LONGREACH OIL LIMITED

A.C.N. 000 131 797

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PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246, SYDNEY NSW 2001

2 October 2014

e-Lodgement

FOR PUBLIC RELEASE

Manager - ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Madam

Re 30 June 2014 Financial Statements

Attached are the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2014.

For and on behalf of

Longreach Oil Limited

C Coleman
Joint Company Secretary

Longreach Oil Limited
A.C.N. 000 131 797
Directors Report
For the year ended 30 June 2014

Contents

Notice of Meeting and Proxy

- see separate documents / inserts.

Corporate Directory

Directors
Stephen BAGHDADI (Chairman)
Andrew PHILLIPS
Justin ROSENBERG
Craig COLEMAN

Company Secretary
Craig COLEMAN

Registered and Principal Office
Level 29
2 Chifley Square
Sydney NSW Australia

Telephone:	9375 2322
Address:	GPO Box 4246 Sydney NSW 2001 Australia
Email:	longreach@longreachenergy.com.au
Website:	www.longreachoil.com

Share Registry
Boardroom Limited
7/207 Kent Street
Sydney NSW Australia
Website: www.boardroomlimited.com.au

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

Principal Bankers
ANZ Banking Group Limited

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 2014.

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 61st year since incorporation.

1. Review of operations

The operations of the Group for the year were managing the Group's existing exploration projects and investments, as well as examining acquisitions of new projects for exploration and investment.

2. Results of operations

The operations of the consolidated entity during the year resulted in a comprehensive loss of $1,798,226 (2013: $1,176,880).

3. Significant changes

The significant changes in the state of affairs of the consolidated entity were namely

3.1 The issue of 150,000,000 shares during the year for cash, increasing the issued shares of the Company to 736,000,000 as at 30 June 2014.

3.2 Southern Cross Exploration NL (SXX) a subsidiary of Longreach Oil Limited issued 124,821,600 shares during the year to meet its working capital requirements. As at 30 June 2014, SXX had on issue 538,821,600 shares.

4. Principal activities

The Group's principal objectives have remained fairly constant, viz. exploration for Oil and Gas, and in the case of Southern Cross Exploration N L, exploration for uranium, gold and other minerals, as well as examining projects for possible acquisition.

Longreach Oil holds a 50% interest in Petroleum Lease 280 in the Surat Basin, Queensland and a 20% interest in Brisbane Petroleum Limited which in turn owns petroleum leases in the Surat Basin in Queensland. It also holds an 11% interest in EP-439 in the Onshore Carnarvon Basin (WA).

SXX has interests in the Batangas Gold Project (10%) and the Gold Cross Gold Project (20%) in the Philippines, a uranium project in Tanzania (7%) and an investment in the Bigrlyi Uranium Joint Venture (5%), which is located in the Ngalia Basin, Northern Territory. It also has share investments and interests in other financial transactions, including a first mortgage secured over freehold land in Fiji.

5. Significant matters after balance date

5.1 Since the reporting period, Longreach has disposed of its shareholding in Southern Cross. Accordingly from 2014/2015 the entities will commence reporting separately.

5.2 Longreach agreed to extend the maturity date of the loan it has advanced to SXX to 31 August 2015. The total amount recoverable on or before the due date is $1,200,000.

5.2 On 10 September 2014 the Company issued 95 million shares for cash increasing the issued shares of the Company to 831,000,000 and raised $171,000.

5.3 On 7 July 2014 SXX appointed a receiver to act for it in the recovery of a secured loan from Nadi Bay Beach Corporation.

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.

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. 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:

Stephen Baghdadi Non-Executive Director Longreach Oil and Executive Director of Southern Cross Exploration. Appointed Chairman Longreach Oil on 29 November 2013.
Andrew Phillips, Non-Executive Director; Longreach and appointed Non-Executive Director of Southern Cross on 30 August 2013. Director also of other listed company Richfield International Ltd - since July 2010; Company Secretary of listed company - MDS Financial Services Ltd; Director of a number of proprietary companies.
Justin Rosenberg - Non-Executive Director Longreach Oil. Chartered Accountant, Bachelor of Commerce (Accounting & Finance Majors). Manager at Claymore Capital for past 13 years. Appointed company secretary on 17 September 2014.

Craig Coleman appointed Non-Executive Director Longreach on 7 May 2014 and Non-Executive Director of Southern Cross on 20 February 2014.

Boris Ganke - Non-Executive Director since 1981; Retired as Chairman and Director of Longreach on 29 November 2013 and a Chairman and Director of Southern Cross on 12 June 2014.

Bruce Burrell - resigned 30 September 2013 (appointed September 2011).

Peter Hetherton - Non-Executive Director retired 21 February 2014

Details of Directors' interests in the securities of the Company and the Group are set out in Note 18.2 to the Financial Report.

10. Directors' meetings

The following table sets out the number of meetings of Directors held during the year ended 30 June 2014 and the number of meetings attended by each Director:

	Meetings eligible to attend	Meetings attended	
S Baghdadi	8	8	
B D Burrell	2	1	(resigned 30 September 2013)
B Ganke	4	4	(resigned 29 November 2013)
P Hetherton	6	6	(resigned 21 February 2014)
A Phillips	8	8	
J Rosenberg	8	8	
C Coleman	-	-	(appointed 7 May 2014)

There were also 5 circular resolutions in respect of various transactions.

11. 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.

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

The Board of the Company now consists of four Directors, being S Baghdadi, A Phillips, J Rosenberg and C Coleman. The Company's Key Management Personnel comprise all of the Directors. Company Secretarial services were provided by P Hetherton and C Coleman.

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:

Director	**Position**	**2014($)**	**2013($)**	
S Baghdadi	Chairman (from 29 November 2013)	24,000	3,350	
S Baghdadi	Consultant	130,619	-	
A Phillips	Director	24,000	6,000	
A Phillips	Consultant	16,300		
J Rosenberg	Director	24,000	6,000	
C Coleman	Director	3,551		Appointed 7 May 2014
C Coleman	Consultant	10,000		Appointed 7 May 2014
B Ganke	Chairman (to 29 November 2013)	9,929	24,000	Resigned 29 November 2013
B Burrell	Director	6,049	24,000	Resigned 30 September 2014
P Hetherton	Director	15,452	24,000	Resigned 21 February 2014
P Hetherton	Company Secretary	20,000	30,000	Resigned 21 February 2014
Total		**283,900**	**117,350**	

SXX is an ASX- listed company and produces its own Remuneration Report in accordance with Section 300A of the Corporations Act 2001, to be voted by its shareholders. The Board of SXX determines the remuneration policy in respect of the Directors, KMP and consultants.

