Longreach Oil Limited

63nd Annual Report

30 June 2016

Contents

Corporate Governance Statement

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

Notice of Meeting and Proxy Form

- see separate documents / inserts

Corporate Directory

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

Company Secretary
Justin ROSENBERG

Registered and Principal Office
Level 27
25 Bligh Street
Sydney NSW 2000
Australia
Telephone: 61 2 8277 6683
Email: lgo@longreachoil.com
Website: www.longreachoil.com

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

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

Principal Bankers
Commonwealth Bank of Australia

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

Directors' Report

Your Directors present their report on the consolidated entity ("the Group"), which consists of Longreach Oil Ltd ("the Company") and the entities it controlled during the financial year ended 30 June 2016.

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 63rd year since incorporation.

1. Review of operations

The operations of the Group for the year were managing the Group's existing exploration projects, examining new investment opportunities and proceeding with the additional investment in Starlogik.

On 26 February 2016, the Company signed a term sheet to acquire the remaining 95% of Starlogik IP LLC ("Starlogik") it does not currently own. The acquisition is conditional on the Company raising $8 million, proposed to be via an offer under a prospectus to wholesale investors only. Further details of the proposed acquisition of Starlogik are disclosed in the company's release to the ASX made on 26 February 2016.

2. Results of operations

The operations of the consolidated entity during the year resulted in a comprehensive loss of $677,466 (2015: $1,440,283). Excluding the following expenses (relating to write-off of legacy mining assets and issue of options (with strike prices of 0.3 and 1.2 cents)), the loss was $310,765 (2015: $340,454):

	Year ended	
	30 June 2016	**30 June 2015**
Exploration and evaluation expenditure written off	84,981	111,852
Loss (gain)on disposal of subsidiary	(9,881)	731,004
Loss on investment and impairment losses	40,000	112,900
Share based payment expenses	251,601	-
Bad debts written off	-	144,073

3. Significant changes in the State of Affairs

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

4. Principal activities

The Group's principal activities were investing in Starlogik and maintaining the exploration assets and there were no significant changes in the nature of those activities during the year.

Starlogik is a privately funded company incorporated in the USA specialising in developing advanced telecommunications solutions with a vision to connect the billions of people at the 'bottom of the pyramid' without access to telecommunications.

Starlogik has invented the first FreePay mobile service portfolio, free to consumers, and yet uniquely profitable for carriers, delivering a zero cost mobile proposition for the developing world. Designed to address the extremely challenging emerging market landscape, Starlogik connects the o3B (other 3 billion) with zero carrier investment leveraging existing network assets.

