



LONGREACH OIL LIMITED

A.C.N. 000 131 797

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16 March 2015

e-Lodgement

FOR PUBLIC RELEASE

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

Dear Sir/Madam

Re Half-Year Financial Report

The Company's Half-Year Financial Report, Directors' Report and Auditor's Review Report for the period ended 31 December 2014 are attached.

For and on behalf of

Longreach Oil Limited

Justin Rosenberg
Director and Company Secretary



Longreach Oil Limited

HALF-YEAR REPORT

for the period ended

31 December 2014



LONGREACH OIL LIMITED

A.B.N. 98 000 131 797

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Your Directors present the consolidated financial statements of the consolidated entity ("the Group") consisting of Longreach Oil Limited ("the Company") and the entities it controlled at the end of or during the half-year ended 31 December 2014.

1. REVIEW AND RESULTS OF OPERATIONS

The operations of the group for the half-year ended 31 December 2014 were managing the group's existing exploration projects identifying and assessing new investment opportunities, both in Australia and overseas. Longreach Oil holds a 50% direct interest Petroleum Lease 280 in the Surat Basin Queensland and an 11% interest in EP-439 in the Onshore Carnarvon Basin (WA)

The operations of the consolidated entity for the half-year resulted in a comprehensive loss of \$1,287,923 (December 2013 - \$822,030). Excluding the following expenses from legacy transactions of the Company the loss was \$203,939 (December 2013 - \$762,476):

	Period ended	
	31 December 2014	31 December 2013
	\$	\$
Exploration and evaluation expenditure written off	111,852	54,676
Loss on disposal of subsidiary	731,004	-
Loss on investment and impairment losses	113,755	4,878
Provision for bad debts	127,373	-

2. FINANCIAL

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 no longer controls 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.

On 10 September 2014, the Company issued 95 million shares at \$0.0018 per share, raising \$171,000 cash, increasing the issued capital of the Company to 831,000,000 shares as at 31 December 2014.

4. DIRECTORS

The names of the Directors who have been Directors at any time during or since the end of the half-year are:

Andrew Phillips	
Justin Rosenberg	
Stephen Baghdadi	
Quintus Roux	appointed 13 October 2014
Craig Coleman	resigned 21 October 2014

LONGREACH OIL LIMITED

A.B.N. 98 000 131 797

**DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014
(continued)**

5. SIGNIFICANT MATTERS AFTER THE REPORTING PERIOD

On 24 February 2015, the Company entered into a Non-binding Heads of Agreement to acquire up to 5% of the issued capital in Starlogik IP LLC, a Delaware limited liability company, for an investment of USD\$1.6 m.

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.

On 26 February 2015, the Company issued 383,333,333 fully paid ordinary shares at \$0.003 to sophisticated investors, increasing the number of shares on issue to 1,214,333,333 and raised \$1,150,000. The Company has also announced a proposed debt raising of \$1.2m zero coupon, unsecured, with a repayment date of the earlier of repayment of the receivable from Southern Cross Exploration N.L and 2 years with 180m attaching LGO unlisted options (Exercise Price: \$0.003, 3 year term).

Up until 12 March 2015 the Company paid US\$800,000 to Starlogik representing 50% of the proposed subscription to purchase 5% of the issued shares of this company.

6. AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'Stephen Baghdadi', with a long horizontal stroke extending to the right.

Stephen Baghdadi
Chairman

Dated at Sydney
16 March 2015

AUDITOR'S INDEPENDENCE DECLARATION**To the Directors of Longreach Oil Limited:**

As lead auditor for the review of Longreach Oil Limited for the half-year ended 31 December 2014, 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 review; and
- (b) any applicable code of professional conduct in relation to the review.