The remuneration below includes amounts payable to KMP of LGO from all consolidated entities.

Consolidated Entity Southern Cross

		Consolidated Entity		**Southern Cross**	
Director	Position	**2014($)**	**2013($)**	**2014($)**	**2 months to 30 June 2013**
S Baghdadi	Director	48,000	6,683	24,000	3,333
S Baghdadi	Consultant	306,717	50,000	176,098	50,000
A Phillips	Director	43,989	6,000	19,989	-
A Phillips	Consultant	16,300	-	-	-
J Rosenberg	Director	24,000	6,000	-	-
C Coleman	Director	7,101	-	3,551	-
C Coleman	Consultant	15,000	-	5,000	-
B Ganke	Directors Fees LGO	9,929	24,000	-	-
B Ganke	Managing Director SXX	49,644	20,000	49,644	20,000
B Burrell	Director	6,049	25,666	-	1,666
P Hetherton	Director	15,452	24,000	-	-
P Hetherton	Company Secretary	20,000	30,000	-	-
Total		**562,181**	**192,349**	**278,282**	**74,999**

Results - last five financial years

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

	2010 $	2011 $	2012 $	2013 * $	2014 * $
Revenue from continuing operations	125,334	162,228	280,531	220,828	557,019
Total comprehensive profit / loss	(592,863)	(2,818,538)	(375,214)	(735,906)	(1,798,226)
Net assets	5,917,412	3,748,169	3,422,955	5,668,132	5,474,239
Share price at year end	$0.008	$0.005	$0.003	$0.004	$0.002

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

End of Remuneration Report

12. Non-Audit Services

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

13. 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.

14. 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.

S Baghdadi
Director

C Coleman
Director

2 October 2014

LONGREACH OIL LIMITED

A.B.N. 98 000 131 797

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 2014 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of 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 the Longreach Oil Limited and the entities it controlled during the year.

Sydney, NSW
2 October 2014

M D Muller
Partner

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Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014

	Note	30 June 2014 $	30 June 2013 $
Revenue from continuing operations	2	557,019	220,828
Administration expenses		(1,017,663)	(324,024)
Loss on investments		(13,662)	(119,599)
Finance costs	3	(62,218)	(17,488)
Office occupancy expenses		(107,559)	(143,434)
Other expenses		(192,532)	(88,625)
Loss before significant items and income tax		(836,615)	(472,342)
Significant items	4	(961,611)	(704,538)
(Loss) from continuing operations before income tax		(1,798,226)	(1,176,880)
Income tax expense	25	-	-
(Loss) from continuing operations		(1,798,226)	(1,176,880)
Losses of non-controlling interest		1,025,919	294,877
Loss attributable to parent entity shareholders		(772,307)	(882,003)
Other comprehensive income/(loss):			
Increase/Decrease in Reserves		-	349,857
Less: Non-controlling interests		-	(203,760)
Total comprehensive profit/loss for the year attributable to parent entity shareholders		(772,307)	(735,906)
Basic and diluted (loss) per share	21	(0.0011)	(0.0016)

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 2014

	Note	2014 $	2013 $
Current Assets			
Cash and cash equivalents	5	340,975	18,943
Available for sale financial assets	6	5,075	11,048
Receivables	7	4,549,546	178,093
Investment in joint venture	8	2,134,706	2,123,319
Total Current Assets		7,030,302	2,331,403
Non-Current Assets			
Available for sale financial assets	9	121,684	368,131
Receivables	10	53,775	4,085,284
Exploration and evaluation expenditure	11	194,021	475,413
Total Non-current Assets		369,480	4,928,828
Total Assets		7,399,782	7,260,231
Current Liabilities			
Trade and other payables	13	1,121,979	1,052,543
Borrowings	14	803,564	539,556
Total Current Liabilities		1,925,543	1,592,099
Net Assets		5,474,239	5,668,132
Equity			
Capital and Reserves attributable to company's equity holders			
Share capital	15	24,107,967	23,592,166
Reserves	16	(553,131)	(553,131)
Accumulated losses	17	(21,791,652)	(20,444,114)
Total equity attributable to company's Equity holders		1,763,184	2,594,921
Non-controlling interests		3,711,055	3,073,211
Total Equity		5,474,239	5,668,132

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 2014

	Share Capital	Other Reserves	Accumulated Losses	Total Parent Entity Interest	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2012	24,947,777	(724,975)	(20,799,847)	3,422,955	-	3,422,955
Net loss for the year	-	-	(882,003)	(882,003)	(294,877)	(1,176,880)
Other Comprehensive Income	-	146,097	-	146,097	203,760	349,857
Total Comprehensive Income	-	146,097	(882,003)	(735,906)	(91,117)	(827,023)
Share Issues	177,000	-	-	177,000	-	177,000
Elimination of subsidiary investment in Parent (Note 23)	(1,532,611)	(4,316)	1,317,799	(219,128)	-	(219,128)
Transactions with non controlling interest	-	-	-	-	3,164,328	3,164,328
Transfers to/ from Reserves	-	80,063	(80,063)	-	-	-
Treasury shares	-	(50,000)	-	(50,000)	-	(50,000)
Balance at 30 June 2013	23,592,166	(553,131)	(20,444,114)	2,594,921	3,073,211	5,668,132
Balance at 1 July 2013	23,592,166	(553,131)	(20,444,114)	2,594,921	3,073,211	5,668,132
Net loss for the year	-	-	(772,307)	(772,307)	(1,025,919)	(1,798,226)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	(772,307)	(772,307)	(1,025,919)	(1,798,226)
Share Issues	385,000	-	-	385,000	902,108	1,287,108
Transactions with non controlling interest	130,801	-	(575,231)	(444,430)	761,655	317,225
Balance at 30 June 2014	24,107,967	(553,131)	(21,791,652)	1,763,184	3,711,055	5,474,239

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 2014

	Note	Consolidated 30 June 2014 $	30 June 2013 $
Cash flows from operating activities:			
Dividends received		90	61
Interest received		2,334	5,327
Interest paid		(6,762)	(2,699)
Other operating receipts		-	132,041
Operating expenses		(594,152)	(389,572)
Net cash flows (used in) operating activities	27	(598,490)	(254,842)
Cash flows from investing activities:			
Net cash acquired from acquisition of subsidiary		-	4,657
Proceeds from sale of investments		317,225	16,000
Payments for Joint Venture exploration expenditure		(11,387)	(12,160)
Payments to acquire available for sale financial assets		-	(3,318)
Payments for Treasury shares		-	(50,000)
Payments for Exploration prospects		(54,284)	-
Loans & advances made		-	(11,742)
Net cash flows provided by/(used in) investing activities		251,554	(56,563)
Cash flows from financing activities:			
Proceeds from issue of shares		615,890	178,063
Proceeds from borrowings		765,000	152,822
Repayment of borrowings		(711,922)	(25,964)
Net cash flows provided by financing activities		668,968	304,921
Net increase (decrease) in cash held		322,032	(6,484)
Cash at the beginning of the financial year		18,943	25,427
Cash at the end of the financial year	5	340,975	18,943

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

Notes to the financial statements for the year ended 30 June 2014

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.

