LONGREACH OIL LIMITED

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

5 October 2011

e-Lodgement

FOR PUBLIC RELEASE

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

Dear Madam

Re Full Year Statutory Accounts - 30 June 2011

This is to advise that the Statutory Accounts released this morning included the Auditors' Report which the Auditors now advise was not their final Report and was sent to us by mistake.

Accordingly, the accounts containing the correct Audit Report are now being submitted to replace the accounts lodged earlier.

For and behalf of

Longreach Oil Limited

P Hetherton
Secretary

-db/978.108

Directors' Statutory Report - 2011

Longreach has been listed as an oil and gas exploration company for more than 50 years (originally on the Sydney Stock Exchange).

1. Review of operations

The operations of the group were principally participation in the group's current joint venture exploration projects, as well as examining possible acquisitions of new projects for exploration and investment.

2. Results of operations

The operations of the consolidated entity during the year resulted in a loss of $477,898.

3. Significant changes

Significant changes in the state of affairs of the consolidated entity were:

Investment in Brisbane Petroleum Ltd (BPL) has been written down by $1,650,000 to Fair Value Reserve, based on the latest available share issue price of BPL shares of 20 cents, pending a re-valuation of interests in three Petroleum Leases in the Surat Basin, Queensland.

Investment in a private company written down by $570,000 to Fair Value Reserve, pending confirmation of the status of its coal exploration interests in New South Wales.

Provision for loss of $190,000 made regarding investment in an overseas private company with coal mining interests in Indonesia, pending confirmation of the status of its interests.

The issue of 60 million shares during the year at an average price of 1.14 cents per share.

4. Principal activities

The company's principal objectives have been to explore for oil, gas and energy resources.

An application for a Petroleum Lease in the Surat Basin, Queensland, was granted for 21 years to LGO in a 50/50 joint venture with Brisbane Petroleum Ltd. A renewal of an Exploration Licence in New South Wales for Hot Rocks (geothermal) was also granted to LGO, in a 50/50 joint venture with Hot Rock Energy Pty Ltd.

The Companys' main focus remains on oil, gas and energy projects (with a small investment in uranium).

Longreach 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 China-based companies.

Longreach has also been involved in promoting a new oil and gas exploration and investment company with an old name - Offshore Oil Ltd - which will be seeking a listing as soon as practicable.

5. Significant matters after balance date

The Directors are not aware of any matter or circumstance not otherwise dealt with in this Report that has arisen since the end of the year that has significantly affected or may significantly affect the consolidated entity's operations; the results of those operations; or the consolidated entity's state of affairs in future financial years.

6. Likely developments in operations and expected results

Likely developments in the operations of the consolidated entity and the expected results cannot be accurately predicted, as they will depend on the successful development of the Company's existing oil and gas and energy projects and realisation of its investments.

7. Environmetal regulation

Longreach Oil 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. Share Options

During the year 10,000,000 options over ordinary shares were granted exercisable at 1 cent each and expiring on 31 March 2013. None of these options have been exercised to date.

10. Directors and Officers

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:

Boris Ganke - Director since 1981, Chairman since 1988. Director of a number of other public and private companies over a period of more than 30 years, including other listed companies: AusTex Oil Ltd - from 2006 to March 2009; Chapmans Ltd - since 1974 (Chairman); Southern Cross Exploration N L - since 1976 (Chairman).

Peter Hetherton - Director since 1985; Secretary since 1993. Director of other listed company - Chapmans Ltd - since 1983.

Emma McPherson - Director - since 19 December 2008. Investment Banker. M. Com. Sydney University.

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

11. Directors' meetings

The following table sets out the number of meetings of Directors held during the year ended 30 June 2011 and the number of meetings attended by each Director:

	Meetings held	Meetings attended
B Ganke	2	2
P Hetherton	2	2
E McPherson	2	2

There were also 9 circular resolutions in respect of various transactions.

12. Remuneration report

The consolidated entity does not have any salaried Directors or executives.

All Directors are non-executive and do not receive any remuneration except Directors' Fees, which are less than the fees approved by shareholders in 1996.