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



M D Muller
Partner

Sydney
16 March 2015



Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2014

	<u>Note</u>	December 2014 \$	December 2013 \$
Revenue from continuing operations		105,259	17,854
Administration expenses		(222,562)	(466,377)
Finance costs		(732)	(61,890)
Exploration and evaluation expenditure written off		(111,852)	(54,676)
Legal expenses		(24,280)	(28,146)
Loss on disposal of subsidiary	15	(731,004)	-
Loss on investments and impairment losses		(113,755)	(4,878)
Office occupancy expenses		(9,091)	(83,148)
Provision for bad debts		(127,373)	-
Advertising expenses		-	(8,298)
Travel expenses		(3,450)	(48,565)
Other expenses		(49,083)	(83,906)
(Loss) from continuing operations before income tax		(1,287,923)	(822,030)
Income tax expense		-	-
(Loss) from continuing operations		(1,287,923)	(822,030)
Losses of non-controlling interest		227,394	313,028
(Loss) attributable to parent entity shareholders		(1,060,529)	(509,002)
Other comprehensive income/(loss)		-	-
Total comprehensive (loss) for the year attributable to parent entity shareholders		(1,060,529)	(509,002)
Basic and diluted (loss) per share attributable to parent entity shareholders	13	(0.0013)	(0.0008)

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 31 December 2014

	<u>Note</u>	December 2014 \$	June 2014 \$
Current Assets			
Cash and cash equivalents		19,802	340,975
Available for sale financial assets	2	1,815	5,075
Receivables	3	1,257,560	4,549,546
Investment in joint venture	4	-	2,134,706
Total Current Assets		1,279,177	7,030,302
Non-Current Assets			
Available for sale financial assets	5	40,000	121,684
Receivables	6	52,797	53,775
Exploration and evaluation expenditure	7	84,981	194,021
Total Non-current Assets		177,778	369,480
Total Assets		1,456,955	7,399,782
Current Liabilities			
Trade and other payables	8	118,207	1,121,979
Borrowings	9	275,047	803,564
Total Current Liabilities		393,254	1,925,543
Net Assets		1,063,701	5,474,239
Equity			
Capital and Reserves attributable to Company's equity holders			
Share capital	10	25,680,777	24,107,967
Reserves	11	2,703	(553,131)
Accumulated losses	12	(24,619,779)	(21,791,652)
Total equity attributable to Company's Equity holders		1,063,701	1,763,184
Non-controlling interests		-	3,711,055
Total Equity		1,063,701	5,474,239

The Consolidated Balance Sheet
should be read in conjunction with the accompanying Notes.



Consolidated Statement of Changes in Equity
for the half- year ended 31 December 2014

	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 period	-	-	(509,002)	(509,002)	(313,028)	(822,030)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Loss	-	-	(509,002)	(509,002)	(313,028)	(822,030)
Share Issues	385,000	-	-	385,000	168,000	553,000
Transactions with Non controlling interests	-	-	-	-	60,000	60,000
Balance at 31 December 2013	23,977,166	(553,131)	(20,953,116)	2,470,919	2,988,183	5,459,102
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 period	-	-	(1,060,529)	(1,060,529)	(227,394)	(1,287,923)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Loss	-	-	(1,060,529)	(1,060,529)	(227,394)	(1,287,923)
Share Issues	171,000	-	-	171,000	-	171,000
Elimination of former subsidiary in Parent (Note 15)	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 31 December 2014	25,680,777	2,703	(24,619,779)	1,063,701	-	1,063,701

The Consolidated Statement of Changes in Equity
should be read in conjunction with the accompanying Notes.

LONGREACH OIL LIMITED
AND CONTROLLED ENTITIES
Consolidated Statement of Cash Flows
for the half-year ended 31 December 2014



	31 December 2014 \$	Consolidated 31 December 2013 \$
Cash flows from operating activities		
Dividends received	22	-
Interest received	114	168
Interest paid	(732)	(3,616)
Other operating receipts	-	50,734
Operating expenses	(294,527)	(478,469)
	<u>(295,123)</u>	<u>(431,183)</u>
 Cash flows from investing activities		
Proceeds from sale of subsidiary, net of cash disposed (Note 15)	146,913	10,912
Payments to acquire available for sale investments	(300,000)	(1,170)
Payments for exploration expenditure	-	(44,137)
Payments for Joint Venture exploration expenditure	-	(11,387)
Loans and advances made	(46,261)	(2,650)
	<u>(199,348)</u>	<u>(48,432)</u>
 Cash flows from financing activities		
Proceeds from issues of shares	171,000	60,000
Payment for share issue costs	-	(40,000)
Proceeds from borrowings	69,029	810,402
Repayment of borrowings	(66,731)	(166,499)
	<u>173,298</u>	<u>663,903</u>
 Net cash flows provided by financing activities		
	<u>173,298</u>	<u>663,903</u>
 Net increase (decrease) in cash held	(321,173)	184,288
Cash at the beginning of the period	340,975	18,943
	<u>19,802</u>	<u>203,231</u>
Cash at the end of the period		

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



**Notes to and forming part of the financial statements
for the half-year ended 31 December 2014**

NOTE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.

