



LONGREACH OIL LIMITED

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FOR PUBLIC RELEASE

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

Dear Madam

QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2018

(ASX code: LGO)

The primary activity of the Company during the quarter was facilitating the transaction with Happy Valley Milk. As announced previously, the key assets of the Company are:

AGREEMENT TO ACQUIRE HAPPY VALLEY MILK LIMITED

On 10 April 2018, LGO announced that it has entered into a conditional Share Purchase Agreement to acquire 100% of the issued share capital of Happy Valley Milk Limited (HVM). See below for further information about HVM, and see the ASX announcement for further information regarding the transaction.

OIL & GAS

Longreach Oil (ASX: LGO) holds a 50% interest in Petroleum Lease 280 in the Surat Basin, Queensland. The Company also has a 20% shareholding in unlisted Brisbane Petroleum Limited (BPL), which in turn holds the other 50% interest in PL 280. BPL also holds Petroleum Leases 18 and 40. PL 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 sale of BPL's interest to Chelsea Oil Australia Pty Ltd has not yet been settled and the transfer application in respect of BPL's interest is still pending. The transaction is no longer within the exclusive period and BPL is able to receive offers. Accordingly, between LGO and BPL, 100% of PL 18 and PL 280 are available for acquisition. LGO expects to sell its mining assets before completion of the HVM transaction.

There was no expenditure on oil and gas exploration during the quarter.

There were no acquisitions or disposals of any interests in any exploration projects during the quarter.



INVESTMENT - STARLOGIK

During the quarter, LGO granted Starlogik IP LLC an option to purchase its 4.98% interest in Starlogik. The first payment of USD 100,000 was received during the quarter.

LGO's minority interest was originally acquired by LGO in 2015 as a platform for operations and investments in the telecommunications sector. However, as announced on 10 April 2018, the Company has decided to change its strategic direction, with the key focus on advancing its proposed transaction with Happy Valley Milk Limited to establish and operate a fully integrated milk processing, blending and packaging plant in New Zealand. Given all this, LGO decided to sell its small minority interest in Starlogik at this stage, which is at a discount to the amount at which the interest was originally acquired.

The proceeds from the sale will be used towards advancing the Happy Valley Milk transaction and to maintaining the Company's working capital.

The agreement with Starlogik contains standard warranties. LGO is in consultation with ASX as to whether shareholder approval will be required for the disposal of LGO's interest in Starlogik.

For further information please contact us on lgo@longreachoil.com or (02) 8277 6683.

For and on behalf of

Longreach Oil Limited

A handwritten signature in black ink, appearing to read "J Rosenberg".

J Rosenberg
Managing Director

About Happy Valley Milk Limited

HVM is a New Zealand based company that has land use consents from the Otorohanga District Council to establish and operate a fully integrated milk processing, blending and packaging plant on a site near Hamilton. Once built, HVM intends to specialize in consumer ready Infant Milk Formula ("IMF") and other nutritional milk powder formulas using A2 and Organic milk. HVM's site is located in one of New Zealand's largest catchment areas of A2, organic, and pasture fed milk herds. The next step in the project development is to obtain Waikato Regional Council ("WRC") water use and water discharge consents (which is a condition precedent to LGO's acquisition).