Directors' Fees		**2011**	**2010**
Name	**Position**	**$**	**$**
B Ganke	Chairman (non-executive)	8,000	8,000
P Hetherton	Director (non-executive)	8,000	8,000
E McPherson	Director (non-executive)	8,000	8,000
Total remuneration		24,000	24,000

No Director received nor was any Director entitled to receive any shares or options as part of remuneration during the year. Directors' remuneration is currently below the aggregate amount which was previously approved by shareholders and has been fixed at a nominal amount.

As disclosed in the accounts, a director-related entity received management fees of $150,000 (2010 - $150,000) for providing all accounting, administration, management, secretarial and capital raising services.

13. Non-Audit Services

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

14. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3.

15. Indemnification of Officers and Auditors

During the financial year the company paid the premium to insure one Director against claims while acting as a Director of the Company.

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.

B Ganke
Director

Sydney
4 October 2011

Auditor's Independence Declaration

To the Directors of Longreach Oil Limited:

As lead auditor for the audit of Longreach Oil Limited for the year ended 30 June 2011 I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Longreach Oil Limited and the entities it controlled during the period.

HLB MANN JUDD

(NSW Partnership)
Chartered Accountants

D K Swindells
Partner

Sydney
4 October 2011

Consolidated Statement of Comprehensive Income for the year ended 30 June 2011

	Note	30 June 2011 $	30 June 2010 $
Revenue	2	162,228	125,334
Profit from sale of investments		74,848	447,460
Finance costs	3	(29,959)	(19,092)
Administration expenses		(389,745)	(371,925)
Profit/(Loss) before significant items and income tax		(182,628)	181,777
Significant Items	4	(295,270)	(276,351)
(Loss) before Income Tax		(477,898)	(94,574)
Income Tax Expense	28	-	-
(Loss) for the year		(477,898)	(94,574)
Other comprehensive income(loss):			
Fair value adjustments on available for sale financial assets			
- listed shares		(120,640)	(498,289)
- unlisted shares		(570,000)	
Write back revaluation of unlisted shares		(1,650,000)	-
Total comprehensive income/(loss) for the year		(2,818,538)	(592,863)
Basic and diluted earnings/(loss) per share (cents)	22	(0.10)	(0.02)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

Consolidated Balance Sheet as at 30 June 2011

	Note	2011 $	2010 $
Current assets			
Cash and cash equivalents	5	6,384	5,891
Available for sale financial assets	6	96,700	484,771
Receivables	7	837,551	1,038,576
Investment in Mining Project	8	10,000	200,000
Total current assets		950,635	1,729,238
Non-current assets			
Available for sale financial assets	9	1,269,702	3,409,952
Trade and other receivables	10	1,600,367	833,967
Exploration and evaluation expenditure	11	339,305	408,426
Total non-current assets		3,209,374	4,652,345
Total assets		4,160,009	6,381,583
Current liabilities			
Trade and other payables	13	131,727	100,595
Borrowings	14	280,113	363,576
Total current liabilities		411,840	464,171
Total Liabilities		411,840	464,171
Net assets		3,748,169	5,917,412
Equity			
Capital and Reserves attributable to company's equity holders			
Share Capital	15	24,897,777	24,214,277
Reserves	16	(1,028,341)	1,271,656
Accumulated losses	17	(20,121,267)	(19,568,521)
Total equity		3,748,169	5,917,412

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 2011

	Share Capital $	Other Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2009	23,354,277	1,536,235	(19,026,487)	5,864,025
Total comprehensive income/(loss)	-	(498,289)	(94,574)	(592,863)
Share Issues	860,000	-	-	860,000
Transfer capital profits/(losses) (to)/from Reserves	-	447,460	(447,460)	-
Increase in Share Treasury Reserve	-	(213,750)	-	(213,750)
Balance at 30 June 2010	24,214,277	1,271,656	(19,568,521)	5,917,412
Balance at 1 July 2010	24,214,277	1,271,656	(19,568,521)	5,917,412
Total comprehensive income/(loss)	-	(2,340,640)	(477,898)	(2,818,538)
Share Issues	683,500	-	-	683,500
Transfer capital profits/(losses) (to)/from Reserves	-	74,848	(74,848)	-
Increase in Share Treasury Reserve	-	(34,205)	-	(34,205)
Balance at 30 June 2011	24,897,777	(1,028,341)	(20,121,267)	3,748,169