1.1 Basis of preparation

This half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*, Australian Accounting Standards (including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board) and the *Corporations Act 2001*.

The interim report does not include full disclosures of the type normally included in an annual financial report. It should be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made during the half-year reporting period in accordance with the continuous disclosure obligations of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Certain comparative balances have been changed in order to achieve consistency and comparability with current period's balances.

1.2 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

1.2 Going concern

The Balance Sheet of the Group at 31 December 2014 showed Total Current Assets of \$1,279,177 and Total Current Liabilities of \$177,778 and therefore Net Current Assets of \$1,101,399. Included in the Total Current Assets is \$1,200,000 relating to a loan due from South Cross Resources NL ("SXX"). The repayment of this loan is dependent upon SXX receiving repayment of a mortgage which is subject to the sale of a property. Excluding this loan the group would have net current liabilities of \$98,601.

The accounts have been prepared on a going concern basis taking account of the additional funds raised by the issue of equity of \$1.15M in February 2015, net of amounts invested in Starlogik IP LLC of US\$800k (approximately \$1M) in March 2015 and on the assumption that the Company will receive \$1.2M of debt funding from the mandate with Gleneagle Securities (Aus) Pty Ltd "(Gleneagle)" as detailed in note 16. US\$800K of this debt funding is expected to be used to increase the Company's investment in Starlogik IP LLC. This debt funding is expected to be received by the Company in April 2015. Should this funding not be received the company is able to rely on support provided by Gleneagle 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 directors sign their declaration on the half year report for the period ended 31 December 2015 or the Company obtains sufficient alternative funding from other sources, whichever occurs first.

**LONGREACH OIL LIMITED
AND CONTROLLED ENTITIES**

		Consolidated	
		31 December 2014	30 June 2014
		\$	\$
NOTE AVAILABLE FOR SALE FINANCIAL ASSETS			
2. - CURRENT			
Listed equity securities (Level 1)		<u>1,815</u>	<u>5,075</u>
NOTE RECEIVABLES - CURRENT			
3.			
Mortgage investment	-	7,566,126	
Provision for impairment	-	(3,176,157)	
	-	<u>4,389,969</u>	
Debtors - other	54,020	79,484	
Provision for impairment	(54,020)	(30,420)	
	-	<u>49,064</u>	
Loans – other parties	1,200,000	17,733	
Goods and services tax	57,560	92,780	
	<u>1,257,560</u>	<u>110,513</u>	
	<u>1,257,560</u>	<u>4,549,546</u>	

Mortgage investment due to former subsidiary Southern Cross Exploration Limited N L at 30 June 2014 was secured over freehold property in Fiji owned by Nadi Bay Beach Corporation Limited (NBBC).

Loans – other parties relates to a loan to former subsidiary Southern Cross Exploration N L which is repayable by 31 August 2015. No interest is payable on this loan for the period 1 July 2014 – 31 August 2015. A placement fee of \$151,395 was charged on this loan due 1 July 2014. The Company has a general security charge over all present and future property of Southern Cross Exploration N L as security over the loan facility.

NOTE INVESTMENT IN JOINT VENTURE
4. - CURRENT

Bigrlyi Joint Venture - at cost	-	1,908,081
- at revaluation	-	<u>226,625</u>
	-	<u>2,134,706</u>

The former subsidiary Southern Cross Exploration Limited N L at 30 June 2014 had a five percent interest in the Bigrlyi uranium project located in the Ngalia Basin in the Northern Territory. As Southern Cross Exploration Limited N L did not have joint control, it accounted for its interest in the Joint Venture as an investor at fair value.

