Longreach Oil Limited

62nd Annual Report

30 June 2015

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
Justin ROSENBERG (Chairman)
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 6655
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 Australia

Principal Bankers
Commonwealth Bank of Australia

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

Chairman's Report

In addition to the Directors' Report dated 30 September 2015, the following information is provided for shareholders. Shareholders are provided with information on the Company's activities by releases made by the Company to the ASX. The Company's releases are accessible on the ASX website (under LGO announcements) at ***www.asx.com.au*** and some releases can also be viewed on the Company's website: ***www.longreachoil.com*** (including this Annual Report, the Notice of Meeting for the Annual General Meeting and the Proxy Form).

All shareholders are being mailed a Notice of Meeting and a Proxy Form in respect of the Annual General Meeting being held on Monday 30 November 2015.

Issued Capital

The Company's Issued Capital increased during the year by the issue of 478,333,333 shares for cash at various prices, as detailed in the Notes to the accounts. At balance date, there were 1,214,333,333 shares on issue. On 30 September 2015, the Company issued 60,000,000 options to its advisers. There are no other options outstanding.

Loan Repayment from Southern Cross Exploration N L (SXX)

The Company received the $1.2m loan repayment (inclusive of interest) in full from Southern Cross Exploration N L (ASX code: SXX). This enabled the Company to complete the second stage of the investment in Starlogik without needing to raise further funds.

Energy Interests

Current oil and gas interests of the Company are described below and as shown in the Exploration and Mining Interests Schedule (see Note 12 to the accounts).

Longreach Oil continues to hold direct interests in oil and gas joint ventures. It also has indirect interests in oil exploration and production through its shareholdings in other companies.

Surat Basin, Queensland - P.L. 280

Longreach Oil holds a 50% interest in Petroleum Lease 280 in the Surat Basin, Queensland and a 20% interest in unlisted Brisbane Petroleum Limited, which in turn holds the other 50% interest in P.L. 280, as well as holding Petroleum Leases 18 and 40. P.L. 280 - which comprises 90 sq. kms (about 22,000 acres) - was granted by the Queensland Government on 1 August 2010 for a period of twenty-one years (21 years).

The 50% interest held by Longreach Oil is an important asset, particularly in view of the prospectivity of the Surat Basin generally and the potential for oil and gas discoveries in the specific area covered by P.L. 280, where commercial oil discoveries have been made in the past.

Onshore Carnarvon Basin - EP-439 (11.33% interest)

This permit, which was held together with Rough Range Oil Pty Ltd (Operator) and several other companies, is subject to renewal. An extension of EP-439 has been applied for and an interim renewal application is currently under consideration by the W.A. Departments of Mines and Petroleum.

Investment - Starlogik

During the year, the Company acquired 5% in Starlogik IP LLC, a US company specialising in advanced telecommunications.

Starlogik has recently begun demonstrating its core signalling capabilities to carriers worldwide and successfully completed multiple product and technical due diligence phases at leading carriers across S.E Asian, Indian and African markets.

Starlogik deployed a recent pilot in a regional division of a leading global carrier with 5 million subscribers. The entire integration took under 5 minutes. Taking a core global voice service offering live on a cellular network in minutes is unprecedented.

Starlogik delivered one of the fastest growing and most rapidly adopted mobile services in the history of cellular. By the 5th month service highlights included:

- 1 million active unique users (20% of the total base)
- More than 200,000 active daily users
- Nearly 100 million total Star call requests
- Over 1.5m Star calls daily
- 3-5% daily compounded growth
- pure "word of mouth" marketing.

Several additional global carriers have become interested in their Star switched platform and we're looking forward to announcing their strategic developments and growing carrier partnerships.

Board of Directors

During the year, Mr Quintus Roux was appointed as a non-Executive Director (14 October 2014), Mr Craig Coleman resigned as a Director and Joint Company Secretary (21 October 2014) and Mr Stephen Baghdadi resigned as Chairman and Director (9 July 2015). On behalf of the Company, we thank Mr Baghdadi and Mr Coleman for their significant contribution to the successful turnaround of the Company and we wish them well in their future endeavours.

The Board now comprises 2 non-Executive Directors: Mr Andrew Phillips, and Mr Quintus Roux; and myself as Executive Director. I currently fulfil the role of Chairman and Company Secretary.

The Board is committed to continuing the Company's current momentum and, with its advisers, Gleneagle Securities, is actively looking to exploit opportunities to develop its current projects.

J Rosenberg
Chairman

26 October 2015

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 2015.

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 62nd 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 investment in Starlogik.

2. Results of operations

The operations of the consolidated entity during the year resulted in a comprehensive loss of $1,440,283 (2014: $1,798,226). Excluding the following expenses booked in the first half of the year from legacy transactions of the Company the loss was $340,454 (2014: $1,246,723).

	Year ended	
	30 June 2015	**30 June 2014**
Exploration and evaluation expenditure written off	111,852	335,676
Loss on disposal of subsidiary	731,004	-
Loss on investment and impairment losses	112,900	95,096
Bad debts written off	144,073	120,731

3. Significant changes

On 28 August 2014, the Company disposed of its entire remaining 15.25% ownership interest in Southern Cross Exploration N L (ASX Code: SXX). The Company on this date ceased to control SXX and the assets, liabilities and non-controlling interest of SXX were deconsolidated and a loss on disposal was recognised in the Consolidated Statement of Profit and Loss and other Comprehensive Income.