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 2011

	Note	Consolidated 2011 $	2010 $
Cash flows from operating activities:			
Dividends received		307	149
Interest received		11,744	5,776
Interest paid		(2,016)	(2,591)
Management fees received		-	27,000
Operating expenses		(326,181)	(357,555)
Net cash flows (used in) operating activities	27	(316,146)	(327,221)
Cash flows from investing activities:			
Payments for exploration expenditure		(6,150)	(21,910)
Payments for investment in Mining Project		-	(200,000)
Payments for available for sale and other financial assets		(53,446)	(148,761)
Proceeds from available for sale assets		545,975	1,524,110
Repayments by loan and other debtors		128,450	171,000
Payments for security deposits		-	(18,412)
Loans & advances made		(524,784)	(954,852)
Net cash flows from/(used in) investing activities		90,045	351,175
Cash flows from financing activities:			
Bank Overdraft		-	50,398
Proceeds from issue of shares		201,000	75,000
Share Issue Costs		-	(7,500)
Proceeds from borrowings		29,800	1,000
Repayment of borrowings		(4,206)	(148,787)
Net cash flows from/(used in) financing activities		226,594	(29,889)
Net increase/(decrease) in cash held		493	(5,935)
Cash at the beginning of the financial year		5,891	11,826
Cash at the end of the financial year		6,384	5,891

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

Notes to and forming part of the financial statements for the year ended 30 June 2011

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 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 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.

1.3 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.

1.4 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.

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

1.5 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.

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).

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.

1.6 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.

1.7 Cash and Cash Equivalents

Cash and cash equivalents includes 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 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.

1.9 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.

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

1.9 Revenue Recognition *(cont'd)*

Sale of Financial Assets
The net gain (loss) 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.

1.10 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.

1.11 Joint ventures

The company's joint ventures with other parties are primarily in exploration activities and the share of its interest in the assets and liabilities of each joint venture is brought to account by including in the respective classifications, where material.

1.12 Income tax

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

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

1.13 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.

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

1.14 Accounting Standards Issued Not Yet Operative

Certain new accounting standards and interpretations have been issued that are mandatory for periods after 30 June 2011. The Group's assessment of the impact of these new standards and interpretations is that they will have little or no impact on the recognition and measurement practices of the Group, and may change some disclosures.

1.15 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.

	Consolidated 2011 $	Consolidated 2010 $
Note 2. Revenues		
Dividends	308	150
Interest - related parties	156,557	63,745
Interest - other persons	5,363	8,039
Management Fees	-	53,400
	162,228	125,334
Note 3. Finance costs		
Interest expense - related parties	2,772	5,830
Interest expense - other	27,187	13,262
	29,959	19,092
Note 4. Significant Items		
Exploration expenditure written off	(75,270)	-
Impairment loss on investments	(20,000)	(253,000)
Bad Debts written off	(10,000)	-
Provision for Loss –Mining Project	(190,000)	-
Provision for doubtful debts (see Note 17.4)	-	(23,351)
	(295,270)	(276,351)
Note 5. Cash and cash equivalents		
Cash at bank	6,384	5,891

		Consolidated	
		2011	**2010**
Note 6.	**Available for sale financial assets - Current**	**$**	**$**
	Listed equity securities (Level 1)	96,700	484,771

The market value of these securities was $90,061 as at 28 September 2011.

Note 7. Receivables - Current

	2011	2010
Debtors and prepayments	164,379	130,356
Provision for doubtful debts	(20,000)	(20,000)
Debtors -related parties	130,304	87,305
Loans	59,315	223,969
Provision for doubtful debts	(23,351)	(23,351)
Loans - related parties (see Note 18.4)	526,904	640,297
	837,551	1,038,576

Loans - related parties are at 30 to 180 days call and earn interest at 9% per annum.

Note 8. Investment in Mining Project

	2011	2010
At cost	200,000	200,000
Provision for impairment	(190,000)	-
	10,000	200,000

Longreach has been a participating investor in a mining project in Indonesia. The project has not progressed as anticipated and a provision has been made, subject to further review as to the status of this investment.