NOTE AVAILABLE FOR SALE FINANCIAL ASSETS
5. - NON-CURRENT

Listed equity securities (Level 1)	-	262
Shares in corporations not listed on Stock Exchanges (Level 3) - at cost	110,900	583,211
Provision for impairment	(70,900)	(461,789)
	<u>40,000</u>	<u>121,684</u>

**LONGREACH OIL LIMITED
AND CONTROLLED ENTITIES**

		Consolidated	
		31 December 2014	30 June 2014
		\$	\$
NOTE RECEIVABLES - NON-CURRENT			
6.			
Loans - Director related entities	-	68,376	
Less: Provision for impairment	-	(66,049)	
	-	<u>2,327</u>	
Security deposits - mining licences	52,797	51,448	
	<u>52,797</u>	<u>53,775</u>	

NOTE EXPLORATION & EVALUATION EXPENDITURE

7.			
Carrying amount at beginning of year	194,021	475,413	
Expenditure incurred	2,812	54,284	
Expenditure written off	(111,852)	(335,676)	
	<u>84,981</u>	<u>194,021</u>	

NOTE TRADE & OTHER PAYABLES - CURRENT

8.			
Trade creditors	113,207	902,959	
Trade creditors - related parties	5,000	219,020	
	<u>118,207</u>	<u>1,121,979</u>	

NOTE BORROWINGS (UNSECURED) - CURRENT

9.			
Bank overdraft	5,457	4,827	
Loans - related parties	-	60,073	
Loans - other	269,590	738,664	
	<u>275,047</u>	<u>803,564</u>	

NOTE SHARE CAPITAL

10			
Issued			
831,000,000 ordinary shares, fully paid (June 2014: 736,000,000)	25,680,777	24,107,967	

Movement in Issued Capital	December 2014	December 2014	June 2014	June 2014
	Number of shares	\$	Number of shares	\$
Balance at beginning of period	736,000,000	24,107,967	586,000,000	23,592,166
Share placements	95,000,000	171,000	150,000,000	385,000
Equity disposed in subsidiary	-	1,401,810	-	130,801
Balance at end of period	<u>831,000,000</u>	<u>25,680,777</u>	<u>736,000,000</u>	<u>24,107,967</u>

The share placement during the period was issued on 10 September 2014 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 shareholdings in Southern Cross Exploration N L (Note 15).

**LONGREACH OIL LIMITED
AND CONTROLLED ENTITIES**

		Consolidated	
		31 December 2014 \$	30 June 2014 \$
NOTE 11.	RESERVES		
	Option premium	70,750	66,434
	Share treasury	(68,047)	(619,565)
		<u>2,703</u>	<u>(553,131)</u>
	Movement in reserves		
	Option Premium Reserve		
	Balance at beginning of period	66,434	66,434
	Reversal of former subsidiary investment in Parent (Note 15)	4,316	-
	Balance at end of period	<u>70,750</u>	<u>66,434</u>
	Share Treasury Reserve		
	Balance at beginning of period	(619,565)	(619,565)
	Disposals	73,523	-
	Transfers to accumulated losses	477,995	-
	Balance at end of period	<u>(68,047)</u>	<u>(619,565)</u>
		Consolidated	
		Six months ended 31 December 2014 \$	Six months ended 31 December 2013 \$
NOTE 12.	ACCUMULATED LOSSES		
	Accumulated Losses at beginning of period	(21,791,652)	(20,444,114)
	Net loss for the period	(1,060,529)	(509,002)
	Reversal of former subsidiary interest in Parent (Note 15)	(1,289,603)	-
	Transfers to/from Reserves	(477,995)	-
	Accumulated Losses at end of period	<u>(24,619,779)</u>	<u>(20,953,116)</u>
NOTE 13.	EARNINGS PER SHARE		
	Basic and diluted earnings (loss) per share	(\$0.0013)	(\$0.0008)
	Weighted average number of ordinary shares on issue used in the calculation of earnings per share	787,523,607	632,657,534
NOTE 14.	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 predominantly relates to loans made to related and other companies.