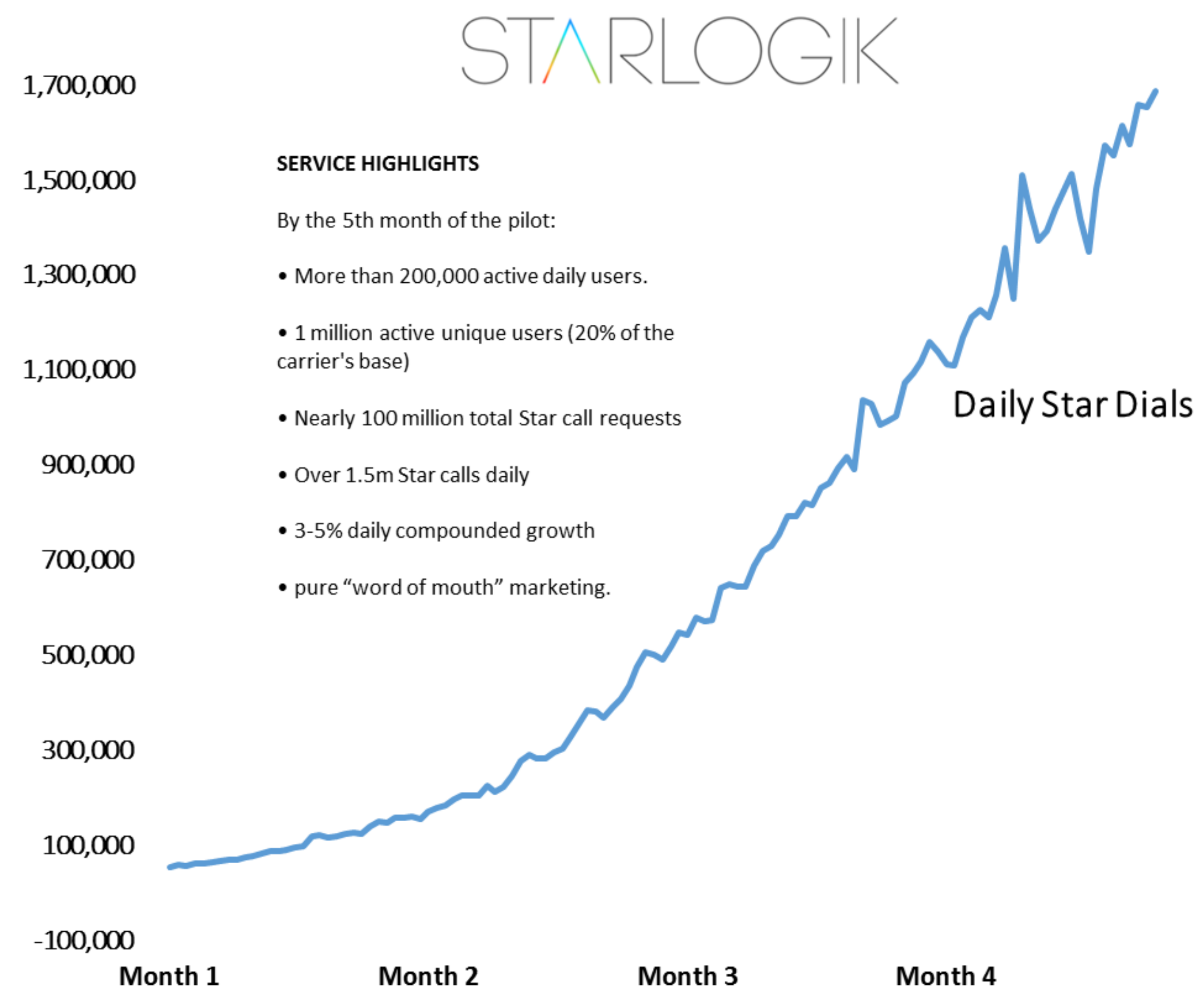
Founded on breakthrough advances in signalling and switching, Starlogik delivers a universal cloud hosted telecommunication system which works on any network and telephone without change, operating uniquely on the 'Star key' embedded in every mobile phone.

The flagship service delivers core new end-to-end signalling capability without changing the network. Users simply Star dial to 'ping' the established paying base for call back, seamlessly reversing the connection and spend in a calling party pays world. Return calls lock in quantum mobile terminating revenue for life, monetizing the single largest untapped market for mobile phone carriers, the other three billion people who cannot afford to feed a phone. The mass "miss calling" phenomenon, where users disconnect before answer as their primary means of communication, currently accounts for an astounding 25% of all calls globally.

Directors' Report *(cont'd)*

Starlogik has been recording a global intellectual property portfolio with more than 100 patent applications granted in more than 40 jurisdictions.

Starlogik has successfully completed multiple product and technical due diligence phases at leading carriers. Starlogik deployed an exceptionally successful pilot in a regional subsidiary of a global carrier. Integration took less than 5 minutes and Starlogik delivered one of the fastest growing and most rapidly adopted services in the history of the carrier. Starlogik acquired 25% of the market in just 4 months on stealth word of mouth marketing. Over 1 million active monthly users sent 80 million star requests generating over 15 million call back minutes of use. The graph below shows the exponential take up of the Star service without any marketing spend.



The Company also holds the following oil & gas assets:

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

Directors' Report *(cont'd)*

5. Significant matters after balance date

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

6. Likely developments in operations and expected results

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

7. Environmental regulations

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

8. Dividends

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

9. Options granted over shares

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

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

10. Information on Directors

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

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

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

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

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

Directors' Report *(cont'd)*

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

11. Directors' meetings

The following table sets out the number of meetings of Directors held during the year ended 30 June 2016 and the number of meetings attended by each Director:

	Meetings eligible to attend	Meetings attended
D Kelton	2	2
A Phillips	5	5
J Rosenberg	5	5
Q Roux	5	5

12. Remuneration Report - Audited

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

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

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

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

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

Details of remuneration of the KMP of Longreach Oil are shown below. Note this table shows remuneration from Longreach Oil Limited and its controlled entities for the year ended 30 June 2016, and Longreach Oil Limited only for the year ended 30 June 2015.