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

	2011	2010
Listed equity securities (Level 1)	207,149	357,399
Shares in corporations not listed on Stock Exchanges (Level 3) - at cost	202,553	552,553
-at written down value	10,000	-
Shares in corporations not listed on Stock Exchanges - remeasured to fair value (Level 3)	850,000	2,500,000
	1,269,702	3,409,952

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. The company's investment in Brisbane Petroleum Ltd (BPL) which holds petroleum leases in the Surat Basin in Queensland has been revalued downwards by $1,650,000 from $2,500,000 to $850,000. The valuation is based on BPL's share issue prices over the last two years. These investments remain as long-term investments and there are no present intentions to dispose of them.

The market value of the listed equity securities was $192,196 as at 28 September 2011.

Note 10. Trade & other receivables - Non-current

	Consolidated 2011 $	2010 $
Debtors	-	10,000
Loans- related parties (see Note 18.4)	1,553,453	758,641
Security Deposits		
- Mining Licences	46,914	65,326
	1,600,367	833,967

Security deposits earn interest at an average rate of 4% per annum.

Note 11. Exploration & evaluation expenditure

	2011	2010
At cost	339,305	408,426
Movements during the year		
Carrying amount at beginning of year	408,426	381,002
Expenditure incurred	6,149	27,424
Expenditure written off	(75,270)	-
Carrying amount at end of year	339,305	408,426

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 Joint Ventures

At the end of the financial year the company held the following interests in Joint Ventures:

	2011 % interest	2010 % interest
Onshore Carnavon Basin		
EP- 429 and EP - 461	11.33	11.33
EP- 460	11.69	11.69
Onshore Surat Basin		
PL 280		
(previously part of application Licence ATP-755-P)	50	50
Sydney Basin - Hot Rocks	50	50
E.L. 6212		

The company's interests in the Joint Ventures of $339,305 is included as exploration and evaluation expenditure. There were no other assets or liabilities of the Joint Ventures.

Note 13. Trade & other payables

	Consolidated 2011 $	Consolidated 2010 $
Trade creditors	120,148	97,195
Trade creditors - related parties (see Note 18.3)	11,579	3,400
	131,727	100,595

Note 14. Borrowings (unsecured)

	2011 $	2010 $
Bank overdraft	9,948	10,233
Loans from related parties (see Note 18.3)	20,120	66,362
Loans - other	250,045	286,981
	280,113	363,576

Note 15. Share Capital

Issued

	2011 $	2010 $
510,000,000 ordinary shares, fully paid (2010 - 450,000,000)	24,897,777	24,214,277

Movement in Issued Capital	2011 No. of shares	2011 $	2010 No. of shares	2010 $
Balance at beginning of year	450,000,000	24,214,277	382,000,000	23,354,277
Share placements	21,000,000	201,000	7,000,000	75,000
Consultants, creditors & prepayments	9,000,000	112,500	8,000,000	100,000
Investments-unlisted shares	20,000,000	250,000	34,000,000	455,000
Share Treasury	10,000,000	120,000	19,000,000	237,500
Share Issue Cost	-	-	-	(7,500)
Balance at end of year	510,000,000	24,897,777	450,000,000	24,214,277

During the year, 10,000,000 options over ordinary shares were granted exerciseable at 1 cent each, expiring on 31 March 2013. These free options are not considered to have any significant value.

Note 16. Reserves

	Consolidated 2011 $	Consolidated 2010 $
Capital profits/(losses)	(122,694)	(197,542)
Fair value	(406,832)	1,933,808
Option premium	70,750	70,750
Share Treasury	(569,565)	(535,360)
	(1,028,341)	1,271,656

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	Consolidated 2011 $	2010 $
Note 16. Reserves *(cont'd)*		

16.1 Movement in reserves

Capital Profits/(Losses)

	2011 $	2010 $
Balance at beginning of year	(197,542)	(645,002)
Profit on sale of investments	74,848	447,460
Balance at end of year	(122,694)	(197,542)

Fair Value Reserve

	2011 $	2010 $
Balance at beginning of year	1,933,808	2,432,097
Changes in fair value- listed shares	(120,640)	(691,289)
Changes in fair value- unlisted shares	(570,000)	-
Impairment losses transferred to Other comprehensive income	-	193,000
Write back revaluation –unlisted shares	(1,650,000)	-
Balance at end of year	(406,832)	1,933,808

16.2 Share Treasury Reserve

	2011 $	2010 $
Balance at beginning of year	(535,360)	(321,610)
Shares issued	(120,000)	(237,500)
Expense recognised on provision of services	85,795	23,750
Balance at end of year	(569,565)	(535,360)

16.3 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 prepayments for services.

