



LONGREACH OIL LIMITED

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31 October 2011

**e-Lodgement
FOR PUBLIC RELEASE**

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

Dear Madam

**QUARTERLY ACTIVITIES REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

(ASX code: LGO)

Longreach Oil has direct interests in Oil and Gas and Renewable Energy joint ventures. It also has indirect interests in oil exploration, production and coal exploration through its shareholdings in listed, unlisted and private companies.

OIL & GAS

- QUEENSLAND - ONSHORE SURAT BASIN

Petroleum Lease 280

P.L. 280 - which comprises 90 sq. kms (about 22,000 acres) - was granted by the Queensland Government on 1 August 2010 for a period of twenty-one years (21 years) to the joint venture comprising Brisbane Petroleum Ltd (BPL), an unlisted public company - 50%, and Longreach Oil - 50%. Longreach Oil also holds a 20% equity interest in Brisbane Petroleum Ltd.

There have been several oil and gas producing wells in the area now covered by PL 280 and on the other leases held by BPL. Reports of estimated recoverable oil reserves have been updated in the last 2-3 years.

The oil discoveries were in the McWhirter field, with estimated recoverable oil of up to 600,000 barrels - and the Beardmore field, with up to 800,000 barrels of recoverable oil. The McWhirter No. 1 well was shut-in some years ago, when oil production dropped to around 30 barrels/day, which was considered uneconomic as the oil price at the time was around \$15 per barrel. Longreach Oil and Brisbane Petroleum plan to re-enter this well as soon as practicable. A 3D seismic survey on the area is proposed.

The granting of this Petroleum Lease was an important step for Longreach Oil, in view of the prospectivity of the Surat Basin generally and the potential for oil and gas discoveries in the specific area covered by PL 280, where commercial oil discoveries have already been made.

Longreach holds a 50% direct working interest in Petroleum Lease 280, and a 20% equity interest in Brisbane Petroleum Ltd, which holds the other 50% interest and is the Operator.

OIL & GAS

- QUEENSLAND - ONSHORE SURAT BASIN (cont'd)

Petroleum Leases No. 18 and No. 40

Brisbane Petroleum Ltd (BPL) holds a 50% interest in each of these Petroleum Leases and is the Operator. Longreach Oil holds a 20% equity interest in BPL.

BPL has reported that production was suspended during the quarter. The Yellowbank Creek #3 well in PL 18 will now require a workover rig to restore production. In PL 40, as both the Narrows-1 and Louise-2 wellsites have finally dried out sufficiently after major flooding, a pump jack and storage tank are being moved back onto the Narrows-1 wellsite, to put this well on pump.

Previous material balance studies of the oil fields within these leases have indicated that there are in the order of 3.7 million barrels to 6.4 million barrels of Remaining Recoverable Oil Reserves.

- WESTERN AUSTRALIA

Onshore Carnarvon Basin - EP-439, EP-460 and EP-461

These permits, which are held in a joint venture with Empire Oil & Gas N L and several other companies, are still under-explored. Exploration prospectivity for shale oil and gas over the three areas is now being examined. Significant shale deposits have been identified in the Perth Basin which may extend into the South Carnarvon Basin.

Longreach Oil currently holds an 11.33% interest in EP-439 and EP-461 and an 11.69% interest in EP-460.

RENEWABLE ENERGY - NEW SOUTH WALES

E.L. 6212 - Hot Rocks - Group 8 Minerals (Geothermal) - Sydney Basin

Exploration Licence 6212 comprises an area of 1,390 km². It is in the Sydney Basin, commencing from south of Campbelltown and extending to the industrial areas of Wollongong/Port Kembla. E.L. 6212 was renewed in November 2010 until March 2013.

This Exploration Licence targets hot-rocks for potential electricity generation. The joint venture has already conducted gravity surveys and that data and other geological data is being reviewed to define possible drilling targets.

Longreach Oil holds 50% of E.L. 6212 and Hot Rock Energy Pty Ltd (Operator), an independent private company, holds the other 50%.

COAL INTERESTS

Indonesia

In 2009, the Company invested in a coal mining project in Kalimantan via an interest in an overseas company, with rights to share a fixed sum per tonne of coal sold after sales commenced.

For various reasons, mining operations and sales of coal have not commenced and participation in this project is being reviewed. The Company has made a provision in respect of this interest.

New South Wales

Longreach Oil has a shareholding interest of 20% in a private company which was applying for coal exploration areas in New South Wales. Due to changes in Government policy, decisions regarding the status of these exploration interests cannot be precisely determined at present. The Company has written down this investment in the Fair Value Reserve.

Acquisition of additional exploration areas prospective for coal in New South Wales and elsewhere is under examination.

CORPORATE**Directors**

On 7 October 2011, Ms Emma Mcpherson resigned as a Director and Mr Bruce David Burrell was appointed as a non-executive Director of the Company.

Mr Burrell is an experienced Company Director, Company Secretary, as well as an accountant. He is a long-serving Director and the Company Secretary of the ASX-listed company Sunvest Corporation Ltd. He is the Company Secretary of ASX-listed company Bucaneer Energy Ltd and the Executive Chairman of the unlisted public company, Starlight Holdings Ltd. Recently, he became a non-executive Director of Chapmans Ltd. Mr Burrell holds a Master of Business Administration degree and is a Fellow of CPA Australia.

GENERAL

Longreach Oil proposes to develop its Queensland and Western Australian exploration interests and will continue to seek prospective exploration and/or mining projects in Australia and overseas, concentrating mainly on Coal, Oil and Gas and Energy.

Longreach Oil has acquired a 20% interest in a private company, Longreach Oil (International) Ltd (incorporated in Hong Kong), with the objective to participate in resource joint ventures with companies from Hong Kong and mainland China.

Longreach Oil is also participating in the promotion of an Oil and Gas Exploration and Investment company, Offshore Oil Ltd which proposes to acquire equity interests in Australian and overseas oil companies and to participate in oil and gas and energy joint ventures.

EXPENDITURE

Expenditure for the quarter was \$42,000.

For and on behalf of

Longreach Oil Limited

Peter Hetheron
Secretary