Director	**Position**	**2016**	**2015**	
		$	**$**	
S Baghdadi	Chairman (from 29 November 2013)	-	4,000	Resigned 8 July 2015
S Baghdadi	Consultant	-	36,582	
A Phillips	Director	-	4,000	
D Kelton	Chairman (Non-Executive)	-	-	Appointed 1 March 2016
D Kelton	Consultant	200,032	-	See below
J Rosenberg	Managing Director and Company Secretary (Salary - $90,000 + superannuation $10,300)	103,300	54,000	Chairman from 8 July 2015 to 1 March 2016
J Rosenberg	Director	-	4,000	
Q Roux	Director	-	-	Appointed 14 October 2014
C Coleman	Director	-	4,000	Resigned 21 October 2014
C Coleman	Consultant	-	6,000	
Total		**303,332**	**112,582**	

Mr Kelton's remuneration consists of $60,000 advisory and consulting fees pursuant to agreement with above Board International Pty Ltd.

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

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

13. Remuneration Report - Audited

Disclosure of Remuneration Policy - Longreach Oil Ltd (Consolidated Group)

Southern Cross Ltd (ASX: SXX) ceased to be a controlled entity on 28 August 2014 but as it formed part of the Longreach 2015 report it is still shown for comparative purposes.

The remuneration below includes amounts payable to KMP of LGO from all consolidated entities for the year ended 30 June 2015.

		Consolidated Entity	**Southern Cross**
Director	**Position**	**2015** **$**	**2 months to** **28 August 2014** **$**
S Baghdadi	Director	4,000	
S Baghdadi	Consultant	86,582	50,000
A Phillips	Director	16,000	12,000
D Kelton	Chairman (Non-Executive)	-	-
D Kelton	Consultant (Agreement with Above Board Pty Ltd)	-	-
J Rosenberg	Director	4,000	-
J Rosenberg	Managing Director & Company Secretary	54,000	
Q Roux	Director	-	-
C Coleman	Director	12,000	8,000
C Coleman	Consultant	19,000	13,000
			-
Total		**195,582**	**83,000**

All remuneration is fixed and there is no proportion that is variable and dependent on performance.

Results - last five financial years

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

	2012 **$**	**2013*** **$**	**2014*** **$**	**2015*** **$**	**2016** **$**
Revenue from continuing operations	280,831	220,828	557,019	215,120	9,700
Total comprehensive profit/loss	(375,214)	(735,906)	(1,798,226)	(1,440,283)	(677,466)
Net assets	3,422,955	5,668,132	5,474,239	2,061,341	1,675,476
Share price at year end	$0.003	$0.004	$0.002	$0.003	$0.008

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

Directors' Report *(cont'd)*

14. Non-Audit Services

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

15. 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 8.

16. Indemnification of Officers and Auditors

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

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

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

D Kelton	J Rosenberg
Chairman	Managing Director

30 September 2016

Accountants | Business and Financial Advisers

LONGREACH OIL LIMITED

ABN 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 2016, 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 respect of Longreach Oil Limited and the entities it controlled during the year.

Sydney, NSW	**A G Smith**
30 September 2016	**Partner**

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289
Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190
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 2016

	Note	30 June 2016 $	30 June 2015 $
Revenue from continuing operations	2	9,700	215,120
Administration expenses		(251,356)	(289,641)
Finance costs	3	(494)	(1,002)
(Loss)/ gain on disposal of subsidiary	23	9,881	(731,004)
Office occupancy expenses		-	(9,091)
Consultants fees		(205,282)	(122,698)
Provision for rates		(41,188)	-
Other items	4	(164,741)	(442,388)
Other expenses		(33,986)	(59,579)
Loss from continuing operations before income tax		(677,466)	(1,440,283)
Income tax expense	25	-	-
Loss from continuing operations		(677,466)	(1,440,283)
Losses of non-controlling interest		-	227,394
Loss attributable to parent entity shareholders		(677,466)	(1,212,889)
Other comprehensive income/(loss):		-	-
Total comprehensive loss for the year attributable to parent entity shareholders		(677,466)	(1,212,889)
Basic and diluted (loss) per share	20	(0.00056)	(0.0013)

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 2016

	Note	2016 $	2015 $
Current Assets			
Cash and cash equivalents	5	44,952	235,516
Available for sale financial assets	6	17,871	1,848
Receivables	7	26,483	36,523
Total Current Assets		89,306	273,887
Non-Current Assets			
Available for sale financial assets	8	2,093,787	2,133,787
Receivables	9	43,412	53,537
Exploration and evaluation expenditure	10	-	84,981
Total Non-current Assets		2,137,199	2,272,305
Total Assets		2,226,505	2,546,192
Current Liabilities			
Trade and other payables	12	188,196	209,716
Borrowings	13	362,833	275,135
Total Current Liabilities		551,029	484,851
Net Assets		1,675,476	2,061,341
Equity			
Capital and Reserves attributable to company's equity holders			
Share capital	14	26,830,777	26,830,777
Reserves	15	294,304	2,703
Accumulated losses	16	(25,449,605)	(24,772,139)
Total equity attributable to company's Equity holders		1,675,476	2,061,341
Total Equity		1,675,476	2,061,341