Through capital raisings and collection of the $1.2m receivable from Southern Cross Exploration N L, the Company funded the acquisition of 5% of Starlogik IP LLC which completed on 30 June 2015.

4. Principal activities

The Company 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.
- 11.33% interest in EP-439 in the Onshore Carnarvon Basin (WA).

The Company also acquired 5% in Starlogik LLC. Starlogik is a US-based company specializing in advanced telecommunication which solves complex social, technical, and commercial challenges facing the telecommunications industry, and brings to market a new generation of ring-free technologies. Starlogik has invented the first completely free and sustainable cellular offering to deliver an essential telephony service proposition for the developing world, including the 3 billion people who still cannot afford access to wireless service. Founded on breakthrough advances to signalling and switching, Starlogik connects the "other three billion" with zero carrier investment, leveraging existing network assets. Starlogik has a global intellectual property portfolio with over 120 patents issued in more than 40 jurisdictions around the world.

5. Significant matters after balance date

On 30 September 2015 the Company issued 60,000,000 options to Gleneagle Securities (Aust) Pty Limited for services provided. The options have an exercise price of $0.003 per share and can be exercised at any time up to 25 February 2018.

Directors' Report *(cont'd)*

6. Likely developments in operations and expected results

Likely developments in the operations of the consolidated entity and the expected results cannot be accurately predicted, as they will depend on the successful development of the Group's exploration projects and/or farm-outs or realisation of its investments.

7. Environmental regulations

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

8. Dividends

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

9. Information on Directors

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

Justin Rosenberg - Executive Chairman of Longreach Oil. Chartered Accountant, Bachelor of Commerce (Accounting & Finance Majors). Over 15 years' corporate advisory experience after 5 years in audit and risk management. Appointed company secretary on 17 September 2014. Appointed Chairman of Longreach Oil on 8 July 2015.

Andrew Phillips, Non-Executive Director of Longreach Oil and appointed Non-Executive Director of Southern Cross Exploration N L on 30 August 2013. Director also of other listed company Richfield International Ltd - since July 2010; Company Secretary of listed company - MDS Financial Services Ltd; Director of a number of proprietary companies.

Quintus Roux, Non-Executive Director of Longreach Oil. 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.

Stephen Baghdadi Non-Executive Director Longreach Oil and Executive Director of Southern Cross Exploration N L. Resigned as Chairman and Director of Longreach Oil on 8 July 2015.

Craig Coleman, Non-Executive Director of Longreach Oil and Non-Executive Director of Southern Cross Exploration N L. Resigned as Director of Longreach Oil on 21 October 2014.

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

10. Directors' meetings

The following table sets out the number of meetings of Directors held during the year ended 30 June 2015 and the number of meetings attended by each Director:

	Meetings eligible to attend	Meetings attended
S Baghdadi	4	4
C Coleman	2	2
A Phillips	4	4
J Rosenberg	4	4
Q Roux	2	1

11. Remuneration Report - Audited

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

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

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

The 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:

Director	Position	2015	2014	
		($)	($)	
S Baghdadi	Chairman (from 29 November 2013)	4,000	24,000	(Resigned 8 July 2015)
S Baghdadi	Consultant	36,582	130,619	
A Phillips	Director	4,000	24,000	
A Phillips	Consultant	-	16,300	
J Rosenberg	Executive Director and Company Secretary (Salary)	54,000	24,000	Chairman from 8 July 2015
J Rosenberg	Director	4,000		
Q Roux	Director	-	-	Appointed 14 October 2014
C Coleman	Director	4,000	3,551	Resigned 21 October 2014
C Coleman	Consultant	6,000	10,000	Resigned 21 October 2014
B Ganke	Chairman (to 29 November 2013)	-	9,929	Resigned 29 November 2013
B Burrell	Director	-	6,049	Resigned 30 September 2014
P Hetherton	Director	-	15,452	Resigned 21 February 2014
P Hetherton	Company Secretary	-	20,000	Resigned 21 February 2014
Total		**112,582**	**283,900**	

SXX is an ASX- listed company and produces its own Remuneration Report in accordance with Section 300A of the Corporations Act 2001, to be voted by its shareholders. SXX ceased to be a controlled entity on 28 August 2014.

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

		Consolidated Entity		Southern Cross	
Director	**Position**	**2015 ($)**	**2014 ($)**	**2 months to 28 August 2014**	**30 June 2014**
S Baghdadi	Director	4,000	48,000	-	24,000
S Baghdadi	Consultant	86,582	306,717	50,000	176,098
A Phillips	Director	16,000	43,989	12,000	19,989
A Phillips	Consultant	-	16,300	-	-
J Rosenberg	Director	4,000	24,000	-	-
J Rosenberg	Executive Director & Company Secretary	54,000	-	-	-
Q Roux	Director	-	-	-	-
C Coleman	Director	12,000	7,101	8,000	3,551
C Coleman	Consultant	19,000	15,000	13,000	5,000
B Ganke	Directors Fees LGO	-	9,929	-	-
B Ganke	Managing Director SXX	-	49,644	-	49,644
B Burrell	Director	-	6,049	-	-
P Hetherton	Director	-	15,452	-	-
P Hetherton	Company Secretary	-	20,000	-	-
Total		**195,582**	**562,181**	**83,000**	**278,282**

