisition is subject to a number of conditions, including the Group raising $8,000,000 and shareholder approval for the transaction.

Movement in the provision for impairment		
At beginning of year	(110,900)	(70,900)
Additional provision	-	(40,000)
		-
At end of year	(110,900)	(110,900)

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Note 9. Receivables - non-current

Security deposits - mining licences	33,413	43,412

Security deposits earn interest at an average rate of 2.8% per annum.

The fair value of receivables approximates their carrying amounts.

Note 10. Exploration & evaluation expenditure

	Consolidated 2017 $	2016 $
Carrying amount at beginning of year	-	84,981
Expenditure written off	-	(84,981)
Carrying amount at end of year	-	-

Exploration projects in which the company has an interest have been obtained on conditions that provide for exploration expenditure during the currency of the permits, with the right to withdraw at various stages, with or without retaining the interest earned up to that stage. The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration or evaluation phases is dependent upon successful development and commercial exploitation, or sale of the respective areas.

Note 11. Interests in exploration projects

The other income and expense items arising, excluding Nil (2016: $84,981) of exploration costs written off during the year, were Nil (2016: Nil).

11.1 The Company held the following interests in exploration projects:

		30 June 2017 % interest	30 June 2016 % interest
OIL & GAS			
Onshore Surat Basin - QLD	- PL-280	50	50

Note 12. Trade & other payables

	Consolidated 2017 $	2016 $
Trade creditors	111,796	144,196
Trade creditors - related parties (see Note 17.3)	88,000	44,000
	199,796	188,196

Note 13. Borrowings (unsecured)

	Consolidated 2017 $	2016 $
Bank overdraft	5,490	5,104
Loans - related parties (see Note 17.3)	-	23,000
Loans - other	259,729	334,729
	265,219	362,833

No interest was paid on related party loans.

Other loans include an amount of $249,798 (2016 $249,798) from the Shareholder's Divestment Account. Amounts are paid as and when claimed by shareholders. The balance of $9,931 (2016: $84,931) comprises several small loans. During the year a loan owing to a third party of $167,000 was forgiven.

Note 14. Share Capital

	Consolidated 2017 $	2016 $
Issued		
1,214,333,333 ordinary shares, fully paid (2016 – 1,214,333,333)	26,830,777	26,830,777

These fully paid ordinary shares were issued for cash. Ordinary shares rank pari passu, have no par value and carry one vote per share.

		Consolidated 2017 $	2016 $
Note 15.	**Reserves**		
	Option premium	315,674	362,351
	Share treasury	(68,047)	(68,047)
		247,627	294,304

15.1 Movement in reserves

	2017 $	2016 $
Option premium		
Balance at beginning of year	362,351	70,750
Options cancelled	(46,677)	-
Share based payment expense from issue of options	-	291,601
Balance at end of year	315,674	362,351

In September 2015, 60 million unlisted options with an exercise price of $0.003 and expiry date of 25 February 2018 were issued to Gleneagles Securities (Aust) Pty Ltd. These were for services in relation to the acquisition of 5% in Starlogik and for non transactional services rendered including advisory, rent, office services, financial support and ongoing services to be provided to 30 June 2016. Of these options, 20 million related to services provided during the year ended 30 June 2016, with 40 million relating to the year ended 30 June 2015.

The fair value of these options was calculated using the Black Scholes valuation methodology which calculates an implied value for the options based on the Company's share price volatility, the risk free rate of return, the life of the option, the Company's share price at the grant date and the option exercise price. These options were calculated assuming a volatility of 88% (2015: 100%) and risk-free interest rate of 2% and the value of $151,569 was expensed in full in the June 2016 year.

During the year ended 30 June 2016, 50,000,000 unlisted options were issued to the Chairman Drew Kelton at a strike price of $0.012 vesting in three tranches on 1 March 2016, 1 March 2017 and 1 March 2018, all with an expiry date of 1 March 2018.

The value of these options were calculated using the Black Scholes method assuming a volatility of 100% and risk-free interest rate of 2%, and an amount of $140,032 was expensed in full in the 30 June 2016 year.