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 2016

	Share Capital	Other Reserves	Accumulated Losses	Total Parent Entity Interest	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2014	24,107,967	(553,131)	(21,791,652)	1,763,184	3,711,055	5,474,239
Net loss for the year	-	-	(1,212,889)	(1,212,889)	(227,394)	(1,440,283)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income/ (Loss)	-	-	(1,212,889)	(1,212,889)	(227,394)	(1,440,283)
Share Issues	1,321,000	-	-	1,321,000	-	1,321,000
Elimination of former subsidiary in Parent (Note 23)	1,401,810	4,316	(1,289,603)	116,523	(3,483,661)	(3,367,138)
Transfers to/ from Reserves	-	477,995	(477,995)	-	-	-
Treasury shares disposed	-	73,523	-	73,523	-	73,523
Balance at 30 June 2015	26,830,777	2,703	(24,772,139)	2,061,341	-	2,061,341
Balance at 1 July 2015	26,830,777	2,703	(24,772,139)	2,061,341	-	2,061,341
Net loss for the year	-	-	(677,466)	(677,466)	-	(677,466)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income/ (Loss)	-	-	(677,466)	(677,466)	-	(677,466)
Share -based payment Option Issues	-	291,601	-	291,601	-	291,601
Balance at 30 June 2016	26,830,777	294,304	(25,449,605)	1,675,476	-	1,675,476

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 2016

	Note	Consolidated 30 June 2016 $	30 June 2015 $
Cash flows from operating activities:			
Dividends received		1,598	42
Interest received		11,532	226
Interest paid		(494)	(1,002)
Operating expenses		(291,787)	(244,326)
Net cash flows used in operating activities	22	(279,151)	(245,060)
Cash flows from investing activities:			
Proceeds from sale of subsidiary, net of cash disposed		-	146,913
Payments to acquire available for sale financial assets		(9,413)	(2,289,089)
Repayments of loans received		-	1,200,000
Loans and advances made		-	(203,601)
Net cash flows provided by/(used in) investing activities		(9,413)	(1,145,777)
Cash flows from financing activities:			
Proceeds from issue of shares		-	1,321,000
Proceeds from borrowings		105,000	31,072
Repayment of borrowings		(7,000)	(66,694)
Net cash flows provided by financing activities		98,000	1,285,378
Net increase (decrease) in cash held		(190,564)	(105,459)
Cash at the beginning of the financial year		235,516	340,975
Cash at the end of the financial year	5	44,952	235,516

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 2016

Note 1. Summary of significant accounting policies

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

1.1 Basis of preparation

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

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

1.2 Going concern

The Balance Sheet of the Group at 30 June 2016 showed Total Current Assets of $89,306 and Total Current Liabilities of $551,029 and therefore Net Current Liabilities of $461,723. The Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2016 shows a total comprehensive loss of $677,466.

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

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

1.3 Statement of compliance

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

1.4 Principles of Consolidation

Subsidiaries

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

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 re-valued, the fair values are determined after considering the underlying net asset values of the companies, price of recent investments and estimated earnings.

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

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

1.9 Fair value measurements and disclosures

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

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

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

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

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

1.10 Trade and other receivables

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

1.11 Exploration and evaluation assets

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

1.12 Impairment of assets

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

1.13 Trade and other payables

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

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

1.14 Leases

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

1.15 Provisions

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

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

1.16 Borrowings

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

1.17 Revenue recognition

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

Dividends
Dividends are recognised on receipt.

Interest
Interest is recognised as it accrues.

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

1.18 Segment Information

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

1.19 Accounting estimates and judgement

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

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

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

(ii) Share-based payments expense

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

1.20 Share-based payments

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

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

1.21 Income tax

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

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

1.22 Goods and Services Tax (GST)

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

- where the GST incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash Flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

1.23 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting period. The Group has elected not to early adopt the standards and interpretations. The following standard is the only standard that the Group considers could have a material impact:

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

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

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

		Consolidated	
		2016	2015
Note 2.	**Revenues**	$	$
	Dividends	1,598	42
	Interest - other	1,491	110,380
	Investment transaction fees	-	104,698
	Profit on disposal of investments	6,611	-
		9,700	215,120