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 and the investment in the joint venture 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 2014 showed Total Current Assets of $7,030,302 and Total Current Liabilities of $1,925,543 and therefore Net Current Assets of $5,104,759. Included in the Total Current Assets is $2,134,706 relating to an investment in a joint venture and $4,389,969 relating to an a mortgage investment both owned by the subsidiary, Southern Cross Exploration N L. Both of these assets are expected to be realised in the next 12 months. Excluding these investments, the Group would have Net Current liabilities of $1,419,916. The Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2014 shows a total comprehensive loss of $1,798,226.

The ability of the Group to pay its liabilities is dependent on the Group collecting its receivables and realising its financial assets as well as raising additional capital through placements or other share issues. This is dependent upon future events and market conditions, including the ability of the Company's subsidiary, Southern Cross Exploration N L, to raise enough capital through sale of investments and/or projects, collection of loans and/or capital raising to repay amounts owed to the Company.

Should insufficient funds be raised, there is a material uncertainty that the Company will continue as a going concern. However, the Directors believe that sufficient funds can be raised to enable the Company to 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.

The non-controlling interest in the results and equity of subsidiaries is shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Balance Sheet respectively.

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 revalued, the fair values are determined after considering the underlying net asset values of the companies and estimated values based on their strategic holdings.

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 Joint ventures

Interests in joint ventures in which the group has joint control are accounted for by recognising its share of assets classified according to their nature, share of liabilities and income and expenses. Where the group does not have joint control, it accounts for its interest as an investor in Joint Ventures at fair value.

1.12 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.

1.13 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.

1.14 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.

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

1.15 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 the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

1.16 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.

1.17 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.

1.18 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 (expenses) 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.

1.19 Segment Information

The group has two reportable segments, namely "Exploration" and "Other". The segment in which the company operates predominantly is 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. The "Other" segment predominantly relates to a mortgage investment with a company involved in the development of property, and other loans made to related and other companies.

1.20 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 cost, and some 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) The recoverability of the Mortgage Investment (Fiji loan) as detailed in Note 7 is based on the future sale or development of the property, and on the basis that there is political stability in Fiji. If the sale or development of the property does not proceed according to expectations, the recoverable amount could be materially different. The directors believe the Group will recover at least the carrying value of the loan.

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.

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

1.21 Income tax (cont'd)

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 2014 reporting periods. The Group has elected not to early adopt the standards and interpretations. The following standard is considered applicable to the Group:

AASB 9: Financial Instruments and associated Amending Standards **(effective for annual reporting periods beginning on or after 1 January 2017).**

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.

Note 2. Revenues

	Consolidated 2014 $	Consolidated 2013 $
Dividends	76	61
Interest - related parties (Note 18.5)	304,952	131,163
Interest - other	251,991	3,257
Rent	-	86,347
	557,019	220,828

Note 3. Finance costs

	2014 $	2013 $
Interest expense - related parties	-	1,679
Interest expense - Director related parties (Note 18.5)	-	716
Other finance costs	62,218	15,093
	62,218	17,488

Note 4. Significant items

	2014 $	2013 $
Exploration expenditure written off	335,676	153,157
Impairment loss - listed equity securities (Level 1)	-	354,193
Legal costs expense	50,108	73,299
Impairment loss - shares in corporations not listed on Stock Exchanges (Level 3)	95,096	70,000
Bad debts written off - receivables	120,731	53,889
Recognition of former contingent liability	360,000	-
	961,611	704,538

		Consolidated 2014 $	2013 $
Note 5.	**Cash and cash equivalents**		
	Cash at bank	340,975	18,943

Note 6.	**Available for sale financial assets - current**		
	Listed equity securities (Level 1)	5,075	11,048

Note 7.	**Receivables - current**		
	Mortgage Investment (2013: Director related entity)	7,566,126	-
	- Provision for impairment	(3,176,157)	-
		4,389,969	-
	Debtors - other	79,484	51,470
	Provision for impairment	(30,420)	(30,420)
	Debtors - Director related parties (see note 18.5)	-	82,059
		49,064	103,109
	Loans – Director related parties (see note 18.5)	-	15,632
	Loans – other entities	17,733	-
	Goods and Services Tax	92,780	59,352
		110,513	74,984
		4,549,546	178,093

Mortgage Investment in SXX is secured over freehold property in Fiji owned by Nadi Bay Beach Corporation Limited (NBBC). B Ganke and P Hetherton are also Directors and shareholders of NBBC.

Interest was accrued from 1989 at 12% compound until December 1999 when the rate was changed to 7% compound. From July 2002 to December 2004 interest was charged at 7% simple and currently is at 8% on the balance of the loan.

The Mortgage Investment was impaired in December 2012 to reflect the reduction in value of the freehold property in Fiji over which the mortgage is secured.

The Mortgage Investment was classified as a non-current receivable at 30 June 2013 (refer to Note 10).

The fair value of receivables approximates their carrying amounts.

Movement in the provision for impairment

Debtors - other

	2014	2013
At beginning of year	(30,420)	(30,420)
Additional provision	-	-
Provision written back	-	
At end of year	(30,420)	(30,420)

The fair value of receivables approximates their carrying amounts.

		Consolidated 2014 $	2013 $

Note 8. Investment in Joint Venture

		2014 $	2013 $
Bigrlyi Joint Venture	- at cost	1,908,081	1,896,694
	- at revaluation	226,625	226,625
		2,134,706	2,123,319

Southern Cross Exploration N L has a five percent interest in the Bigrlyi uranium project located in the Ngalia Basin in the Northern Territory. As Southern Cross does not have joint control, it accounts for its interest in the Joint Venture as an investor at fair value.