During the year ended 30 June 2017, the options vesting on 1 March 2017 and 1 March 2018 were cancelled (a total of 33,333,333 options), resulting in a credit to profit of loss of $46,677 for the expense that had been recognised during the year ended 30 June 2016 in relation to these options.

15.2 Nature and purpose of reserves

Option Premium Reserve
The Option Premium Reserve resulted from amounts received from the granting of options to subscribe for ordinary shares in the company and is used to record the fair value of the options issued to Directors and Consultants.

During the year ended 30 June 2017, the options vesting on 1 March 2017 and 1 March 2018 were cancelled (a total of 33,333,333 options), resulting in a credit to profit of loss of $46,677 for the expense that had been recognised during the year ended 30 June 2016 in relation to these options.

Share Treasury Reserve
The Share Treasury Reserve resulted from shares issued as payment for services.

		Consolidated	
		2017	2016
Note 16.	**Accumulated losses**	**$**	**$**
	Balance at beginning of year	(25,449,605)	(24,772,139)
	Net profit/(loss)	48,951	(677,466)
	Balance at end of year	(25,400,654)	(25,449,605)

Note 17. Disclosures relating to key management personnel and related parties

The following were key management personnel ("KMP") of the consolidated entity at any time during the financial year: Directors D Kelton (Chairman), A Phillips, J Rosenberg, Q Roux, and S Baghdadi (resigned 8 July 2015)

The followings summarise transactions with the KMP of Longreach Oil Ltd while they were KMP of the Company.

17.1 Total Remuneration of Key Management Personnel

	KMP of Consolidated Entity 2017 $	2016 $
Director's salary & superannuation	131,400	103,300
Consulting fee charged/(waived)*	(66,677)	200,032
	64,723	303,332

* Regarding the cancellation of D. Kelton options ($46,677) and the waiver of fees ($20,000) as referred to in the Remuneration Report.

Full details of remuneration of KMP is shown in the Directors' Report.

17.2 Shareholdings of key management personnel in Longreach Oil Ltd

Balance	Balance 30 June 2017 Number	Change Number	Resignation Number	30 June 2016 Number
Ordinary Shares				
D Kelton	-	-	-	-
A Phillips	4,500,000	-	-	4,500,000
J Rosenberg	12,550,000	-	-	12,550,000
Q Roux	500,000	-	-	500,000
	17,550,000	-		17,550,000

Balance	Balance 30 June 2016 Number	Change Number	Resignation Number	30 June 2015 Number
Ordinary Shares				
S Baghdadi	-	-	(587,000)	587,000
D Kelton	-	-	-	-
A Phillips	4,500,000	-	-	4,500,000
J Rosenberg	12,550,000	-	-	12,550,000
Q Roux	500,000	-	-	500,000
	17,550,000	-	(587,000)-	18,137,000

D Kelton also holds 16,666,667 (2016:50,000,000) options at year end. Further details are provided in the Remuneration Report.

		Consolidated	
17.3	**Directors and related party transactions and balances**	**2017 $**	**2016 $**
	Aggregate payables and borrowings at balance date		
	Accrued Consulting Fees:		
	Above Board International Pty Ltd (related entity of D Kelton)	-	44,000
	Accrued Salary:		
	J Rosenberg	88,000	-
	Loans (unsecured) owing to:		
	J Rosenberg	-	23,000
		88,000	67,000

Note 18.	**Remuneration of auditors**	**2017 $**	**2016 $**
	Audit and review of financial reports (no other services)		
	HLB Mann Judd	31,500	30,500

Note 19. Contingent Assets and Liabilities

During the year the Company entered into an agreement with Gleneagle Securities Pty Ltd ("Gleneagle") agreeing that for a period of up to 1 June 2019 the following amounts will be payable to Gleneagle:

- 7% of an amounts invested into the Company by any person introduced by Gleneagle;
- 3% of the value of any investments made by the Company introduced by Gleneagle; and
- 20,000,000 options with expiry of 3 years from issue and a price of $0.008.

A third party has made a claim against the Company for amounts owing relating to tenements held. $55,812 of the amounts claimed has not been provided by the Company as the Directors believe no amounts claimed will be payable.

There we no other contingent assets and liabilities.