		2016	2015
Note 3.	**Finance costs**		
	Interest expense – other	494	1,002

		2016	2015
Note 4.	**Other items**		
	Exploration expenditure written off	84,981	111,852
	FX Losses	-	26,947
	Legal costs expense	39,760	46,616
	Impairment loss - shares in corporations not listed on Stock Exchanges (Level 3)	40,000	112,900
	Bad debts written off-receivables	-	144,073
		164,741	442,388

		2016	2015
Note 5.	**Cash and cash equivalents**		
	Cash at bank	44,952	235,516

		2016	2015
Note 6.	**Available for sale financial assets - current**		
	Listed equity securities (Level 1)	17,871	1,848

		2016	2015
Note 7.	**Receivables - current**		
	Goods and Services Tax	26,483	36,523

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

	Consolidated 2016 $	2015 $
Shares in corporations not listed on Stock Exchanges - at fair value (Level 3)	2,093,787	2,093,787
- at cost	110,900	110,900
Provision for Impairment	(110,900)	(70,900)
	2,093,787	2,133,787

Shares in corporations not listed on stock exchanges at fair value (Level 3) relates to the Company's 5% investment in Starlogik IP LLC, a private limited liability company located in the USA. Details of the basis of the valuation of this investment are included in Note 28.

Movement in the provision for impairment		
At beginning of year	(70,900)	(461,789)
Additional provision	(40,000)	(70,900)
Provision made relating to former subsidiary	-	461,789
At end of year	(110,900)	(70,900)

On 26 February 2016, the Group announced it had signed a binding term sheet to acquire the remaining 95% of Starlogik IP LLC. The proposed acquisition is subject to a number of conditions, including the Group raising $8,000,000 and shareholder approval for the transaction.

Note 9. Receivables - non-current

Security deposits - mining licences	43,412	53,537

Security deposits earn interest at an average rate of 3 % per annum.

The fair value of receivables approximates their carrying amounts.

Note 10. Exploration & evaluation expenditure

	Consolidated 2016 $	2015 $
Carrying amount at beginning of year	84,981	194,021
Expenditure incurred	-	2,812
Expenditure written off	(84,981)	(111,852)
Carrying amount at end of year	-	84,981

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.

	Consolidated	
	2016	**2015**

Note 11. Interests in exploration projects

The other income and expense items arising, excluding $84,981 (2015: $111,852) of exploration costs written off during the year, were Nil (2015: Nil).

11.1 The Company held the following interests in exploration projects:

		30 June 2016	30 June 2015
		% interest	% interest
OIL & GAS			
Onshore Carnarvon Basin - W.A.	- EP-439	-	11.33
Onshore Surat Basin - QLD	- PL-280	50	50

Note 12. Trade & other payables

	Consolidated 2016 $	Consolidated 2015 $
Trade creditors	144,196	209,716
Trade creditors - related parties (see Note 17.3)	44,000	-
	188,196	209,716

Note 13. Borrowings (unsecured)

	2016	2015
Bank overdraft	5,104	5,545
Loans - related parties (see Note 17.3)	23,000	-
Loans - other	334,729	269,590
	362,833	275,135

No interest was paid on related party loans.

Other loans include an amount of $249,798 (2015 $249,798) from the Shareholder's Divestment Account. Amounts are paid as and when claimed by shareholders. The balance of $84,931(2015: $19,792) comprises a loan of $75,000 from Gleneagle Securities (Aus) Pty Ltd and several small loans. The loan from Gleneagle Securities (Aus) Pty Ltd is interest free.

Note 14. Share Capital

	Consolidated 2016 $	2015 $
Issued		
1,214,333,333 ordinary shares, fully paid (2015 – 1,214,333,333)	26,830,777	26,830,777

Ordinary shares carry one vote per share.

Movement in Issued Capital	2016 No. of shares	2016 $	2015 No. of shares	2015 $
Balance at beginning of year	1,214,333,333	26,830,777	736,000,000	24,107,967
Share placements	-	-	478,333,333	1,321,000
Equity disposed in subsidiary	-	-	-	1,401,810
Balance at end of year	1,214,333,333	26,830,777	1,214,333,333	26,830,777

Share Placements shown above were as follows:

2016 Date Issued	2016 Number of Shares	2016 Issue Price	2015 Date Issued	2015 Number of Shares	2015 Issue Price
-	-	-	10 Sept 2014	95,000,000	$0.0018
-	-	-	26 Feb 2015	383,333,333	$0.003
-	-	-		478,333,333	

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

Note 15. Reserves

	Consolidated 2016 $	2015 $
Option premium	362,351	70,750
Share treasury	(68,047)	(68,047)
	294,304	2,703

15.1 Movement in reserves

Option premium	2016 $	2015 $
Balance at beginning of year	70,750	60,434
Former subsidiary investment in Parent		4,316
Share based payment expense from issue of options	291,601	-
Balance at end of year	362,351	70,750

15.2 Nature and purpose of reserves

Option Premium Reserve

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

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

Of these options, 20 million related to services provided during the year ended 30 June 2016, with 40 million relating to the year ended 30 June 2015.