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

	2011 $	2012 $	2013 $	2014 * $	2015 * $
Revenue from continuing operations	162,228	280,531	220,828	557,019	213,120
Total comprehensive profit / loss	(2,818,538)	(375,214)	(735,906)	(1,798,226)	(1,440,283)
Net assets	3,748,169	3,422,955	5,668,132	5,474,239	2,061,341
Share price at year end	$0.005	$0.003	$0.004	$0.002	$0.003

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

End of Remuneration Report

12. Non-Audit Services

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

13. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 8.

14. Indemnification of Officers and Auditors

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

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

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

J Rosenberg
Chairman

A Phillips
Director

30 September 2015

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 2015, 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
30 September 2015

M D Muller
Partner

Australian Securities Exchange
Additional Information current as at 20 October 2015

1. Shareholders and voting rights

1.1 Total number of shareholders: 1,988

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	331
1,001	to	5,000	696
5,001	to	10,000	181
10,001	to	100,000	457
over		100,000	323

The number of shareholders holding less than a marketable parcel of shares is 1,542.

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
Donald Peter Anderson	26,124,412	2.15
Bsut Pty Ltd <Bsut Family A/C>	25,000,000	2.06
The Summit Hotel Bondi Beach Pty Ltd	23,333,333	1.92
Pistachio Pty Ltd<The Sure Thing A/C>	16,666,667	1.37
Mitchell J Harrison & Rosalind F Menzies <Menzies Harrison Super A/c>	16,093,754	1.32
MLWS No 1 Pty Ltd<Warne Smith Family A/C>	15,000,000	1.23
Sandhurst Trustees Ltd<JMFG Consol A/C	14,570,686	1.20
Mrs Melanie Therese Verheggen	14,151,074	1.16
Bertram Rosenberg	12,050,000	0.99
Justin Terence Rosenberg	12,050,000	0.99
Clarke Barnett Dudley	11,920,175	0.98
Chaleyer Holdings Pty Ltd<Rubben Family A/C>	10,000,000	0.82

4. On market buy back

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
Revenue from continuing operations	2	215,120	557,019
Administration expenses		(289,641)	(1,017,663)
Finance costs	3	(1,002)	(62,218)
Loss on investments		-	(13,662)
Loss on disposal of subsidiary	23	(731,004)	-
Office occupancy expenses		(9,091)	(107,559)
Other expenses		(182,277)	(192,532)
Loss before significant items and income tax		(997,895)	(836,615)
Significant items	4	(442,388)	(961,611)
Loss from continuing operations before income tax		(1,440,283)	(1,798,226)
Income tax expense	25	-	-
Loss from continuing operations		(1,440,283)	(1,798,226)
Losses of non-controlling interest		227,394	1,025,919
Loss attributable to parent entity shareholders		(1,212,889)	(772,307)
Other comprehensive income/(loss):		-	-
Total comprehensive loss for the year attributable to parent entity shareholders		(1,212,889)	(772,307)
Basic and diluted (loss) per share	21	(0.0013)	(0.0011)

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 2015

	Note	2015 $	2014 $
Current Assets			
Cash and cash equivalents	5	235,516	340,975
Available for sale financial assets	6	1,848	5,075
Receivables	7	36,523	4,549,546
Investment in joint venture	8	-	2,134,706
Total Current Assets		273,887	7,030,302
Non-Current Assets			
Available for sale financial assets	9	2,133,787	121,684
Receivables	10	53,537	53,775
Exploration and evaluation expenditure	11	84,981	194,021
Total Non-current Assets		2,272,305	369,480
Total Assets		2,546,192	7,399,782
Current Liabilities			
Trade and other payables	13	209,716	1,121,979
Borrowings	14	275,135	803,564
Total Current Liabilities		484,851	1,925,543
Net Assets		2,061,341	5,474,239
Equity			
Capital and Reserves attributable to company's equity holders			
Share capital	15	26,830,777	24,107,967
Reserves	16	2,703	(553,131)
Accumulated losses	17	(24,772,139)	(21,791,652)
Total equity attributable to company's Equity holders		2,061,341	1,763,184
Non-controlling interests		-	3,711,055
Total Equity		2,061,341	5,474,239

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 2015

	Share Capital	Other Reserves	Accumulated Losses	Total Parent Entity Interest	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2013	23,592,166	(553,131)	(20,444,114)	2,594,921	3,073,211	5,668,132
Net loss for the year	-	-	(772,307)	(772,307)	(1,025,919)	(1,798,226)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	(772,307)	(772,307)	(1,025,919)	(1,798,226)
Share Issues	385,000	-	-	385,000	902,108	1,287,108
Transactions with non controlling interest	130,801	-	(575,231)	(444,430)	761,655	317,225
Balance at 30 June 2014	24,107,967	(553,131)	(21,791,652)	1,763,184	3,711,055	5,474,239
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			(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