Note 9. Available for sale financial assets - non-current

	2014 $	2013 $
Listed equity securities (Level 1)	262	21,048
Shares in corporations not listed on Stock Exchanges (Level 3) - at cost	583,211	761,276
Provision for Impairment	(461,789)	(424,193)
- at written down value	-	10,000
	121,684	368,131

The shares not listed on Stock Exchanges (Level 3) are carried at cost or at fair values. They are either shares in private companies or shares in companies preparing for an I.P.O.

Movement in the provision for impairment

	2014 $	2013 $
At beginning of year	(424,193)	-
Impairment losses - listed equity securities (Level 1)	-	(354,193)
Assets disposed – previously impaired	57,500	-
Impairment losses - shares in corporations not listed on Stock Exchanges (Level 3)	(95,096)	(70,000)
At end of year	(461,789)	(424,193)

Note 10. Receivables - non-current

	2014 $	2013 $
Mortgage Investment - Director related entity	-	7,206,157
- Provision for impairment	-	(3,176,157)
	-	4,030,000
Loans - Director related entities (see Note 18.5)	68,376	27,162
Loans - other entities	-	38,887
Less: Provision for impairment	(66,049)	(61,388)
	2,327	4,661
Security deposits - mining licences	51,448	50,623
	53,775	4,085,284

The Mortgage Investment due to SXX is classified as a current receivable at 30 June 2014. Refer to Note 7 for further details.

Security deposits earn interest at an average rate of 5% per annum.

The fair value of receivables approximates their carrying amounts.

Movement in the provision for impairment

		2014 $	2013 $
Loans - other entities:	At beginning of year	(61,388)	(7,499)
	Additional provision	(4,661)	(53,889)
	At end of year	(66,049)	(61,388)

	Consolidated 2014 $	2013 $
Note 11. Exploration & evaluation expenditure		
Carrying amount at beginning of year	475,413	346,178
Additions due to acquisition of SXX	-	281,392
Expenditure incurred	54,284	-
Expenditure written off	(335,676)	(152,157)
Carrying amount at end of year	194,021	475,413

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 12. Interests in exploration projects

The other income and expense items arising, excluding $335,676 (2013: $152,157) of exploration costs written off during the year, were Nil (2013: Nil).

12.1 The Company held the following interests in exploration projects:

		30 June 2014 % interest	30 June 2013 % interest
OIL & GAS			
Onshore Carnarvon Basin - W.A.	- EP-439 and EP-461	nil	11.33
	EP- 460	11.69	11.69
Onshore Surat Basin - QLD	- PL-280	50	50

12.2 Southern Cross Exploration N L held the following interests in exploration projects:

OVERSEAS		
***TANZANIA - Mkuju River (URANIUM)**		
Interest in several Exploration Licences	7	7
***PHILIPPINES (GOLD)**		
***Batangas Gold Project** (approx. 100km south of Manila)		
Interest in MPSA and EPA 115 (3,300 ha)	10	10
***Gold Cross Project - Province of Bulacan** - Island of Luzon (8,000 ha)		
MA-P-111-02-04; MA-P-111-05-04; MA-P-I11-06-04; MA-P-I11-07-04 (The issue of the MPSAs is still pending)	20	20

IRAN - *Boma Abad et al (MAGNESITE)

Southern Cross has an interest in two companies which hold several exploration tenements.

*At 30 June 2014 the Group had fully impaired carried forward capitalised exploration assets relating to those tenements in line with Australian Accounting Standards.

Note 13. Trade & other payables

	Consolidated 2014 $	2013 $
Trade creditors	909,959	796,367
Trade creditors - Director related parties (see Note 18.5)	-	23,000
Trade creditors - related parties (see Note 18.4)	219,020	233,146
	1,128,979	1,052,513

Note 14. Borrowings (unsecured)

	2014 $	2013 $
Bank overdraft	4,827	5,242
Loans - related parties (see Note 18.4)	60,073	153,648
Loans - other	738,664	380,666
	803,564	539,556

No interest was charged on the related party loans. Other loans include an amount of $249,798 from the Shareholder's Divestment Account on which interest at 2% p.a. was accrued. Amounts are paid as and when claimed by shareholders. Also included is an amount of $110,000 in respect of a loan on which interest charges have been suspended, repayment of which has been arranged to be made at a time to be agreed with the creditor. Also included is an amount of $360,000 relating to a loan which is due to be repaid on 30 July 2014. The balance of $18,866 comprises several small loans which are on various terms.

Note 15. Share Capital

Issued

	2014 $	2013 $
736,000,000 ordinary shares, fully paid (2013 – 586,000,000)	24,107,967	23,592,166

Ordinary shares carry one vote per share.

Movement in Issued Capital	2014 No. of shares	2014 $	2013 No. of shares	2013 $
Balance at beginning of year	586,000,000	23,592,166	515,000,000	24,947,777
Share placements	150,000,000	385,000	71,000,000	177,000
Equity acquired in net assets of Parent (Note 23)	-	-	-	(1,532,611)
Equity disposed in subsidiary	-	130,801	-	-
Balance at end of year	736,000,000	24,107,967	586,000,000	23,592,166

Share Placements shown above were as follows:

2014 Date Issued	2014 Number of Shares	2014 Issue Price	2013 Date Issued	2013 Number of Shares	2013 Issue Price
5 Sept 2013	80,000,000	$0.0025	14 March	70,000,000	$0.0025
5 Sept 2013	50,000,000	$0.0025	2 April	500,000	$0.002
30 Sept 2013	20,000,000	$0.003	2 April	500,000	$0.002
	150,000,000			71,000,000	

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

The Issued Capital of Longreach Oil Ltd was reduced by $1,532,611 in 2013 due to the elimination of the shareholding of the controlled entity on consolidation (see Note 23).

The issued capital of Longreach Oil Ltd was increased by $130,801 due to a reduction in the number of Longreach Oil shares owned by the subsidiary SXX.