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

Note 15.2 Option Premium Reserve (cont'd)

In March 2016, 50,000,000 unlisted options were issued to the Chairman Drew Kelton at a strike price of $0.012 vesting in three tranches on 1 March 2016, 1 March 2017 and 1 March 2018, and all with an expiry date of 1 March 2018.
The value of these options were calculated using the Black Scholes method assuming a volatility of 100% and risk-free interest rate of 2%, and an amount of $140,032 was expensed in full in the 30 June 2016 year.

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

Note 16. Accumulated losses

	Consolidated	
	2016	2015
	$	$
Balance at beginning of year	(24,772,139)	(21,791,652
Net loss	(677,466)	(1,212,889)
Former subsidiary investment in parent	-	(1,289,603)
Transfers from Share Treasury Reserve	-	(477,995)
Balance at end of year	(25,449,605)	(24,772,139)

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

The following were key management personnel ("KMP") of the consolidated entity at any time during the financial year: Directors D Kelton (Chairman) appointed 1 March 2016, A Phillips, J Rosenberg, Q Roux, S Baghdadi (resigned 8 July 2015).

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

17.1 Total Remuneration of Key Management Personnel

	KMP of Consolidated Entity	
	2016	2015
	$	$
Directors' Fees, salaries & superannuation	103,300	90,000
Consulting Fees	200,032	105,582
	303,332	195,582

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.

17.2 Shareholdings of key management personnel in Longreach Oil Ltd

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

17.2 Shareholdings of key management personnel in Longreach Oil Ltd (cont'd))

	Balance 30 June 2015 Number	Change Number	Resignation Number	Balance 30 June 2014 Number
Ordinary Shares				
S Baghdadi	587,000	(143,000,000)	-	143,587,000
A Phillips	4,500,000	621,349	-	3,878,651
J Rosenberg	12,550,000	12,050,000	-	500,000
Q Roux	500,000	500,000	-	-
	18,137,000	(129,828,651)	-	147,965,651

	Balance 30 June 2016 Number	Change Number	Resignation Number	Balance 30 June 2015 Number
Options				
D Kelton (refer Note 15.2)	50,000,000	50,000,000	-	-

17.3 Directors and related party transactions and balances

	Consolidated 2016 $	2015 $
Aggregate payables and borrowings at balance date		
Accrued Consulting Fees:		
Above Board International Pty Ltd (related entity of D Kelton)	44,000	-
Loans (unsecured) owing to:		
J Rosenberg	23,000	-
	67,000	-

The loan is at call, unsecured and no interest is payable on the loan.

Note 18. Remuneration of auditors

	2016	2015
Audit and review of financial reports (no other services)		
HLB Mann Judd	30,500	29,500

Note 19. Contingent Assets and Liabilities

There were no contingent assets and liabilities.

Note 20. Earnings/(Loss) per share

	2016	2015
Basic and diluted loss per share	(0.00056)	(0.0013)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	1,214,333,333	942,488,584

Note 21. Segment Information

Business Segment

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

Segment Assets

	Total 2016 $	Exploration 2016 $	Investment 2016 $	Total 2015 $	Exploration 2015 $	Investment 2015 $
Geographical						
Australia	132,718	-	132,718	452,405	84,981	367,424
USA	2,093,787	-	2,093,787	2,093,787	-	2,093,787
	2,226,505	-	2,226,505	2,546,192	84,981	2,461,211

Total segments assets included:

Additions to Non Current Assets		2016 $	2015 $
Australia	(Exploration)	-	2,812
USA	(Other)	-	2,093,787
		-	2,096,599

	Total 2016 $	Exploration 2016 $	Investment 2016 $	Total 2015 $	Exploration 2015 $	Investment 2015 $
Segment Revenues						
Geographical						
Australia	9,700	-	9,700	6,649	-	6,649
Fiji	-	-	-	103,773	-	103,773
USA	-	-	-	104,698	-	104,698
Total	9,700	-	9,700	215,120	-	215,120

There were no inter-segment revenues.