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 2015

	Note	Consolidated 30 June 2015 $	30 June 2014 $
Cash flows from operating activities:			
Dividends received		42	90
Interest received		226	2,334
Interest paid		(1,002)	(6,762)
Operating expenses		(244,326)	(594,152)
Net cash flows used in operating activities	27	(245,060)	(598,490)
Cash flows from investing activities:			
Proceeds from sale of subsidiary, net of cash disposed		146,913	-
Proceeds from sale of investments		-	317,225
Payments for Joint Venture exploration expenditure		-	(11,387)
Payments to acquire available for sale financial assets		(2,289,089)	-
Payments for Exploration prospects		-	(54,284)
Repayments of loans received		1,200,000	-
Loans and advances made		(203,601)	-
Net cash flows provided by/(used in) investing activities		(1,145,777)	251,554
Cash flows from financing activities:			
Proceeds from issue of shares		1,321,000	615,890
Proceeds from borrowings		31,072	765,000
Repayment of borrowings		(66,694)	(711,922)
Net cash flows provided by financing activities		1,285,378	668,968
Net increase (decrease) in cash held		(105,459)	322,032
Cash at the beginning of the financial year		340,975	18,943
Cash at the end of the financial year	5	235,516	340,975

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 2015

Note 1. Summary of significant accounting policies

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

1.1 Basis of preparation

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

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

1.2 Going concern

The Balance Sheet of the Group at 30 June 2015 showed Total Current Assets of $273,887 and Total Current Liabilities of $484,851 and therefore Net Current Liabilities of $210,964. The Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2015 shows a total comprehensive loss of $1,440,283.

The accounts have been prepared on a going concern basis assuming that future fundraising will be raised sufficient to meet the company's liabilities as they fall due. Should the company be unable to raise sufficient funds, the company is able to rely on support provided by Gleneagle Securities (Aus) Pty Ltd who have confirmed they will provide or arrange debt funding of up to $200,000, as necessary for the Company to meet its obligations, incurred in the ordinary course of business, as and when they fall due. This support is for the period up until the 30 September 2016 or when the Company obtains sufficient alternative funding from other sources, whichever occurs first.

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 and estimated values based on their strategic holdings.

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

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

1.9 Fair value measurements and disclosures

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

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

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

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

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

1.10 Trade and other receivables

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

1.11 Joint ventures

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

1.12 Exploration and evaluation assets

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

1.13 Impairment of assets

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

1.14 Trade and other payables

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

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

1.15 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under these leases are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

1.16 Provisions

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

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

1.17 Borrowings

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

1.18 Revenue recognition

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

Dividends
Dividends are recognised on receipt.

Interest
Interest is recognised as it accrues.

Sale of Financial Assets
The net gains (losses) on sales are included as revenue (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.

1.19 Segment Information

The Group has two reportable segments, namely "Exploration" and "Other". 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 "Other" segment predominantly relates to an investment in a US based company specializing in advanced telecommunications..

1.20 Accounting estimates and judgement

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

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

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

1.21 Income tax

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

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

1.21 Income tax *(cont'd)*

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

1.22 Goods and Services Tax (GST)

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

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

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

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

1.23 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting period. The Group has elected not to early adopt the standards and interpretations. The following standard is considered applicable to the Group:

AASB 9: Financial Instruments and Associated Amending Standards **(effective for annual reporting periods beginning on or after 1 January 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 2015 $	2014 $
Note 2.	**Revenues**		
	Dividends	42	76
	Interest - related parties (Note 18.5)	-	304,952
	Interest - other	110,380	251,991
	Investment transaction fees	104,698	-
		215,120	557,019

Note 3.	**Finance costs**		
	Interest expense – other	1,002	62,218

Note 4.	**Significant items**		
	Exploration expenditure written off	111,852	335,676
	FX Losses	26,947	-
	Legal costs expense	46,616	50,108
	Impairment loss - shares in corporations not listed on Stock Exchanges (Level 3)	112,900	95,096
	Bad debts written off - receivables	144,073	120,731
	Recognition of former contingent liability	-	360,000
		442,388	961,611

Note 5.	**Cash and cash equivalents**		
	Cash at bank	235,516	340,975

Note 6.	**Available for sale financial assets - current**		
	Listed equity securities (Level 1)	1,848	5,075

Note 7.	**Receivables - current**		
	Mortgage Investment	-	7,566,126
	- Provision for impairment	-	(3,176,157)
		-	4,389,969
	Debtors - other	-	79,484
	Provision for impairment	-	(30,420)
		-	49,064
	Loans - other entities	-	17,733
	Goods and Services Tax	36,523	92,780
		36,523	110,513
		36,523	4,549,546

Mortgage Investment due to a former subsidiary Southern Cross Exploration NL at 30 June 2014 was secured over freehold property in Fiji owned by Nadi Bay Beach Corporation Limited.

Interest was accrued from 1989 at 12% compounded until December 1999 when the rate was changed to 7% compound. From July 2002 to December 2004 interest was charged at 7% simple and 9% simple from January 2005 to October 2013 when it was changed to 8% on the balance of the loan.
The Mortgage Investment was impaired in December 2012 to reflect the reduction in value of the freehold property in Fiji over which the mortgage is secured.

		Consolidated	
		2015 $	2014 $

Note 7. Receivables – current *(cont'd)*

The fair value of receivables approximates their carrying amounts.

