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## e-Lodgement

### FOR PUBLIC RELEASE

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

Dear Madam

Further to the update of Starlogik's operations contained within the Longreach Oil March 2017 Quarterly Activities Report, we are pleased to release the attached company overview just released by Starlogik LLC.

In the report, Starlogik projects assisting mobile phone carriers to increase their call back revenue by USD300m over the next 3 years. Starlogik is in negotiations with these carriers to determine Starlogik's share of this revenue.

Longreach Oil Ltd owns 5% of Starlogik LLC.

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

For and on behalf of

Longreach Oil Limited

J Rosenberg  
Managing Director

# STARLOGIK

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## Introduction

Starlogik has developed the first completely free and profitable cellular service offering. A global telephone system operating entirely on the Star (\*) key, that delivers core new signalling functionality permitting users without credit to talk without paying.

Star captures and connects the largest unaddressed market on the planet, the 3 billion disenfranchised people living at the bottom of the economic pyramid, principally in developing countries.

For years the industry has been grappling with how to profitably acquire and service this final cellular segment. Starlogik has solved this industry challenge by allowing users to deposit a missed call without credit.



*Missed calls are the universal call back prompt, transcending language and culture, displaying at the highest presentation layer, the topmost screen on all mobile phones.*

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## Why: The Problem

Prepaid has been the dominant cellular service model over the past two decades. Approximately 85% of all subscribers in developing economies are prepaid.

However, millions of these subscribers lack the income to pay for continuous service. At various times during the month prepaid balances fall to zero at which time users are disconnected and rendered unable to raise a call and stimulate

return call traffic. Billions more have absolutely zero disposable income for telecoms to begin with and have yet to make their first phone call.

The conundrum is when there is nothing to spend, there is nothing for carriers to earn. Saturated markets and falling ARPU (average revenue per user) has heralded the decline of the golden prepaid era.

The industry response to this challenge has been reducing the cost of calls. However whilst differentiating on price has acquired incremental low income customers, they generate the lowest ARPU on the network and cost the most to service.

The common misconception is that there is constant elasticity in price, that the cheaper the service the more users it attracts, when in fact the largest gap in service is between “one that costs a penny and one that is given away free” (Josh Kopelman: *The Penny Gap*).

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## What: The Discovery

In 2003 Starlogik discovered users at the market extremity were using prepaid as a pretext to calling, ringing and disconnecting before answer in order to signal call back.

This market ingenuity leveraged a profound loophole in the carrier billing model, being calls are only charged when answered and receiving is free in calling party pays markets.

Today a massive 25% of all calls are disconnected in this fashion and in some emerging markets missed calling comprises an astronomical 70% of all network traffic, tangling core network nodes with billions of phantom prepaid calls that never complete.

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While this ring disconnect behaviour is endemic across networks, it is only available to those who can maintain micro prepaid credit (pennies) and fails to address two massive markets:

- the millions of prepaid users who routinely run out of airtime and cannot raise a call, and
- the billions living below the poverty line who have yet to make their first phone call.

Since charging users who have no income is the problem, the Star solution removes billing entirely from the service equation, permitting users to ring free while earning on the return call.

Star is the perfected signalling protocol that offloads existing prepaid callers and the voiceless next generation, from the core network to the cloud. Patented advanced ringing recovers vast originating spectrum permitting three times the call setup capacity on existing infrastructure.

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## How: The Star Signal

Users simply dial the Star (\*) key followed by the phone number to instantly deposit a missed call around the corner and around the world. Return calls seamlessly reverse connection and spend generating quantum terminating revenue for carriers.

Starlogik uniquely triangulates calls to logically and physically decouple the telephony up and down links. Since the originating and the terminating legs are serviced independently, calls do not complete end to end and thus cannot be answered:

*The star way to connect is to disconnect.*

Star calls escape the mobile switch at the earliest possible point into the Starlogik cloud, bypassing

core carrier infrastructure and freeing up vast and valuable originating carrier spectrum.