Segment Liabilities

	Total 2016 $	Exploration 2016 $	Investment 2016 $	Total 2015 $	Exploration 2015 $	Investment 2015 $
Australia	475,829	57,334	418,495	421,995	421,995	-
USA	75,200	-	75,200	62,856	-	62,856
	551,029	57,334	493,695	484,851	421,995	62,856

Note 21. Segment Information (cont'd)

	Total 2016	Exploration 2016	Investment 2016	Total 2015	Exploration 2015	Investment 2015
Segment Results						
Profit/ (Loss)						
Investment - Australia	(294,815)	-	(294,815)	(621,231)	-	(621,231)
Exploration	(131,419)	(131,419)	-	(801,052)	(801,052)	-
Investment - USA	(251,232)	-	(251,232)	(18,000)	-	(18,000)
Total Loss	(677,466)	(131,419)	(546,047)	(1,440,283)	(801,052)	(639,231)
Total Segment Loss included:						
Interest Revenue	1,491	-	1,491	110,380	-	110,380
Interest Expense	(494)	-	(494)	(1,002)	(1,002)	-
Material Non cash Items:						
Exploration expenditure written off	(84,981)	(84,981)	-	(111,852)	(111,852)	-
Impairment losses	(40,000)		(40,000)	(112,900)	(112,900)	-
Bad debts expense	-	-	-	(144,073)	-	(144,073)
	-	-				-

Note 22. Reconciliation of cash flows from operating activities

	2016 $	2015 $
Loss for the financial year	(677,466)	(1,440,283)
Adjustments for:		
Profit on investments	(6,610)	-
Exploration expenditure written off	84,981	111,852
Bad Debts written off	-	144,073
Impairment loss on investments	40,000	112,900
Share -based payment transactions	291,601	-
Loss (gain) on disposal of subsidiary	-	731,004
Listed equity securities and treasury shares used to settle creditors	-	337,441
	(267,494)	(3,013)
Change in trade and other receivables	20,165	58,022
Change in trade and other payables	(31,822)	(300,069)
Net cash flows from/(used in) operating activities	(279,151)	(245,060)

.

Note 23. Particulars of companies included in consolidated accounts

Interest in other entities

(a) Subsidiaries

The Group's subsidiaries at 30 June 2016 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
		2016	2015	2016	2015	
South Pacific Pty Ltd (deregistered July 2015)	Australia	-	100%	-	-	Oil and Gas exploration and investment company. Deregistered on 19 July 2015.
Longreach (Pacific) Pty Ltd	Australia	100%	100%	-	-	Oil and Gas exploration and investment company
Southern Cross Exploration NL ("SXX")	Australia	-		-	100%	Oil and Gas exploration and investment company

On 28 August 2014, the Company disposed of its entire remaining 15.25 % ownership interest in SXX. The company on this date no longer controlled the subsidiary and the assets, liabilities and non-controlling interest of the subsidiary were deconsolidated and a loss on disposal was recognised in the Consolidated Statement of Profit and Loss and other Comprehensive Income in the year ended 30 June 2015.

Note 24. Summary of Parent Entity financial information

	2016 $	2015 $
Current Assets	89,306	273,887
Non-Current Assets	2,138,058	2,273,395
Total Assets	2,227,364	2,547,282
Current Liabilities	551,029	474,990
Total Liabilities	551,029	474,990
Net Assets	**1,676,335**	**2,072,292**
Share Capital	26,830,777	26,830,777
Reserves	294,304	2,703
Accumulated losses	(25,448,746)	(24,761,188)
Total Equity	**1,676,335**	**2,072,292**
(Loss) for the year	(687,558)	(275,446)
Comprehensive income	-	-
Total comprehensive loss	**(687,558)**	**(275,446)**

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 $43,412 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

	2016	2015
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	(677,466)	(1,440,283)
Income tax expense/(benefit) calculated at 30% (2015: 30%) on the loss from ordinary activities	(203,240)	(432,085)
Deferred tax assets (brought)/not brought to account	203,240	432,085
Income tax expense	-	-

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

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

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

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

Note 26. Risk

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

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

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

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

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

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

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

Note 27. Events after balance date

No significant events have occurred since 30 June 2016 which would have an impact on the financial position of the Group as at 30 June 2016 or on the results and cash flows of the Group for the year then ended.