Movement in the provision for impairment
Debtors - other

		2015	2014
At beginning of year		(30,420)	(30,420)
Additional provision		-	-
Bad debts written off		30,420	
At end of year		-	(30,420)

The fair value of receivables approximates their carrying amounts.

Note 8. Investment in Joint Venture

		2015	2014
Bigrlyi Joint Venture	- at cost	-	1,908,081
	- at revaluation	-	226,625
		-	2,134,706

Bigrlyi Joint Venture (2014) was a five percent interest held by the former subsidiary Southern Cross Exploration N L in the Bigrlyi uranium project located in the Ngalia Basin Northern Territory. As Southern Cross did not have joint control, it accounted for its interest in the Joint Venture as an investor at fair value.

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

	2015	2014
Listed equity securities (Level 1)	-	262
Shares in corporations not listed on		
Stock Exchanges - at fair value (Level 3)	2,093,787	583,211
- at cost	110,900	-
Provision for Impairment	(70,900)	(461,789)
	2,133,787	121,684

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 29.

Movement in the provision for impairment	2015	2014
At beginning of year	(461,789)	(423,383)
Assets disposed/written off – previously impaired	-	57,500
Additional provision	(70,900)	-
Impairment losses - shares in corporations not listed on Stock Exchanges (Level 3)	-	(95,906)
Provision made relating to former subsidiary	461,789	-
At end of year	(70,900)	(461,789)

Note 10. Receivables - non-current

	2015	2014
Loans - Director related entities	-	68,376
Less: Provision for impairment	-	(66,049)
	-	2,327
Security deposits - mining licences	53,537	51,448
	53,537	53,775

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

The fair value of receivables approximates their carrying amounts.

Movement in the provision for impairment

		2015	2014
Loans - other entities:	At beginning of year	(66,049)	(61,388)
	Additional provision	-	(4,661)
	Provision made by former subsidiary	66,049	-
	At end of year	-	(66,049)

Note 11. Exploration & evaluation expenditure

	Consolidated 2015 $	Consolidated 2014 $
Carrying amount at beginning of year	194,021	475,413
Expenditure incurred	2,812	54,284
Expenditure written off	(111,852)	(335,676
Carrying amount at end of year	84,981	194,021

Exploration projects in which the company has an interest have been obtained on conditions that provide for exploration expenditure during the currency of the permits, with the right to withdraw at various stages, with or without retaining the interest earned up to that stage. The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration or evaluation phases is dependent upon successful development and commercial exploitation, or sale of the respective areas.

Note 12. Interests in exploration projects

The other income and expense items arising, excluding $111,852 (2014: $335,676) of exploration costs written off during the year, were Nil (2014: Nil).

12.1 The Company held the following interests in exploration projects:

	30 June 2015 % interest	30 June 2014 % interest
OIL & GAS		
Onshore Carnarvon Basin - W.A. - EP-439*	11.33	11.33
Onshore Surat Basin - QLD - PL-280	50	50

*subject to renewal

Note 13. Trade & other payables

	Consolidated 2015 $	Consolidated 2014 $
Trade creditors	209,716	902,959
Trade creditors - related parties (see Note 18.4)	-	219,020
	209,716	1,121,979

Note 14. Borrowings (unsecured)

	2015 $	2014 $
Bank overdraft	5,545	4,827
Loans - related parties (see Note 18.4)	-	60,073
Loans - other	269,590	738,664
	275,135	803,564

No interest was paid on related party loans.

Other loans include an amount of $249,798 (2014: $249,798) from the Shareholder's Divestment Account. Amounts are paid as and when claimed by shareholders. The balance of $19,792 (2014: $9,005) comprises several small loans. No interest was payable on the loans.

The balance of other loans of $479,861 due at 30 June 2014 relates to amounts payable by Southern Cross Exploration NL, a former subsidiary.

Note 15. Share Capital

	Consolidated	
	2015	**2014**
Issued	**$**	**$**
1,214,333,333 ordinary shares, fully paid (2014 – 736,000,000)	26,830,777	24,107,967

Ordinary shares carry one vote per share.

Movement in Issued Capital	**2015 No. of shares**	**2015 $**	**2014 No. of shares**	**2014 $**
Balance at beginning of year	736,000,000	24,107,967	586,000,000	23,592,166
Share placements	478,333,333	1,321,000	150,000,000	385,000
Equity disposed in subsidiary		1,401,810	-	130,801
Balance at end of year	1,214,333,333	26,830,777	736,000,000	24,107,967

Share Placements shown above were as follows:

2015 Date Issued	Number of Shares	Issue Price	**2014** Date Issued	Number of Shares	Issue Price
10 Sept 2014	95,000,000	$0.0018	5 Sept 2013	80,000,000	$0.0025
26 Feb 2015	383,333,333	$0.003	5 Sept 2013	50,000,000	$0.0025
			30 Sept 2013	20,000,000	$0.003
	478,333,333			150,000,000	

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

The issued capital was increased by $1,401,810 during the period due to the disposal of the Company's shareholding in Southern Cross Exploration NL (Note 23).