		Consolidated	
		2014	2013
Note 16.	**Reserves**	$	$
	Option premium	66,434	66,434
	Share treasury	(619,565)	(619,565)
		(553,131)	(553,131)

16.1	**Movement in reserves**		
	Capital Losses		
	Balance at beginning of year	-	(200,748)
	Transferred to accumulated losses	-	200,748
	Balance at end of year	-	-
	Fair Value Reserve		
	Balance at beginning of year	-	(25,412)
	Transferred to accumulated losses	-	(120,685)
	Changes in fair value - listed shares	-	-
	Impairment losses transferred to Statement of Profit or Loss and Other Comprehensive Income	-	146,097
	Balance at end of year	-	-
	Option Premium Reserve		
	Balance at beginning of year	66,434	70,750
	Elimination of subsidiary investment in Parent (Note 23)	-	(4,316)
	Balance at end of year	66,434	66,434
	Share Treasury Reserve		
	Balance at beginning of year	(619,565)	(569,565)
	Additional shares acquired	-	(50,000)
	Balance at end of year	(619,565)	(619,565)

16.2 Nature and purpose of reserves

Capital Profits/(Losses) Reserve
The Capital Profits/(Losses) Reserve includes capital profits and losses from sale of investments and other items of a capital nature.

Fair Value Reserve
Changes in the fair value of financial assets are taken to and from this Reserve.

Option Premium Reserve
The Option Premium Reserve resulted from amounts received from the granting of options to subscribe for ordinary shares in the company.

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

Note 17.	**Accumulated losses**		
	Balance at beginning of year	(20,444,114)	(20,799,847)
	Net (loss)	(772,307)	(882,003)
	Elimination of subsidiary investment in Parent (Note 23)	-	1,317,799
	Transfer from Capital Losses & Fair Value Reserve	-	(80,063)
	Transactions with non controlling interests	(575,231)	-
	Balance at end of year	(21,791,652)	(20,444,114)

Note 18. 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 - B Ganke (Chairman to resignation on 29 November 2013), S Baghdadi (Chairman from 29 November 2013), B Burrell (resigned 1 October 2013), P Hetherton (resigned 21 February 2014), A Phillips, J Rosenberg, C Coleman (appointed 7 May 2014). P Hetherton provided part-time Company Secretarial services. The followings summarise transactions with the KMP of Longreach Oil Ltd while they were KMP of the Company.

18.1 Total Remuneration of Key Management Personnel

	KMP of Consolidated Entity	
	2014	**2013**
	$	**$**
Directors' Fees	154,521	97,348
Managing Director Fees (Controlled entity - SXX)	49,644	20,000
Consulting and Secretarial Fees	358,017	80,000
	562,182	**197,348**

The above remuneration includes amounts payable to KMP of LGO from all consolidated entities.

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

18.2 Shareholdings of key management personnel in Longreach Oil Ltd

Balance	**Balance 30 June 2014 Number**	**Change Number**	**Resignation Number**	**30 June 2013 Number**
Ordinary Shares				
S Baghdadi	143,587,000	66,872,000	-	76,715,000
B Burrell	-	-	(100,000)	100,000
B Burrell (related parties)	-	-	(51,443,844)	51,443,844
B Ganke	-	-	(1,720,000)	1,720,000
B Ganke (relevant interests)	-	-	(6,555,446)	6,555,446
B Ganke (related parties)	-	-	(86,949,100)	86,949,100
P Hetherton	-	-	(150,000)	150,000
A Phillips	3,378,651	2,878,651	-	500,000
J Rosenberg	500,000	-	-	500,000
	147,465,651	69,750,651	(146,918,390)	224,633,390

	Balance 30 June 2013 Number	**Change Number**	**Resignation Number**	**30 June 2012 Number**
Ordinary Shares				
S Baghdadi	76,715,000	76,715,000	-	-
B Burrell	100,000	-	-	100,000
B Burrell (relevant interests)	-	(40,666,667)	-	40,666,667
B Burrell (related parties)	51,443,844	-	-	51,443,844
B Ganke	1,720,000	-	-	1,720,000
B Ganke (relevant interests)	6,555,446	-	-	6,555,446
B Ganke (related parties)	86,949,100	34,470,100	-	52,479,000
P Hetherton	150,000	-	-	150,000
A Phillips	500,000	500,000	-	-
J Rosenberg	500,000	500,000	-	-
	224,633,390	71,518,433	-	153,114,957

Note 18. Disclosures relating to key management personnel and related parties *(cont'd)*

18.3 Shareholdings of key management personnel in Southern Cross Exploration N L (Controlled entity)

Balance	Balance 30 June 2014 Number	Change Number	Resignation Number	30 June 2013 Number
Ordinary Shares				
B Burrell	-	-	(500,000)	500,000
B Burrell (relevant interests)	-	-	(1,200,000)	1,200,000
B Burrell (related parties)	-	-	(28,250,000)	28,250,000
S Baghdadi	88,731,381	75,074,835	-	13,656,546
B Ganke	-	-	(25,000,000)	25,000,000
B Ganke (relevant interests)	-	-	(15,395,372)	15,395,372
P Hetherton	-	-	(400)	400
A Phillips	600,000	600,000	-	-
C Coleman	100,000	100,000	-	-
	89,431,381	75,774,835	(70,345,772)	84,002,318

	Balance 30 June 2013 Number	Change Number	Resignation Number	30 June 2012 Number
Ordinary Shares				
B Burrell	500,000	-	-	500,000
B Burrell (relevant interests)	1,200,000	-	-	1,200,000
B Burrell (related parties)	28,250,000	-	-	28,250,000
S Baghdadi	13,656,546	7,002,000		6,654,546
B Ganke	25,000,000	-	-	25,000,000
B Ganke (relevant interests)	15,395,372	(1,000,000)	-	16,395,372
P Hetherton	400	-	-	400
A Keach	-	(1,300,000)	-	1,300,000
	84,002,318	4,702,000	-	79,300,318

18.4 Directors and related party transactions and balances

	Consolidated 2014 $	2013 $
Aggregate payables and borrowings at balance date		
Accrued Directors' Fees and Consulting Fees		
B Ganke	-	67,493
S Baghdadi	92,122	3,350
B Burrell	-	46,666
P Hetherton	-	38,700
A Phillips	70,350	6,000
J Rosenberg	30,000	6,000
C Coleman	26,548	-
Accrued Secretarial fees - P Hetherton	-	53,581
Other - expenses to be reimbursed		
B Burrell	-	1,356
	219,020	223,146

The above figures include amounts of $49,311 (2013: $60,547) payable by Southern Cross Exploration.

No interest is payable of any of the above amounts.