Note 17. Accumulated losses

	2011 $	2010 $
Balance at beginning of year	(19,568,521)	(19,026,487)
Net (loss)	(477,898)	(94,574)
Transfer to Capital Losses Reserve	(74,848)	(447,460)
Balance at end of year	(20,121,267)	(19,568,521)

Note 18. Disclosures relating to key management personnel and related parties

The following were key management personnel of the consolidated entity at any time during the financial year: B Ganke, P Hetherton, E McPherson, who were Non-Executive Directors.

Details of Director-related entities are as follows: B Ganke is a Director of Acron Pacific Ltd, Activitas Investment Group Ltd, Bonds & Securities (Trading) Pty Ltd, Brilliant Homes Management Pty Ltd, Chapmans Ltd and Southern Cross Exploration N L. P Hetherton is a Director of Acron Pacific Ltd and Chapmans Ltd.

Apart from the transactions disclosed in this Note, there have been no material contracts during the year between the company and the related parties.

	Consolidated	
	2011	**2010**
18.1 Directors' remuneration	**$**	**$**
Total Directors' Fees	24,000	24,000

Detailed disclosures are shown under the Remuneration Report in the Directors' Statutory Report.

18.2 Directors' equity holdings (including relevant interests and related parties)

	Balance 30 June 2010	Change	Balance 30 June 2011
Shares	**Number**	**Number**	**Number**
B Ganke	1,720,000	-	1,720,000
B Ganke (relevant interests)	6,555,446	-	6,555,446
B Ganke (related parties)	42,185,000	5,070,000	47,255,000
P Hetherton	150,000	-	150,000
E McPherson	40,000	-	40,000
	50,650,446	5,070,000	55,720,446

18.3 Directors and related party transactions and balances

	Consolidated	
Aggregate payables and borrowings at balance date	**2011** **$**	**2010** **$**
Creditors		
P Hetherton - accrued Directors' Fees	1,500	2,900
E McPherson - accrued Directors' Fees	-	500
	1,500	3,400
Loans (unsecured) owing to:		
Bonds & Securities (Trading) Pty Ltd	20,120	66,362

Interest was charged at 9% per annum on the loans from Bonds & Securities (Trading) Pty Ltd, which is at 60 days call.

Aggregate amounts included in the determination of Operating Loss before Income Tax that resulted from transactions with Directors and Director related parties were as follows:

	2011	2010
Interest expense		
- Bonds & Securities (Trading) Pty Ltd	2,772	5,830
Management fees expense	150,000	150,000
Rental expenses recouped	13,000	13,000

Brilliant Homes Management Pty Ltd provided all accounting, administration, management, secretarial and capital raising services for the year ended 30 June 2011 for a total of $150,000 (2010 - $150,000).

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

18.4 Disclosures relating to related parties

	Consolidated 2011 $	2010 $
Aggregate receivables at balance date		
Debtors		
- Acron Pacific Ltd	7,500	4,500
- Brilliant Homes Management Pty Ltd	34,646	15,000
- Chapmans Ltd	36,224	31,172
- Southern Cross Exploration N L	51,934	36,633
	130,304	87,305
Loans		
- Activitas Investment Group Ltd	26,904	30,950
- Chapmans Ltd	200,000	284,366
- Southern Cross Exploration N L	300,000	324,981
	526,904	640,297

Interest was earned at 9% per annum on the Loans, which are at 30 to 180 days call.

Non-current

Loans - Chapmans Ltd	201,889	-
Loans - Southern Cross Exploration N L	1,351,564	758,641
	1,553,453	758,641

Interest was earned at 9% per annum on the Loans which are at 12 months call.