Note 16. Reserves

	Consolidated	
	2015	**2014**
	$	**$**
Option premium	70,750	66,434
Share treasury	(68,047)	(619,565)
	2,703	(553,131)

16.1 Movement in reserves

Option Premium Reserve

	2015	2014
Balance at beginning of year	66,434	66,434
Former subsidiary investment in Parent	4,316	-
Balance at end of year	70,750	66,434

Share Treasury Reserve

	2015	2014
Balance at beginning of year	(619,565)	(619,565)
Disposals	73,523	-
Transfers to accumulated losses	477,995	-
Balance at end of year	(68,047)	(619,565)

16.2 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.

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

Note 17. Accumulated losses

	Consolidated 2015 $	2014 $
Balance at beginning of year	(21,791,652)	(20,444,114)
Net loss	(1,212,889)	(772,307)
Former subsidiary investment in parent	(1,289,603)	-
Transfers from Share Treasury Reserve	(477,995)	-
Transactions with non controlling interests	-	(575,231)
Balance at end of year	(24,772,139)	(21,791,652)

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

The following were key management personnel ("KMP") of the consolidated entity at any time during the financial year: Directors - S Baghdadi (Chairman), A Phillips, J Rosenberg, Q Roux, and C Coleman (resigned 21 October 2014). B Ganke, B D Burell and P Hetherton were directors during the year ended 30 June 2014 up until the date of their resignations.

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

18.1 Total Remuneration of Key Management Personnel

	KMP of Consolidated Entity 2015 $	2014 $
Directors' Fees and salaries	90,000	204,165
Consulting Fees	105,582	358,017
	195,582	562,182

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

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

18.2 Shareholdings of key management personnel in Longreach Oil Ltd

Balance	Balance 30 June 2015 Number	Change Number	Resignation Number	30 June 2014 Number
Ordinary Shares				
S Baghdadi	587,000	(143,000,000)	-	143,587,000
C Coleman	-	-	-	-
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 2014 Number	Change Number	Resignation Number	30 June 2013 Number
Ordinary Shares				
S Baghdadi	143,587,000	66,872,000	-	76,715,000
B Burrell	-	-	(100,000)	100,000
B Burrell (related parties)	-	-	(51,443,844)	51,443,844
C Coleman	-	-	-	-
B Ganke	-	-	(1,720,000)	1,720,000
B Ganke (relevant interests)	-	-	(6,555,446)	6,555,446
B Ganke (related parties)	-	-	(86,949,100)	86,949,100
P Hetherton	-	-	(150,000)	150,000
A Phillips	3,878,651	3,378,651	-	500,000
J Rosenberg	500,000	-	-	500,000
	147,965,651	70,250,651	(146,918,390)	224,633,390

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

18.3 Shareholdings of key management personnel in Southern Cross Exploration N L (Controlled entity till 28 August 2014)

Balance	Balance 30 June 2015 Number	Change Number	Ceasing of control number	30 June 2014 Number
Ordinary Shares				
S Baghdadi	-	-	(88,731,381)	88,731,381
A Phillips	-	-	(600,000)	600,000
C Coleman	-	-	(100,000)	100,000
	-	-	(89,431,381)	89,431,381

	Balance 30 June 2014 Number	Change Number	Resignation Number	30 June 2013 Number
Ordinary Shares				
B Burrell	-	-	(500,000)	500,000
B Burrell (relevant interests)	-	-	(1,200,000)	1,200,000
B Burrell (related parties)	-		(28,250,000)	28,250,000
S Baghdadi	88,731,381	75,074,835		13,656,546
B Ganke	-	-	(25,000,000)	25,000,000
B Ganke (relevant interests)	-	-	(15,395,372)	15,395,372
P Hetherton	-	-	(400)	400
A Phillips	600,000	600,000		-
C Coleman	100,000	100,000		-
	89,431,381	75,784,835	(70,345,772)	84,002,318

18.4 Directors and related party transactions and balances

	Consolidated 2015 $	2014 $
Aggregate payables and borrowings at balance date		
Accrued Directors' Fees and Consulting Fees		
S Baghdadi	-	92,122
A Phillips	-	70,350
J Rosenberg	-	30,000
C Coleman	-	26,548
	-	219,020

The 2014 figures included $49,311 payable by Southern Cross Exploration.

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

		Consolidated	
18.4	**Directors and related party transactions and balances (cont'd)**	**2015 $**	**2014 $**
	Loans (unsecured) owing to:		
	S Baghdadi	-	60,073
		-	60,073

No interest is payable on the above loans

The 2014 figures included $27,873 payable by Southern Cross Exploration.

18.5 Other Director related party transactions

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

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

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

	Consolidated	
	2015 $	**2014 $**
Amounts included in the determination of Operating Loss before Income Tax that resulted from transactions with Directors and Director related parties were as follows:		
Interest revenue		
Nadi Bay Beach Corporation Ltd	-	304,099
Acron Pacific Ltd	-	853
	-	304,952
Rent revenue		
Offshore Oil Ltd	-	15,000
	-	15,000

The above companies were no longer Director related parties in the current year.

Other transactions

During the year ended 30 June 2014 the Consolidated entity offset a receivable due from Offshore Oil Limited, a Company related to B Ganke against a payable to B Ganke of $74,000. 18 million Offshore Oil Limited listed shares were also transferred to B Ganke to offset $11,000 of amounts payable by the Consolidated group during the period.

