



LONGREACH OIL LIMITED

82 ELIZABETH STREET, SYDNEY, AUSTRALIA

A.C.N. 000 131 797

e-mail: lgo@longreachoil.com - TELEPHONE: (61-2) 9233 6022 - FAX: (61-2) 9233 6475

www.longreachoil.com

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

CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING

TUESDAY 29 NOVEMBER 2011

Ladies & Gentlemen

Welcome to the 58th Annual General Meeting of shareholders of Longreach Oil Limited.

We are certainly all sharing those "interesting times" that I alluded to last year. The "experts" from the USA who were predicting dire consequences from the GFC are still doing so - and now we have the European contagion spreading.

There is even greater risk aversion by investors to wade into the market and people with capital - still lack courage"; and people with courage are the ones who usually lack capital!

We of course do not exist in a vacuum and the dented investor confidence has consequences for our markets and all Australian stocks.

However, our dollar remains at around par with the greenback and the gold price reached record high levels, and oil - "black gold" - has been around \$100 a barrel, which is an excellent price.

Deals still continue to be done around the world and the oil and gas industry is still the largest and richest sector globally.

Brisbane Petroleum Ltd

Longreach Oil has an equity holding of about 20% in Brisbane Petroleum Ltd (BPL), an unlisted public company.

Oil and Gas Leases - Surat Basin, Queensland

BPL has oil producing areas in the Surat Basin, Queensland - holding 50% of Petroleum Leases 18 and 40 and a 50% interest in the new Petroleum Lease, P.L. 280. Longreach Oil holds the other 50% direct interest in P L 280.

Based on an Oil Reserves Report prepared for BPL by Mr George Comanos, a Petroleum Engineer (a "competent person"), previous material balance studies of the oil fields within PL 18 and PL 40 have indicated that there are in the order of 3.7 million barrels to 6.4 million barrels of Remaining Recoverable Oil Reserves.

- Sale of Main Undertaking by BPL

As announced last week, BPL has just entered into an agreement to sell all of its exploration and production assets which it holds in the Surat Basin, Queensland.

The sale is subject to the approval of the shareholders of BPL at its Annual General Meeting to be held on 20 December 2011. Longreach Oil will retain its 50% direct interest in Petroleum Lease 280, which was granted on 1 August 2010 and is valid for twenty-one (21) years.

If the transaction proceeds to completion, BPL will receive consideration comprising deferred cash of US\$1,641,000 in Promissory Notes (with a 12 month maturity and secured over the sale assets) plus shares in a company listed on NASDAQ OTC Bulletin Board Exchange with an agreed value of US\$1,641,000 - total of US\$3,282,000.

BPL will also be entitled to production royalties of 1.5% on the three leases.

Directors of BPL have advised its shareholders that the cash to be received from the sale will be used to repay liabilities, fund running costs and make a distribution by way of dividends to shareholders (which include Longreach Oil). The share component of the consideration will be sold by BPL over time as appropriate.

- Sale of Main Undertaking by BPL (cont'd)

As recently advised, your Directors believe that the proposed sale by BPL will be beneficial to Longreach, as - apart from LGO's shareholding in BPL - based on the value placed by the agreement on the average estimated recoverable oil reserves in Petroleum Lease 280, the value of the 50% interest in that lease held by Longreach Oil is about \$600,000, compared with LGO's book value of \$80,000.

Provided the proposed sale will be completed, as envisaged, early operations on the leases with drilling and seismic surveys will follow.

Exploration Projects

Detailed information on the company's projects is set out in the Company's Annual Report and is regularly updated through Quarterly Activities Reports (see website: www.longreachoil.com).

Corporate Activities and Investments

Longreach Oil retains direct interests in oil and gas and renewable energy joint ventures and also has indirect interests in oil exploration and production companies, through its shareholding.

Offshore Oil Ltd

As previously advised, Longreach Oil is co-sponsoring, with Southern Cross Exploration N L, an I.P.O. of a new oil company with an old name, Offshore Oil Ltd.

Offshore Oil proposes to acquire equity interests in Australian and overseas oil companies and to participate in oil and gas and energy joint ventures. The raising of Seed Capital for Offshore Oil is now being refreshed at 10/20 cents, whilst the proposed I.P.O. price remains at \$1.00. Shareholders of Longreach Oil will in due course be entitled to priority entitlement in the I.P.O.

Longreach Oil proposes to retain a significant shareholding in OLI, as a long- term investment.

International operations - Longreach Oil (International) Ltd

During the year, Longreach Oil 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.

Directors

On 7 October 2011, Ms Emma McPherson resigned as a Director and I would like to thank Emma Ms McPherson for her contribution to the Company during her time on the Board.

Mr Bruce David Burrell was appointed on the same date as a non-executive Director of the Company and is with us here today for his first AGM as a Director.

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.

Colleagues and shareholders

Again, I thank my colleagues on the Board, the staff of the management company and consultants for their continued efforts during the year; and also all those who have assisted with their advice, valuable time and experience.

Thanks also to all of you - the shareholders - and owners of the company - for your continuing support.

Future Operations

Longreach Oil proposes to develop its exploration interests, particularly those in Queensland and Western Australia, and will continue to seek prospective exploration and/or mining projects in Australia and overseas, concentrating mainly on oil and gas and energy ventures.

Boris Ganke
Chairman