Aggregate amounts included in the determination of Operating Loss before Income Tax that resulted from transactions with other related parties were as follows:

Interest revenue	156,557	63,745
Rental expenses recouped	60,000	60,000

Investments in shares in related parties

Longreach has investments in Chapmans Ltd and Southern Cross Exploration N L with quoted market value of $218,869 as at 30 June 2011. Longreach also has investments in the following unlisted director-related entities:

Activitas Investment Group Ltd	35,000	35,000
Offshore Oil Ltd	126,000	126,000
	161,000	161,000

18.5 The company has no Executives (refer to Remuneration Report in Directors' Report).

Note 19. Commitments for future expenditure

There were no non-cancellable operating lease expense commitments.

Note 20. Remuneration of auditors

Audit and review of financial reports (no other services)	34,000	34,000

Note 21. Going concern

The Balance Sheet of the Company as at 30 June 2011 shows Net Assets of $3,748,169 and an excess of current assets over current liabilities of $538,795. The Statement of Comprehensive Income for the year ended 30 June 2011 shows a loss of $477,898 and total comprehensive loss for the year of $2,818,538. The Statement of Cash Flows for the year ended 30 June 2011 show cash outflows from operating activities of $316,146.

These factors may appear to cast significant doubt on the consolidated entity's ability to continue as a going concern. The ability of the company to collect its receivables and realise its financial assets is dependent upon future events and market conditions. This may constitute a material uncertainty.

Directors believe that the company will be able to continue as a going concern based on the company collecting its receivables and realising its financial assets to enable the company to pay its debts as and when they become due and payable. Directors expect that the company will be able to raise additional capital, as it has done at various stages over many years, as and when it was required.

Note 22. Earnings per share

	Consolidated 2011	Consolidated 2010
Basic and diluted earnings (loss) per share (cents)	(0.10)	(0. 02)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	469,643,836	409,383,562

Note 23. 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.

Geographical

	Total Consolidated Assets 2011 $	Total Consolidated Assets 2010 $	Mining and Exploration 2011 $	Other 2011 $	Mining and Exploration 2010 $	Other 2010 $
Segment Assets						
Australia	4,150,009	6,106,311	339,305	3,810,704	333,154	5,773,157
Burkina Faso	-	75,272	-	-	75,272	-
Indonesia	10,000	200,000	10,000	-	200,000	-
	4,160,009	6,381,583	349,305	3,810,704	608,426	5,773,157
Segment Liabilities						
Australia	411,840	464,171	5,514	406,326	-	464,171

The segmental revenue and results are not considered relevant at this stage of the group's operations.

Note 24. Particulars of companies included in consolidated accounts

	Parent Entity's Investment Equity Holding 2011 %	Parent Entity's Investment Equity Holding 2010 %
Longreach Oil Ltd - inc. in New South Wales		
Offshore Oil (China) Pty Ltd - inc. in New South Wales (formerly Offshore Oil Pty Ltd)	100	100
South Pacific Pty Ltd - inc. in Queensland	100	100

Note 25. Summary of Parent Entity financial information

	2011 $	2010 $
Current Assets	950,635	1,730,430
Non-Current Assets	3,210,666	4,652,445
Total Assets	4,161,301	6,382,875
Current Liabilities	403,557	458,103
Total Liabilities	403,557	458,103
Net Assets	3,757,744	5,924,772
Share Capital	24,897,777	24,214,277
Reserves	(1,028,341)	1,271,656
Accumulated losses	(20,111,692)	(19,561,161)
Total Equity	3,757,744	5,924,772
(Loss) for the year	(475,684)	(91,276)

Note 26. Risk

(a) Market risk: The group’s investments in available for sale financial assets are subject to fluctuations in market conditions.

(b) Interest rate risk: There is no significant exposure to interest rate risk as the group's borrowings and deposits 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 oil and gas 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, so that it can provide returns to 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.