		Consolidated	
		2015	2014
		$	$
Note 19.	**Remuneration of auditors**		
	Audit and review of financial reports (no other services)		
	HLB Mann Judd	29,500	99,500
	CDTL Corporate Accountants	-	18,825
		29,500	118,325

Note 20. Contingent Assets and Liabilities

There were no contingent assets and liabilities.

Note 21. Earnings per share

	2015	2014
Basic and diluted loss per share	(0.0013)	(0.0011)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	942,488,584	703,791,781

Note 22. Segment Information

Business Segment

The segment in which the company operates predominantly is the exploration industry, exploring for metals and other minerals and primarily for oil, gas and other energy resources, either directly and/or through equity investments in exploration companies. The "Other" segment relates to an investment in a US based company specializing in advanced communications.

Segment Assets

	Total 2015 $	Exploration 2015 $	Other 2015 $	Total 2014 $	Exploration 2014 $	Other 2014 $
Geographical						
Australia	452,405	84,981	367,424	3,009,813	2,455,486	554,327
Fiji	-	-	-	4,389,969	-	4,389,969
USA	2,093,787	-	2,093,787		-	-
	2,546,192	84,981	2,461,211	7,399,782	2,455,486	4,944,296

Total segments assets included:

Additions to Non Current Assets		2015 $	2014 $
Australia	(Exploration)	2,812	54,284
USA	(Other)	2,093,787	-
		2,096,599	54,284

Note 22. Segment Information *(cont'd)*

	Total 2015 $	Exploration 2015 $	Other 2015 $	Total 2014 $	Exploration 2014 $	Other 2014 $
Segment Revenues						
Geographical						
Australia	6,649	-	6,649	1,175	1,175	-
Fiji	103,773	-	103,773	555,844	-	555,844
USA	104,698	-	104,698	-	-	-
Total	215,120	-	215,120	557,019	1,175	555,844

There were no inter-segment revenues.

	Total 2015 $	Exploration 2015 $	Other 2015 $	Total 2014 $	Exploration 2014 $	Other 2014 $
Segment Liabilities						
Australia	421,995	421,995	-	1,925,543	1,925,543	-
USA	62,856	-	62,856	-	-	-
	484,851	421,995	62,856	1,925,543	1,925,543	-
Segment Results						
Profit/ (Loss)						
Other- Australia	(621,231)	-	(621,231)	436,288	-	436,288
Exploration	(801,052)	(801,052)	-	(2,234,514)	(2,234,514)	-
Other- USA	(18,000)	-	(18,000)	-	-	-
Total Loss	(1,440,283)	(801,052)	(639,231)	(1,798,226)	(2,234,514)	436,288
Total Segment Loss included:						
Interest Revenue	110,380	-	110,380	556,963	1,119	555,844
Interest Expense	(1,002)	(1,002)	-	(62,218)	(62,218)	-
Material Non cash Items:						
Exploration expenditure written off	(111,852)	(111,852)		(335,676)	(335,676)	-
Impairment losses	(112,900)	(112,900)		(95,096)	(95,096)	-
Loss on investments	-	-	-	(13,662)	(13,662)	-
Bad debts expense	(144,073)	-	(144,073)	(120,731)	-	(120,731)
Recognition of former contingent liability	-	-		(360,000)	(360,000)	-

Note 23. Particulars of companies included in consolidated accounts

Interest in other entities

(a) Subsidiaries

The Group's subsidiaries at 30 June 2015 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
		2015	2014	2015	2014	
South Pacific Pty Ltd	Australia	100%	100%	-	-	Oil and Gas exploration and investment company. Deregistered on 19 July 2015.
Longreach (Pacific) Pty Ltd	Australia	100%	-	-	-	Oil and Gas exploration and investment company
Southern Cross Exploration NL ("SXX")	Australia	-	15.25%	100%	84.75%	Oil and Gas exploration and investment company

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

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

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.

The loss on disposal was calculated as follows:

	$
Proceeds on disposal of subsidiary-cash	154,608
Proceeds on disposal of subsidiary-debt extinguished	338,702
Total proceeds	493,310
Less: net identifiable assets disposed (excluding cash)	(4,643,953)
Less: net cash disposed	(7,695)
Add: non-controlling interests	3,483,661
Less: impact of subsidiary cross holdings	(56,327)
Loss on disposal of subsidiary	(731,004)

During the year ended 30 June 2014, the group disposed an additional 21.09% of the issued shares of Southern Cross Exploration NL.

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

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

Note 23. Particulars of companies included in consolidated accounts (c/td)

(b) Non-controlling interests (NCI)

SXX ceased to be a controlled entity on 28 August 2014. Set out below is summarised financial information for SXX that had a non-controlling interest that was material to the Group. The amounts disclosed are before inter-company eliminations.