**LONGREACH OIL LIMITED
AND CONTROLLED ENTITIES**

NOTE 14. SEGMENT INFORMATION (continued)

Segment Assets

Geographical	Total December 2014 \$	Exploration December 2014 \$	Other December 2014 \$	Total June 2014 \$	Exploration June 2014 \$	Other June 2014 \$
Australia	1,456,955	126,796	1,330,159	3,009,813	2,455,486	554,327
Fiji	-	-	-	4,389,969	-	4,389,969
	<u>1,456,955</u>	<u>126,796</u>	<u>1,330,159</u>	<u>7,399,782</u>	<u>2,455,486</u>	<u>4,944,296</u>

Segment Revenues

Geographical	Total December 2014 \$	Exploration December 2014 \$	Other December 2014 \$	Total December 2013 \$	Exploration December 2013 \$	Other December 2013 \$
Australia	1,486	22	1,464	17,854	20	17,834
Fiji	103,773	-	103,773	-	-	-
	<u>105,259</u>	<u>22</u>	<u>105,237</u>	<u>17,854</u>	<u>20</u>	<u>17,834</u>

Segment Liabilities

Geographical	Total December 2014 \$	Exploration December 2014 \$	Other December 2014 \$	Total June 2014 \$	Exploration June 2014 \$	Other June 2014 \$
Australia	<u>393,254</u>	<u>393,254</u>	<u>-</u>	<u>1,925,543</u>	<u>1,925,543</u>	<u>-</u>

Segment Results

	December 2014 \$	December 2013 \$
Profit/ (Loss)		
Australia - Other	(38,836)	17,834
Australia - Exploration	<u>(1,249,087)</u>	<u>(839,864)</u>
Total Loss	<u>(1,287,923)</u>	<u>(822,030)</u>

NOTE 15. DISPOSAL OF SUBSIDIARY

On 28 August 2014, the Company disposed of its entire remaining 15.25% ownership interest in subsidiary company Southern Cross Exploration N L. The Company on this date no longer controls 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.

**LONGREACH OIL LIMITED
AND CONTROLLED ENTITIES**

NOTE DISPOSAL OF SUBSIDIARY (continued)

15.

The loss on disposal was calculated as follows:

Proceeds on disposal of subsidiary - cash	154,608
Proceeds on disposal of subsidiary -debt extinguished	<u>338,702</u>
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	<u>(56,327)</u>
Loss on disposal of subsidiary	<u>(731,004)</u>

There were no other changes in the Company's ownership interests in other subsidiaries during the period.

NOTE EVENTS AFTER REPORTING PERIOD

16.

On the 24th of February 2015, the Company entered into a Non-binding Heads of Agreement to acquire up to 5% of the issued capital in Starlogik IP LLC (Starlogik), a Delaware limited liability company for consideration of US\$1.6m. Longreach's potential investment in Starlogik is subject to negotiation, entry into definitive and binding legal agreements and satisfactory completion of due diligence on Starlogik.

On the 24th of February 2015, the Company entered into a mandate with Gleneagle Securities (Aus) Pty Ltd. Under the mandate the Company will raise \$1.15m of funds through a share placement of fully paid ordinary shares issued at \$0.003 per share and zero coupon debt of \$1.2m with a repayment date being the earlier of repayment of the receivable from Southern Cross Exploration N L and 2 years, attached with 180m of unlisted company ordinary share options (Exercise price \$0.003, 3 year term).

On the 26th of February 2015, the Company raised \$1.15m in cash through a share placement of 383.3m fully paid ordinary shares.

On 12th March 2015, the Company invested US\$800k of the cash raised at 26th February 2015 in Starlogik IP LLC.



**Declaration by Directors
for the half-year ended 31 December 2014**

1. The Directors of the Company declare that:
 - (a) The financial statements and notes set out on pages 4 to 13 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date.
 - (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'Justin Rosenberg'.

Justin Rosenberg
Director

Sydney
16 March 2015

LONGREACH OIL LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Longreach Oil Limited:

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Longreach Oil Limited ("the Company") which comprises the consolidated balance sheet as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration for the consolidated entity, comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

LONGREACH OIL LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT
(continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Longreach Oil Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in black ink that appears to read 'M. D. Muller'.

M D Muller
Partner

Sydney, NSW
16 March 2015