Note 27. Reconciliation of cash flows from operating activities

	Consolidated	
	2011	**2010**
	$	**$**
Loss for the financial year	(477,898)	(94,574)
Adjustments for:		
Profit on sale of investments	(74,848)	(447,460)
Exploration expenditure written off	75,270	-
Transfer from Reserves - impairment losses	-	193,000
Impairment losses - unlisted shares	20,000	60,000
Provision for loss-Mining Project	190,000	-
Other non-cash items	110,638	135,852
	(156,838)	(153,182)
Change in trade and other receivables	(362,475)	(94,043)
Change in trade and other payables	203,167	(79,996)
Net cash flows from/(used in) operating activities	(316,146)	(327,221)
Non cash financing and investing activities		
Issues of shares for investments	250,000	455,000
Issues of shares as payments to consultants, creditors and prepayments	232,500	100,000

Note 28. Income tax

The income tax (expense)/benefit on the pre-tax accounting (loss) reconciles to the income tax expense in the accounts as follows:

	Consolidated	
	2011	**2010**
	$	**$**
(Loss) before income tax	(477,898)	(94,574)
Income tax expense/(benefit) calculated at 30% (2010 30%) on the loss from ordinary activities	(143,369)	(28,372)
Non-deductible expenses	57,000	-
Deferred tax assets (brought)/not brought to account	86,369	28,372
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 29 Events after balance date

There were no significant events after balance other than as disclosed in the Report.

N.B. *The Financial Report was authorised by the Directors on 4 October 2011. The company has the power to amend and re-issue the financial report.*

Declaration by directors for the year ended 30 June 2011

1. In the Directors' opinion:

(a) the financial statements and the notes set out on pages 4 to 20 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 2011 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.

The Directors have been given the declarations by the Equivalent Chief Executive Officer and the Equivalent Chief Financial Officer required by Section 295A of the Corporations Act, 2001.

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

B Ganke
Director

Sydney
4 October 2011

Independent Auditor's Report

HLB Mann Judd

Accountants | Business and Financial Advisers

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 balance sheet as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the 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 financial 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 is free from material misstatement, whether due to fraud or error.

In Note 1.2 the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies 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 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 and fair presentation of the financial report 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 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.

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*, provided to the directors of Longreach Oil Limited on 4 October 2011, would be in the same terms if provided to the directors as at the time of this auditor's report.

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Basis for Qualified Auditor's Opinion

As stated in Note 9, an investment in a non-listed company, Brisbane Petroleum Limited, which has a cost of $110,910 (2010: $110,910), has been measured at a fair value as at 30 June 2011 of $850,000 (2010: $2,500,000), with the decrease in fair value of $1,650,000 (2010: $Nil movement) debited (2010: No movement) to the Fair Value Reserve. In 2007 this investment had been revalued to a fair value of $5,000,000 with the increase of $4,889,090 recorded in the Fair Value Reserve. In 2008, it was remeasured to a fair value of $2,500,000, a reduction of $2,500,000, recognised as a reduction in the Fair Value Reserve. Directors have not demonstrated that their assessment of fair value is reliable. The inclusion in the financial report of the investment at fair value constitutes a departure from Australian Accounting Standard AASB 139: *Financial Instruments: Recognition and Measurement,* which requires such investments to be measured at cost if fair value cannot be reliably measured.

Had the Directors stated the investment at cost, the investment would have been recognised at $110,910, a further reduction of $739,090; total assets and net assets would have decreased by $739,090; Loss on write back revaluation of unlisted investments, Total Comprehensive Loss and Fair Value Reserve debit balance would have increased by $739,090.

The audit report for the year ended 30 June 2010 included a qualification in relation to this investment, that at that time we were unable to satisfy ourselves that the Directors' assessment of fair value at 30 June 2010 was reliable.

Qualified Auditor's Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding 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 2011 and of 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 report also complies with International Financial Reporting Standards as disclosed in Note 1.2.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 21 to the financial report, which indicates that the company incurred a total comprehensive loss of $2,818,538 during the year ended 30 June 2011. These conditions, along with other matters as set forth in Note 21, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern, and therefore the consolidated entity 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 on page 2 of the directors' report for the year ended 30 June 2011. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Longreach Oil Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

HLB MANN JUDD
Chartered Accountants

D K Swindells
Partner

Sydney
4 October 2011