	Southern Cross Exploration NL	
	30 June 2015	**30 June 2014**
	$	**$**
Summarised balance sheet		
Current assets	-	6,959,431
Current liabilities	-	2,054,325
Current net assets/ (liabilities)	-	4,905,106
Non-current assets	-	14,854
Non-current liabilities	-	-
Non-current net asset	-	14,854
Net assets	-	4,919,960
Accumulated NCI	-	3,711,055

	1 July 2014 to 28 August 2014	Year ended 30 June 2014
Summarised statement of comprehensive income		
Revenue	103,773	743,258
Loss for the period	(268,312)	(2,067,321)
Other comprehensive income	-	-
Total comprehensive loss	(268,312)	(2,067,321)
Loss allocated to NCI	(227,394)	(1,025,919)
Summarised cash flows		
Cash flows used in operating activities	(30,829)	(106,104)
Cash flows provided by/(used in) investing activities	(301,316)	135,928
Cash flows provided by financing activities	38,500	265,494
Net increase/(decrease) in cash and cash equivalents	(293,645)	295,318

Note 24. Summary of Parent Entity financial information

	2015 $	2014 $
Current Assets	273,887	128,258
Non-Current Assets	2,273,395	1,692,179
Total Assets	2,547,282	1,820,437
Current Liabilities	474,990	865,017
Total Liabilities	474,990	865,017
Net Assets	**2,072,292**	**955,420**
Share Capital	26,830,777	25,509,777
Reserves	2,703	(548,815)
Accumulated losses	(24,756,188)	(24,005,542)
Total Equity	**2,072,292**	**955,420**
(Loss) for the year	(275,446)	(576,751)
Comprehensive income	-	
Total comprehensive loss	**(275,446)**	**(576,751)**

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 $53,557 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

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

	2015	2014
(Loss) before income tax	(1,440,283)	(1,798,226)
Income tax expense/(benefit) calculated at 30% (2014: 30%) on the loss from ordinary activities	(432,085)	(539,468)
Tax effect of Non-deductible expenses	-	136,529
Deferred tax assets (brought)/not brought to account	432,085	402,939
Income tax expense	-	-

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

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

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

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

Note 26. Risk

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

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

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

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

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

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

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

Note 27. Reconciliation of cash flows from operating activities

	2015 $	2014 $
Loss for the financial year	(1,440,283)	(1,798,226)
Adjustments for:		
Loss on sale of investments	-	95,096
Exploration expenditure written off	111,852	335,676
Bad Debts written off	144,073	120,731
Impairment loss on investments	112,900	-
Equity settled transactions	-	558,741
Recognition of former contingent liability	-	360,000
Loss on disposal of subsidiary	731,004	-
Listed equity securities and treasury shares used to settle creditors	337,441	-
		(327,982)
Change in trade and other receivables	58,022	(339,944)
Change in trade and other payables	(300,069)	69,436
Net cash flows from/(used in) operating activities	(245,060)	(598,490)

Note 28. Events after balance date

On 30 September 2015 the Company issued 60,000,000 options to Gleneagle Securities (Aust) Pty Limited for services provided. The options have an exercise price of $0.003 per share and can be exercised at any time up to 25 February 2018.

No other significant events have occurred since 30 June 2015 which would have an impact on the financial position of the Group as at 30 June 2015 or on the results and cash flows of the Group for the year then ended.

Note 29. Fair Value

The following table presents the assets and liabilities measured and recognised at fair value as at 30 June 2015:

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

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

Valuation process of the Group in determining level 3 fair values

For the purpose of financial reporting the Board performs assessments of individual asset values, including level 3 fair values and engages external, independent and qualified valuers to determine the fair values of assets at least every three years. The Board discusses the valuation process, results and reasons for the fair value movements, in line with the half-yearly and yearly financial statement reporting timelines. A description of the key valuation policies and sensitivity of significant unobservable inputs of level 3 fair values is detailed below:

	Valuation policies and relationships of inputs	**Sensitivity of fair values to unobservable inputs**
Mortgage Investment (only applicable to 30 June 2014)	Level 3 fair values of the mortgage investment are calculated using market evidence of comparable property sales in Fiji and the subject land area and adjusted for differences in key attributes. The significant unobservable inputs in this valuation approach is comparative sales.	Fair values will be sensitive to future property sales in Fiji and other market conditions which influence property sales, as well as movements in foreign exchange rates.
Investment in Joint Venture (only applicable to 30 June 2014)	Level 3 fair values of the investment in the joint venture are calculated using future expected uranium prices, returns and estimated uranium deposits. These are the significant unobservable inputs to this value.	Fair values will be sensitive to future price movements in uranium and changes in estimates of the uranium deposit.
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. As investments in this company were made close to the balance date, in March 2015 and June 2015, the fair value of this investment has been based upon cost. 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 30 September 2015. The Company has the power to amend and re-issue the financial report.*

Declaration by Directors
for the year ended 30 June 2015

1. In the Directors' opinion:

(a) the financial statements and the notes set out on pages 10 to 32 are in accordance with the Corporations Act 2001, including

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 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 2015.

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

J Rosenberg
Chairman

A Phillips
Director

Sydney
30 September 2015

HLB Mann Judd

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 2015, 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 audit opinion.

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LONGREACH OIL LIMITED

ABN 98 000 131 797

INDEPENDENT AUDITOR'S REPORT (continued)

Independence

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

Opinion

In our opinion:

(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 2015 and its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 7 of the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

M. Muller

HLB Mann Judd
Chartered Accountants

M D Muller
Partner

Sydney, NSW
30 September 2015

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