This is achieved on a simple routing entry on the MSC (mobile switching centre) that takes mere minutes to configure. Star requires no hardware or change to network assets and once configured, is immediately available to the entire subscriber base.



*Star is a globally patented telco ecosystem operating entirely on the Star key embedded in every telephone.*

Starlogik provides carriers with a managed cloud platform that allows mobile subscribers, with and without credit, to instantly ring any phone on any network in the world.

*The User Experience: 2clicks and 2seconds.*

1. A \* dials B
2. A hears Star ring and is instantly disconnected
3. Starlogik rings and disconnects B (1x missed call)
4. B returns missed call and pays. A talks free.

Starlogik blends innovation, technology, behavioural science and brand. It can be implemented across all carriers without any hardware or change to their legacy systems, works on all mobile handsets and requires no additional software or any change to existing consumer behaviour.

A stellar service that uplifts the impoverished masses and the carriers bottom line.

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## The Benefits: Carriers. Consumers

*Consumer benefits ~ A party*

1. 100% free unlimited service.
2. Universal. Simple and Instant:

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- a. Star missed calls are socially congruent and stigma free, indistinguishable from any other missed call.
- b. Symbolically addressed (no cryptic codes). Nothing to download and install. Instant redial from call history.
- c. Instant service. No lengthy call delay or manually monitoring for ring tone.

## *Consumer benefits ~ B party*

1. B party undisturbed with a flash ring. CLI (Caller Line Identity) presents the missed call number/name of the A party.
2. Unlike reverse charge calls, return calls are charged at the standard rate.

## *Carrier benefits*

1. Monetizes zero credit customers.
2. Brand enhancement 'doing well by doing good' in providing free service to the disadvantaged.
3. Opportunity to capture and service the largest addressable market on the planet.
4. Dramatically reduces network tangle and congestion by shifting manual miss calling behaviour off the network and into the Starlogik cloud.
5. Revenue drops straight to bottom line.
6. Instant Deployment (mere minutes)
  - a. Zero Capex: Leverages legacy voice infrastructure
  - b. Zero Opex: Nothing to administer
  - c. Strategic OTT (Over The Top) counter: Free service for masses.

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## **The Business Model**

The Starlogik Patented Technology enables all carriers worldwide to reap billions of dollars in otherwise lost revenues due to calls that cannot be made because users routinely run out of

credit and because those who have no credit to begin with are denied access.

Star seamlessly motivates and enables a complete and fully billable call-back by an established paying customer, exciting the two atoms that power the telco universe: *call completion and call duration*.

Since party A is the dependent party and party B returns with time on hand, return calls almost always complete and last longer. Starlogik has two revenue models:

1. *Licensing*: fixed fee unlimited service paid by the carrier for every cell that Star dials during a predetermined period.
2. *Revenue Share*: percentage call back revenue calculated by matching return calls to star calls within defined parameters.

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## **The Massive Opportunity**

Counting SIM cards suggests global mobile penetration is saturated at 100% while in reality only 3 billion people are connected worldwide.

This phenomenal statistical anomaly reduces cellular penetration to just 45 percent, presenting an unsurpassed growth opportunity for carriers who can deliver service and business model innovation to address the economically disadvantaged.

In emerging markets, multiple SIM card ownership is the new normal. In India more than half the 1.2bn people in the country are yet to be connected. Mr Kapoor, CEO Bharti, calls it "*The biggest opportunity market in the world*" (Financial Times). Africa is similarly underserved.

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The industry is aware that the next cellular opportunity is in emerging markets. Less evident is that while eighty percent of the world is already within cellular coverage only fifty percent have access. This reveals that the next billion consumers are within coverage and within immediate reach.

Star completes the Post and Prepaid trilogy offering carriers a sustainable and profitable business model to acquire and service this final cellular segment.