Note 20.	**Earnings/(Loss) per share**	**2017**	**2016**
	Basic and diluted earnings per share	0.00004	(0.00056)
	Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	1,214,333,333	1,214,333,333
	Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	1,231,000,000	N/A

Note 21. Segment Information

Business Segment

The segments in which the company presently operates predominantly are the exploration industry, exploring for metals and other minerals and primarily for oil, gas and other energy resources, either directly and/or through equity investments in exploration companies, and the investment sector. The "Investment sector" relates to investments made by the Group, including an investment in a US based company specializing in advanced communications.

	Total 2017 $	Exploration 2017 $	Investment 2017 $	Total 2016 $	Exploration 2016 $	Investment 2016 $
Segment Assets						
Geographical						
Australia	48,978	-	48,978	132,718	-	132,718
USA	2,093,787	-	2,093,787	2,093,787	-	2,093,787
	2,142,765	-	2,142,765	2,226,505	-	2,226,505

	Total 2017 $	Exploration 2017 $	Investment 2017 $	Total 2016 $	Exploration 2016 $	Investment 2016 $
Segment Revenues and Other Income						
Geographical						
Australia	168,530	-	168,530	9,700	-	9,700
Total	168,530	-	168,530	9,700	-	9,700

There were no inter-segment revenues.

	Total 2017 $	Exploration 2017 $	Investment 2017 $	Total 2016 $	Exploration 2016 $	Investment 2016 $
Segment Liabilities						
Australia	447,815	51,559	396,256	475,829	57,334	418,495
USA	17,200	-	17,200	75,200	-	75,200
	465,015	51,559	413,456	551,029	57,334	493,695

Note 21. Segment Information (cont'd)

Segment Results	Total 2017	Exploration 2017	Investment 2017	Total 2016	Exploration 2016	Investment 2016
Profit/ (Loss)						
Investment - Australia	2,274	-	2,274	(294,815)	-	(294,815)
Exploration	-	-	-	(131,419)	(131,419)	-
Investment - USA	46,677	-	46,677	(251,232)	-	(251,232)
Total Profit/(Loss)	48,951		48,951	(677,466)	(131,419)	(546,047)
Total Segment Profit/(Loss) included:						
Interest Revenue	1,031	-	1,031	1,491	-	1,491
Interest Expense	(532)	-	(532)	(494)	-	(494)
Material Non cash Items:						
Exploration expenditure written off	-	-	-	(84,981)	(84,981)	-
Impairment losses	-	-	-	(40,000)	-	(40,000)
Debts forgiven	167,000	-	167,000	-	-	-

Note 22. Reconciliation of cash flows from operating activities

	2017 $	2016 $
Profit/ (Loss) for the financial year	48,951	(677,466)
Adjustments for:		
Expenses paid by Gleneagle Securities (Aust) Pty Ltd	(75,000)	-
Exploration expenditure written off	-	84,981
Gain on Share Options cancelled	(46,677)	-
Impairment loss on investments	2,607	40,000
(Profit)/Loss on investments	-	(6,610)
Share-based payment transactions	-	291,601
	(70,119)	(267,494)
Change in trade and other receivables	25,025	20,165
Change in trade and other payables	11,600	(31,822)
Net cash flows from/(used in) operating activities	(33,494)	(279,151)

Note 23. Particulars of companies included in consolidated accounts

Interest in other entities

(a) Subsidiaries

Name of entity	Place of business/ country of incorporation	Ownership interest held		Principal activities
		2017	2016	
Longreach (Pacific) Pty Ltd (deregistered August 2016)	Australia	nil	100%	Oil and Gas exploration and investment company

Note 24. Summary of Parent Entity financial information	**2017 $**	**2016 $**
Current Assets	15,565	89,306
Non-Current Assets	2,127,200	2,137,199
Total Assets	2,142,765	2,226,505
Current Liabilities	465,015	551,029
Total Liabilities	465,015	551,029
Net Assets	**1,677,750**	**1,675,476**
Share Capital	26,830,777	26,830,777
Reserves	247,627	294,304
Accumulated losses	(25,400,654)	(25,449,605)
Total Equity	**1,677,750**	**1,675,476**
Profit/(Loss) for the year	48,951	(688,417)
Comprehensive income	-	-
Total comprehensive income/(loss)	**48,951**	**(688,417)**

Guarantees entered into by the parent entity

Longreach Oil Ltd has obtained bank guarantees issued in relation to rehabilitation of mining tenements secured by term deposits of $33,413 lodged with the bank.