Note 18. Disclosures relating to key management personnel and related parties *(cont'd)*

		Consolidated	
18.4	**Directors and related party transactions and balances (cont'd)**	**2014 $**	**2013 $**
	Loans (unsecured) owing to:		
	S Baghdadi	60,073	151,571
	P Hetherton	-	2,077
		60,073	153,648

No interest is payable on the above loans

The above figures include amounts of $27,873 (2012: $76,020) payable by Southern Cross Exploration.

18.5 Other Director related party transactions

The following are disclosures of transactions and balances during the year with related parties and the relationship of the Directors to those entities.

S Baghdadi is a Director of Southern Cross Exploration N L and Longreach Oil Limited.

A Phillips is a Director of Southern Cross Exploration NL and Longreach Oil Limited.

C Coleman is a Director of Southern Cross Exploration NL and Longreach Oil Limited.

P Hetherton (retired 21 February 2014) is a Director of Nadi Bay Beach Corporation Ltd and Acron Pacific Limited and Offshore Oil Ltd.

B Ganke (retired 29 November 2013) is a Director of Offshore Oil Limited, Nadi Bay Beach Corporation Ltd and Acron Pacific Limited.

	Consolidated	
Aggregate receivables at balance date	**2014 $**	**2013 $**
Debtors		
Acron Pacific Ltd	-	10,800
Longreach Oil International Ltd	-	770
Nadi Bay Beach Corporation Ltd	-	6,807
Offshore Oil Ltd	-	63,682
Southern Cross Exploration N L	-	-
	-	82,059
Loans - current		
Acron Pacific Ltd	-	15,632
Non-current Loans		
Activitas Investment Group Ltd	-	27,162
- Provision	-	(22,500)
Nadi Bay Beach Corporation Ltd	-	4,030,000
Southern Cross Exploration N L	-	-
	-	4,034,662

Amounts payable to related parties at balance date

Creditors (unsecured) owing to:		
Bonds and Securities (Trading) Pty Limited	-	23,000

All transactions with related parties are on normal commercial terms.

Note 18. Disclosures relating to key management personnel and related parties *(cont'd)*

18.5 Other Director related party transactions *(cont'd)*

	Consolidated 2014 $	2013 $
Amounts included in the determination of Operating Loss before Income Tax that resulted from transactions with Directors and Director related parties were as follows:		
Interest revenue		
Nadi Bay Beach Corporation Ltd	304,099	-
Activitas Investment Group Ltd	-	1,234
Acron Pacific Ltd	853	400
Offshore Oil Ltd	-	-
Southern Cross Exploration N L	-	129,529
	304,952	131,163
Rent revenue		
Chapmans Ltd	-	18,091
Offshore Oil Ltd	15,000	32,728
Southern Cross Exploration N L	-	35,528
	15,000	86,347
Interest expense- related parties		
S Baghdadi	-	1,571
B Ganke	-	31
P Hetherton	-	77
	-	1,679
Interest expense-Director related parties		
Bonds & Securities (Trading) P/L	-	521
Emeritus Pty Ltd	-	195
	-	716
Investments in shares in related parties		
Longreach has investments in the following unlisted Director-related entities:		
Activitas Investment Group Ltd	-	57,000
Provision for impairment	-	(50,000)
Offshore Oil Ltd	-	126,000
	-	133,000

A provision for impairment was made in 2012 for the investment in Activitas Investment Group Ltd as there may be uncertainty in realising this investment.

Longreach is a founder shareholder in Offshore Oil Ltd. It now has no common directors and a small shareholding.

Transactions with Southern Cross have been consolidated into Longreach Oil from 8 May 2013 to 30 June 2014.

Other transactions

The Consolidated entity offset a receivable due from Offshore Oil Limited, a Company related to B Ganke against a payable to B Ganke of $74,000. 18 million Offshore Oil Limited listed shares were also transferred to B Ganke to offset $11,000 of amounts payable by the Consolidated group during the period.

All transactions with related parties are on normal commercial terms.

	Consolidated 2014 $	2013 $

Note 19. Remuneration of auditors

Audit and review of financial reports
(no other services)

	2014 $	2013 $
HLB Mann Judd	99,500	35,000
CDTL Corporate Accountants	18,825	-
	118,325	35,000

Note 20. Contingent Liability

At 31 December 2012 the Company recognised a contingent liability in respect of a loan transaction which involved the issue of shares at above market price at the time. During the year ended 30 June 2014 the Company re-negotiated this transaction and recognised a liability at 30 June 2014 of $360,000.

Note 21. Earnings per share

	2014	2013
Basic and diluted loss per share	(0.0011)	(0.0016)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	703,791,781	536,180,685

Note 22. Segment Information

Business Segment

The segment in which the company operates predominantly is 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. The "Other" segment predominantly relates to a mortgage investment with a related company involved in the development of property , and other loans made to related and other companies.

Segment Assets

Geographical	Total 2014 $	Exploration 2014 $	Other 2014 $	Total 2013 $	Exploration 2013 $	Other 2013 $
Australia	3,009,813	2,455,486	554,327	2,955,231	2,702,911	252,320
Fiji	4,389,969	-	4,389,969	4,030,000	-	4,030,000
Iran	-	-	-	20,000	20,000	-
Philippines	-	-	-	205,000	205,000	-
Tanzania	-	-	-	50,000	50,000	-
	7,399,782	2,455,486	4,944,296	7,260,231	2,977,911	4,282,320

Total segments assets included:

Additions to Non Current Assets	Exploration 2014 $	Exploration 2013 $
Australia	54,284	6,392
Iran	-	20,000
Philippines	-	205,000
Tanzania	-	50,000
	54,284	281,392
Investment in Joint Venture	-	2,123,319

Note 22. Segment Information (cont'd)

	Total 2014 $	Exploration 2014 $	Other 2014 $	Total 2013 $	Exploration 2013 $	Other 2013 $
Segment Revenues						
Geographical						
Australia	1,175	1,175	-	89,665	3,318	86,347
Fiji	555,844	-	555,844	131,163	-	131,163
Total	557,019	1,175	555,844	220,828	3,318	217,510

There were no inter-segment revenues.