Note 28. Fair Value

The following table presents the assets and liabilities measured and recognised at fair value as at 30 June 2016:

As at 30 June 2016 Recurring fair value measurements	Level 1 $	Level 2 $	Level 3 $	Total $
Listed equity securities	17,871	-	-	17,871
Shares in corporations not listed on Stock Exchange	-	-	2,093,787	2,133,787

As at 30 June 2015 Recurring fair value measurements	Level 1 $	Level 2 $	Level 3 $	Total $
Listed equity securities	1,848	-	-	1,848
Shares in corporations not listed on Stock Exchange	-	-	2,133,787	2,133,787

Valuation process of the Group in determining level 3 fair values

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

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

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

N.B. *The Financial Report was authorised by the Directors on 30 September 2016. The Company has the power to amend and re-issue the financial report.*

Declaration by Directors
for the year ended 30 June 2016

1. In the Directors' opinion:

(a) the financial statements and the notes set out on pages 9 to 28 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 2016 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 2016.

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

D Kelton
Chairman

J Rosenberg
Managing Director

Sydney
30 September 2016

Accountants | Business and Financial Advisers

LONGREACH OIL LIMITED

ABN 98 000 131 797

INDEPENDENT AUDITOR'S REPORT

To the members of Longreach Oil Limited

We have audited the accompanying financial report of Longreach Oil Limited ("the company"), which comprises the consolidated balance sheet as at 30 June 2016, 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 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 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 qualified audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289
Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190
Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

HLB Mann Judd

LONGREACH OIL LIMITED

ABN 98 000 131 797

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Basis for Qualified Auditor's Opinion

The consolidated entity's investment in Starlogik LLC ("Starlogik"), a private limited liability company located in the USA, was acquired during the year ended 30 June 2015 and is accounted for as an available for sale financial asset at fair value with a carrying value of $2,093,787 at 30 June 2016, as disclosed in note 8 to the financial statements. Given that Starlogik has not yet generated any revenue, and it has been over twelve months since any shareholders other than Longreach Oil Limited have purchased shares in the company, we consider that we were unable to obtain sufficient appropriate audit evidence for the fair value of this investment as at 30 June 2016. Consequently, we were unable to determine whether any adjustments to the investment were necessary.

Qualified Auditor's Opinion

In our opinion, except for the possible effects on the financial statements of the matter referred to in the Basis for Qualified Auditor's Opinion paragraph above:

(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 2016 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.

Material Uncertainty Related to Going Concern

Without further modifying our opinion, we draw attention to Note 1.2 Going Conern in the financial report, which indicates that the consolidated entity incurred a loss of $677,466 after providing for income tax for the year ended 30 June 2016, and had an excess of current liabilities over current assets of $461,723. As stated in Note 1.2, these events or conditions, along with other matters as set forth in Note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the 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 in pages 5 to 6 of the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A G Smith
Partner

Sydney, NSW
30 September 2016

Australian Securities Exchange
Additional Information current as at 20 October 2016

1. Shareholders and voting rights

1.1 Total number of shareholders: 1,963

Shareholders have one vote for each share held.

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

Categories			Shareholders
1	to	1,000	335
1,001	to	5,000	694
5,001	to	10,000	181
10,001	to	100,000	452
over		100,000	301

The number of shareholders holding less than a marketable parcel of shares is 1,681.

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

Spinite Pty Ltd	207,000,000
Sunvest Corporation Limited	51,443,844

3. Top twenty shareholders

Name	Shares held	%
Gleneagle Securities Nominees Pty Limited	235,166,666	19.36
Myra Nominees Pty Limited	95,000,000	7.82
Spinite Pty Ltd	75,000,000	6.17
McNeil Nominees Pty Ltd	61,137,317	5.03
Sunvest Corporation Limited	51,443,844	4.24
SPO Equities Pty Ltd	50,000,000	4.12
Firehold Pty Ltd	33,333,333	2.74
Leon Fink Holdings Pty Ltd	33,333,333	2.74
Bsut Pty Ltd <Bsut Family A/C>	25,000,000	2.06
The Summit Hotel Bondi Beach Pty Ltd	23,333,333	1.92
Mr Donald Peter Anderson	21,067,940	1.73
Junior Jay Pty Ltd	19,300,000	1.59
Mitchell J Harrison & Rosalind F Menzies <Menzies Harrison Super A/c>	16,093,754	1.33
Mrs Melanie Therese Verheggen	15,651,074	1.29
MLWS No 1 Pty Ltd<Warne Smith Family A/C>	15,000,000	1.23
Mr Jiang Liu	14,337,186	1.18
Mr Long An & Mrs Hua Liu	14,053,586	1.16
Mr Bertram Rosenberg	12,050,000	0.99
Mr Justin Terence Rosenberg	12,050,000	0.99
Clarke Barnett Dudley	11,920,175	0.98

4. On market buy back

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