Longreach Oil Ltd has not provided any guarantees in relation to any of its controlled entities.

There were no contingent liabilities.

There were no commitments for the acquisition of property plant and equipment.

Note 25. Income Tax

	2017	2016
	$	$
The income tax (expense)/benefit on the pre-tax accounting (loss) reconciles to the income tax expense in the accounts as follows:		
Profit/(Loss) before income tax	48,951	(677,466)
Income tax expense/(benefit) calculated at 30% (2016: 30%) on the loss from ordinary activities	14,685	(203,240)
Deferred tax assets (brought)/not brought to account	(14,685)	203,240
Income tax expense	-	-

Deferred tax assets estimated in excess of $2,000,000 have not been brought to account. The deferred tax assets will only be utilised if:

(a) the consolidated entity derives future assessable income of a nature and of sufficient amount to enable the deferred tax assets to be realised;

(b) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and

(c) legislation will not change in a manner which would adversely affect the consolidated entity’s ability to realise the deferred tax assets

.

Note 26. Risk

(a) Market risk: The Group’s investments in available for sale financial assets are subject to fluctuations in market conditions. No material reduction in value is anticipated.

(b) Interest rate risk: There is no significant exposure to interest rate risk as the Group's borrowings are on fixed rates.

(c) Credit risk: The carrying amounts of Receivables net of any provisions represent the maximum exposure to credit risk.

(d) Liquidity risk: The Directors are responsible for management of the short, medium and long term liquidity requirements.

(e) Exploration risk: The exploration industry is inherently risky. Such risk is carefully assessed on a case by case basis.

(f) Capital risk: The Directors' objectives when managing capital are to safeguard the Group's ability to continue as a going concern and in due course to increase the value of its shares and returns to its shareholders. Acquisition of exploration projects and other associated expenditure can often be satisfied by the issue of equity securities. The Group's gearing has remained quite low in accordance with the Board's policy and it is not proposed to make any changes in that respect.

(g) Currency risk: The Group has no payables or receivables in foreign currency.

Note 27. Events after balance date

No significant events have occurred since 30 June 2017 which would have an impact on the financial position of the Group as at 30 June 2017 or on the results and cash flows of the Group for the year then ended.

Note 28. Fair Value

The following table presents the assets measured and recognised at fair value as at 30 June 2017:

As at 30 June 2017	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Recurring fair value measurements				
Listed equity securities	3,057	-	-	3,057
Shares in corporations not listed on Stock Exchange	-	-	2,093,787	2,093,787

As at 30 June 2016	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Recurring fair value measurements				
Listed equity securities	17,871	-	-	17,871
Shares in corporations not listed on Stock Exchange	-	-	2,093,787	2,093,787

Valuation process of the Group in determining level 3 fair values

For the purpose of financial reporting the Board performs assessments of individual asset values. The Board discusses the valuation process, results and reasons for the fair value movements, in line with the half-yearly and yearly financial statement reporting timelines.

A description of the key valuation policies and sensitivity of significant unobservable inputs of level 3 fair values is detailed below:

	Valuation policies and relationships of inputs	**Sensitivity of fair values to unobservable inputs**
Shares in corporations not listed on Stock Exchange	The Company's investment in corporations not listed on stock exchanges valued at fair value relates to an investment made in Starlogik IP LLC, a private research and development company incorporated in the USA specialising in advanced communications. The value of this investment has been based upon investments made by the Company and other parties in Starlogik IP LLP during the past two years, and forecasts prepared by Starlogik IP LLC.	Fair values will be sensitive to the future results of Starlogik IP LLC and other market conditions which may impact the value of shares in this investment.

N.B. *The Financial Report was authorised by the Directors on 29 September 2017. The Company has the power to amend and re-issue the financial report.*

Declaration by Directors
for the year ended 30 June 2017

1. In the Directors' opinion:

   (a) the financial statements and the notes set out on pages 7 to 26 are in accordance with the Corporations Act 2001, including:

      (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

      (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance.

   (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. The Notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act, 2001 for the financial year ended 30 June 2017.