	Total 2014 $	Exploration 2014 $	Other 2014 $	Total 2013 $	Exploration 2013 $	Other 2013 $
Segment Liabilities						
Australia	1,925,543	1,925,543	-	1,592,099	1,592,099	-
Segment Results						
Profit/ (Loss)						
Other	436,288	-	436,288	202,909	-	202,909
Exploration	(2,234,514)	(2,234,514)	-	(1,379,789)	(1,379,789)	-
Total Loss	(1,798,226)	(2,234,514)	436,288	(1,176,880)	(1,379,789)	202,909
Total Segment Loss included:						
Interest Revenue	556,943	1,119	555,844	134,420	3,257	131,163
Interest Expense	(62,218)	(62,218)	-	(17,488)	(17,488)	-
Material Non cash Items:						
Exploration expenditure written off	(335,676)	(335,676)	-	(153,157)	(153,157)	-
Impairment losses	(95,096)	(95,096)	-	(424,193)	(424,193)	-
Loss on investments	(13,662)	(13,662)	-	(119,599)	(92,033)	-
Bad debts expense	(120,731)	-	(120,731)	(53,889)	-	(17,919)
Recognition of former contingent liability	(360,000)	(360,000)	-	-	-	-

Note 23. Particulars of companies included in consolidated accounts

Interest in other entities

(a) Material subsidiaries

The group's principal subsidiaries at 30 June 2014 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal places of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interest		Principal activities
		2014	2013	2014	2013	
South Pacific Pty Ltd	Australia	100%	100%	-	-	Oil and Gas exploration and investment company
Southern Cross Exploration N L	Australia	15.25%	36.34%	84.75%	63.66%	Oil and Gas exploration and investment company

SXX continued to be treated as a subsidiary at 30 June 2014 as at that time LGO controlled SXX because:

- 75% of the board of SXX were board members of LGO;
- LGO owned 15.25% of the share capital of SXX and there were no other significant shareholders in SXX other than directors and significant shareholders of LGO; and
- Amounts owned to LGO from SXX represented 50.2% of the total creditors of SXX.

(b) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Southern Cross Exploration N L	
	30 June 2014	**30 June 2013**
	$	**$**
Summarised balance sheet		
Current assets	6,959,431	2,378,622
Current liabilities	2,054,325	3,368,781
Current net assets/ (liabilities)	4,905,106	(990,159)
Non-current assets	14,854	4,905,043
Non-current liabilities	-	-
Non-current net asset	14,854	4,905,043
Net assets	4,919,960	3,914,884
Accumulated NCI	3,711,055	3,073,211
Summarised statement of comprehensive income		
Revenue	743,258	338,596
Loss for the period	(2,067,321)	(6,239,128)
Other comprehensive income	-	2,759,991
Total comprehensive loss	(2,067,321)	(3,479,137)
Loss allocated to NCI	(1,025,919)	(294,877)

Note 23. Particulars of companies included in consolidated accounts *(cont'd)*

	Southern Cross Exploration N L	
	30 June 2014	**30 June 2013**
	$	**$**
Summarised cash flows		
Cash flows used in operating activities	(106,104)	(125,251)
Cash flows provided by/(used in) investing activities	135,928	(139,300)
Cash flows provided by financing activities	265,494	261,091
Net increase/(decrease) in cash and cash equivalents	295,318	(3,460)

(c) Transactions with non-controlling interest

During the year, the group disposed an additional 21.09% of the issued shares of Southern Cross Exploration N L.

The effect on the equity attributable to the owners of Longreach Oil Ltd during the year is summarised as follows:

	2014
	$
Carrying amount of non-controlling interest disposed	638,057
Consideration paid by non-controlling interests	(317,225)
Loss on transactions with non-controlling interests reserve within equity	320,832

(d) Acquisition of Subsidiary

On 8 May 2013, Longreach Oil Ltd was deemed to have acquired a controlling interest in Southern Cross Exploration N L through the acquisition of a 36.34% shareholding of ordinary shares. Longreach Oil Ltd acquired control of Southern Cross Exploration N L after acquiring shares following the sub-underwriting of an entitlement share issue (refer Note 10).

Assets acquired and liabilities assumed were:	**Fair Value**
	$
Cash & cash equivalents	4,657
Available for sale financial assets	400,339
Receivables	4,154,814
Investment in joint venture	2,100,000
Exploration and evaluation expenditure	282,000
Trade & other payables	(783,211)
Borrowings	(1,189,939)
Net identifiable assets acquired	4,968,660
Less: non-controlling interests	(3,163,049)
Fair value of net assets acquired	1,805,611
Purchase consideration	
Offset against loans receivable and creditors	1,764,385
Market value of shares already held at acquisition date	41,226
Total consideration	1,805,611

Note 23. Particulars of companies included in consolidated accounts *(cont'd)*

The shareholding of Southern Cross Exploration in Longreach Oil was eliminated on consolidation.

Elimination of subsidiary investment in Parent Entity

Share capital	(1,532,611)
Option premium reserve	(4,316)
Accumulated losses	1,317,799
	(219,128)

The revenue and loss of Southern Cross Exploration included in the Consolidated Statement of Profit or Loss and other Comprehensive Income since the acquisition date of 8 May 2013 to 30 June 2013:

Revenue	400
Loss	(449,026)
Comprehensive income	320,075
Total comprehensive loss	(128,951)

If the acquisition date for the business combination had been as of 1 July 2012, the Group's revenue and loss would have been as follows:

	$
Revenue	239,829
Loss	7,011,707

Note 24. Summary of Parent Entity financial information

	2014 $	2013 $
Current Assets	128,258	150,635
Non-Current Assets	1,692,179	1,729,549
Total Assets	1,820,437	1,880,184
Current Liabilities	865,017	733,013
Total Liabilities	865,017	733,013
Net Assets	**955,420**	**1,147,171**
Share Capital	25,509,777	25,124,777
Reserves	(548,815)	(548,815)
Accumulated losses	(24,005,542)	(23,428,791)
Total Equity	**955,420**	**1,147,171**
(Loss) for the year	(576,751)	(623,958)
Comprehensive income	-	34,098
Total comprehensive loss	**(576,751)**	**(589,860)**

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 $51,448 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

	2014 $	2013 $
The income tax (expense)/benefit on the pre-tax accounting (loss) reconciles to the income tax expense in the accounts as follows:		
(Loss) before income tax	(1,798,226)	(1,176,880)
Income tax expense/(benefit) calculated at 30% (2012: 30%) on the loss from ordinary activities	(539,468)	(353,064).
Tax effect of Non-deductible expenses	136,529	39,555
Deferred tax assets (brought)/not brought to account	402,939	313,509
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. The group has adequate assets and ability to raise equity capital to maintain its normal operations. 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. Reconciliation of cash flows from operating activities

	2014 $	2013 $
Loss for the financial year	(1,798,226)	(1,176,880)
Adjustments for:		
Loss on sale of investments	95,096	119,599
Exploration expenditure written off	335,676	153,157
Bad Debts written off	120,731	81,195
Impairment loss on investments	-	424,193
Equity settled transactions	558,741	-
Recognition of former contingent liability	360,000	-
	(327,982)	(398,736)
Change in trade and other receivables	(339,944)	(129,838)
Change in trade and other payables	69,436	273,732
Net cash flows from/(used in) operating activities	(598,490)	(254,842)

Note 28. Events after balance date

On 2 July 2014 SXX reached an agreement with Dateline Resources Limited (DRT) for Southern Cross to subscribe for 15,000,000 (representing 19.7% of DRT). Fully paid ordinary shares at $0.04 in DTR conducted in two tranches. The first tranche of 7,500,000 shares was completed on 4 July 2014. The second tranche is to be completed by 31 December 2014.