*Postpaid > Prepaid > Starpaid*

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## The Competition

Starlogik has invested in a global IPR Portfolio comprising over 100 patent applications granted in 40 jurisdictions. Amongst other ring-free applications, these patents cover:

- Star (\*) key invocation ~ a priceless piece of mobile real estate at the epicentre of every mobile phone
- Advanced digital ringing ~ asynchronous disconnected ringing to ensure missed calls are delivered without any billing exposure to carrier and consumer.

Switching vendors and VAS providers offer several call completion products and services aimed at low income subscribers. However these products fail to address the market desire.

Starlogik simply appropriates and accelerates the proven mass missed calling phenomenon. Miss calling is a highly generic signalling protocol negotiated between parties. The definitive 1-bit communications protocol that differentiates itself in frequency and time, as did Morse code:

1x missed call at random? “Thinking of you”  
2x missed calls in succession? “Call me”  
3x missed calls? “Call me urgently!”

And countless permutations.

Competing services such as text call me requests (“SMS begging bowl”), cast the message and destroy the protocol. They are technically, socially and commercially flawed, restricted in usage and reach and engaged after the fact (after the user is denied access to ringing on insufficient credit). These include:

*USSD call back requests; micro credit advance against future prepaid replenishment that incur high interest; premium rated real time collect calling.* All require change in dial behaviour, stigmatize the user and are punitive to the poor.

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## Traction and Scale

Starlogik has successfully demonstrated its core signalling capabilities and completed multiple product and technical due diligence phases at leading carriers.

One pilot in a Sub Saharan subsidiary of a leading African Carrier took less than 5 minutes to enable. Taking a core network service live in minutes is unprecedented. The results were astronomical:

- \* 1 million active monthly users
- \* 80 million star requests.
- \* 25 million call back minutes of use.
- \* Organic “word of mouth” marketing.

In the fourth month Star reached 50% market penetration, switching half the entire networks voice connections. Since Star operates wholly within the SIP (session initiation protocol) signalling domain it scales dramatically. A single

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star switch on a medium sized server connects 15,000 concurrent calls per second delivering over 1 Billion rings per day.



*Starlogik was shortlisted in the Global Telecoms Innovations Award. Other finalists included industry luminaries, Ericsson, Orange, PCCW and Smartcom.*

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## Product Roadmap

Starlogik has developed two complimentary services deployed directly in the Star channel:

**StarTXT** Injects third party advertising into the mass legacy SMS stream to deliver free wireless messaging.

**StarPAY** “Nanopayments” seamlessly switched from cell prepaid wallet to web.

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## Who: The Team

We are a passionate and experienced team of cellular pioneers, entrepreneurs, computer and social scientists. Services are designed “backward from user need”, are planetary in scale and 100% virtual (deployed in the IP cloud). They are game changing both for the carrier and the consumer. And we have done this twice before:

### 1. TWIST: Two Way Instant Short Text

This innovative technology pioneered fixed (computer based) - to - mobile convergence in messaging between Internet and cellular phones. Created in 1998, TWIST powered the MTNSMS dot com service which became the largest wireless web community in the world

with 7.5 million users sending over 1 billion text messages in just 12 months.

TWIST also delivered the first two way wireless extension for AOL/ICQ instant messaging in strategic partnership brokered in Dulles VA. The TWIST global messaging gateway allowed ICQ users to message beyond the desktop, seamlessly sending instant messages from their PC to GSM enabled cell phones and receiving replies back at their PC.

### 2. CALLME: free callme back text

This Star precursor was created in 2001 and deployed on all mobile networks in South Africa. CALLME enabled prepaid users to signal a free SMS call back request. CALLME was the first viral cellular service, passing forward with instruction (informing the recipient how to send a CALLME).

The service exploded acquiring 1.5 million users in just 3 days. Within 60 days it reached market saturation and currently it generates 30 million call-back requests a day in South Africa alone. Virtually all carriers around the world have since adopted CALLME.

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## Revenue Forecast

Starlogik is in various stages of deployment on carriers with a combined subscriber base of over 500M across Africa, India and South East Asia.

Based on audited pilot data Starlogik projects generating USD300M uplift in Carrier call back revenue over the next 3 years.