This declaration is made in accordance with a resolution of the Directors.

D Kelton	J Rosenberg
Chairman	Managing Director

Sydney, NSW
29 September 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

LONGREACH OIL LIMITED
ACN 000 131 797

INDEPENDENT AUDITOR'S REPORT

To the Members of Longreach Oil Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Qualified Audit Opinion

We have audited the financial report of Longreach Oil Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated balance sheet as at 30 June 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the financial report of Longreach Oil 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 2017 and its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

The consolidated entity's investment in Starlogik LLC ("Starlogik"), a private limited liability company located in the USA, is accounted for as an available for sale financial asset at fair value with a carrying value of $2,093,787 at 30 June 2017, as disclosed in Note 8 to the financial statements. Given that Starlogik has not yet generated any revenue, and it has been over twenty four months since any shareholders other than Longreach Oil Limited have made a comparable sized investment in Starlogik, we consider that we were unable to obtain sufficient appropriate audit evidence for the fair value of this investment as at 30 June 2017. Consequently, we were unable to determine whether any adjustments to the investment were necessary.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

HLB Mann Judd

LONGREACH OIL LIMITED
ACN 000 131 797

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Material Uncertainty Regarding Going Concern

Without further modifying our opinion, we draw attention to Note 1.2 Going Concern in the financial report, which indicates that the consolidated entity recognised a profit of $48,951 after providing for income tax for the year ended 30 June 2017, and had an excess of current liabilities over current assets of $449,450. As stated in Note 1.2, these events or conditions, along with other matters as set forth in Note 1.2, indicate that a material uncertainty exists that may cast significant doubt on 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the Basis for Qualified Opinion and Material Uncertainty Regarding Going Concern paragraphs above, we have determined there are no other key audit matters to be communicated in our report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

HLB Mann Judd

LONGREACH OIL LIMITED
ACN 000 131 797

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

LONGREACH OIL LIMITED
ACN 000 131 797

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 5 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Longreach Oil Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

HLB Mann Judd

A Smith

HLB Mann Judd
Chartered Accountants

A G Smith
Partner

Sydney, NSW
29 September 2017

Australian Securities Exchange
Additional Information current as at 18 October 2017

1. Shareholders and voting rights

1.1 Total number of shareholders: 1,968

Shareholders have one vote for each share held.

1.2 Distribution schedule showing the numbers of shareholders in the following categories:

Categories			Shareholders
1	to	1,000	334
1,001	to	5,000	702
5,001	to	10,000	179
10,001	to	100,000	448
over		100,000	305

The number of shareholders holding less than a marketable parcel of shares is 1,557.

2. Substantial shareholders (holding more than 5% of voting rights) who have notified the Company

Spinite Pty Ltd	242,000,000

3. Top twenty shareholders

Name	Shares held	%
Gleneagle Securities Nominees Pty Limited	228,500,000	18.82
Spinite Pty Ltd	100,000,000	8.23
Myra Nominees Pty Limited	95,000,000	7.82
Mrs Melanie Therese Verheggen	61,137,317	5.03
SPO Equities Pty Ltd	50,000,000	4.11
Sunvest Corporation Limited	41,443,844	4.12
Firehold Pty Ltd	33,333,333	2.74
Leon Fink Holdings Pty Ltd	33,333,333	2.74
The Summit Hotel Bondi Beach Pty Ltd	23,333,333	1.92
Junior Jay Pty Ltd	19,500,000	1.60
Mitchell J Harrison & Rosalind F Menzies <Menzies Harrison Super A/c>	16,093,754	1.32
Mrs Melanie Therese Verheggen	15,651,074	1.29
MLWS No 1 Pty Ltd<Warne Smith Family A/C>	15,000,000	1.23
Mr Donald Peter Anderson	14,624,614	1.20
Mr Jiang Liu	14,337,186	1.18
Mr Long An & Mrs Hua Liu	14,053,586	1.16
Mr Bertram Rosenberg	12,050,000	0.99
Mr Justin Terence Rosenberg	12,050,000	0.99
Clarke Barnett Dudley	11,920,175	0.98
Jemph Pty Ltd	10,000,000	0.08

4. On market buy back

There is no current on-market share buy-back.