On 3 July 2014 SXX raised $300,000 from a share placement.

On 7 July 2014 SXX appointed a receiver to act for it in the recovery of a secured loan from Nadi Bay Beach Corporation.

On 3 September 2014 Longreach disposed of the majority of its shareholding in Southern Cross. Accordingly from 2014/2015 the entities will commence reporting separately.

On 10 September 2014 the Company issued 95 million shares for cash increasing the issued shares of the Company to 831,000,000 and raised $171,000.

Longreach agreed to extend the maturity date of the loan it has advanced to SXX to 31 August 2015. The total amount recoverable on or before the due date is $1,200,000.

Note 29. Fair Value

The following table presents the assets and liabilities measured and recognised at fair value as at 30 June 2014:

As at 30 June 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Listed equity securities	5,337	-	-	5,337
Mortgage investment	-	-	4,389,969	4,389,969
Investment in joint venture	-	-	2,134,706	2,134,706

As at 30 June 2013	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Listed investments	32,096	-	-	32,096
Mortgage asset	-	-	4,030,000	4,030,000
Investment in joint venture	-	-	2,123,319	2,123,319

Note 29. Fair Value *(cont'd)*

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, including level 3 fair values and engages external, independent and qualified valuers to determine the fair values of assets at least every three years. 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**
Mortgage Investment	Level 3 fair values of the mortgage investment are calculated using market evidence of comparable property sales in Fiji and the subject land area and adjusted for differences in key attributes. The significant unobservable inputs in this valuation approach is comparative sales.	Fair values will be sensitive to future property sales in Fiji and other market conditions which influence property sales, as well as movements in foreign exchange rates.
Investment in Joint Venture	Level 3 fair values of the investment in the joint venture are calculated using future expected uranium prices, returns and estimated uranium deposits. These are the significant unobservable inputs to this value.	Fair values will be sensitive to future price movements in uranium and changes in estimates of the uranium deposit.

N.B. *The Financial Report was authorised by the Directors 2 October 2014.*
The Company has the power to amend and re-issue the financial report.

Declaration by Directors

for the year ended 30 June 2014

1. In the Directors' opinion:

(a) the financial statements and the notes set out on pages 7 to 32 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 2014 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 2014.

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

S Baghdadi
Director

C Coleman
Director

Sydney
2 October 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

LONGREACH OIL LIMITED

A.B.N. 98 000 131 797

INDEPENDENT AUDITOR'S REPORT

To the members of Longreach Oil Limited

Report on the Financial Report

We have audited the accompanying financial report of Longreach Oil Limited ("the company"), which comprises the consolidated balance sheet as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

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HLB Mann Judd

LONGREACH OIL LIMITED

A.B.N. 98 000 131 797

INDEPENDENT AUDITOR'S REPORT
(continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, given to the directors of the company on 2 October 2014, would be in the same terms if provided to the directors as at the time of this auditor's report.

Basis for Qualified Opinion – Provision treated as a contingent liability in prior year

As stated in Note 22 of the company's financial report for the year ended 30 June 2013, the company's subsidiary Southern Cross Exploration NL (SXX) had entered into a contract prior to 30 June 2013 with a third party to settle a loan owed by SXX by the issue of shares in SXX. Under this agreement should the third party be unable to sell the shares they were issued for at least $360,000 before February 2014, SXX would have been liable to cover any shortfall that would have occurred. At the date the 30 June 2013 financial report was approved, the ASX listed share price of SXX was 0.5 cents. Under the agreement SXX's liability in February 2014 would have be $360,000 unless the share price increased above 2 cents. SXX's liability would have reduced to $240,000 and $120,000 and $nil should the share price increase to 3, 4 and 5 cents respectively and the third party was able to sell its shares at that price. The Directors disclosed this transaction as a contingent liability as they believed at that time that there was no liability at 30 June 2013. Given SXX's share price was 0.5 cents, had been below 2 cents per share since December 2012 and below 5 cents per share since August 2011, the Directors did not demonstrate that this liability did not meet the definition of a provision in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. Therefore a provision of $360,000 should of been included in the 30 June 2013 financial statements.

Had the Directors included this provision, at 30 June 2013 net assets would have decreased by $360,000 and the loss and total comprehensive loss for the year would have increased by $360,000.

The audit report for the year ended 30 June 2013 included a qualification in relation to this transaction.

A liability of $360,000 has been recorded in relation to this transaction at 30 June 2014. As such the loss and total comprehensive loss for the year ended 30 June 2014 is overstated by $360,000. Net assets at 30 June 2014 are fairly stated.

Qualified Audit Opinion

In our opinion, except for the effect on the financial statements of the matters referred to in the Basis for Qualified Auditors Opinion paragraphs:

(a) 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 2014 and its performance for the year ended on that date; and

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

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

LONGREACH OIL LIMITED

A.B.N. 98 000 131 797

INDEPENDENT AUDITOR'S REPORT
(continued)

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 1.2 (Going concern) in the financial report, which indicates that at 30 June 2014 the Group had net current assets of $5,104,759 which included $2,134,706 relating to an investment in a joint venture and $4,389,969 relating to an investment in a mortgage asset. Excluding these assets the company would have net current liabilities of $1,419,916. The Group company also incurred a net loss of $1,798,226 during the year ended 30 June 2014. These conditions, along with other matters as set forth in Note 1.2 (Going concern), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 3 to 5 of the Directors' Report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Longreach Oil Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

M. Muller

HLB Mann Judd
Chartered Accountants

M D Muller
Partner

Sydney, NSW
2 October 2014