



Longreach Oil Limited

HALF-YEAR REPORT

for the period ended

31 December 2016



LONGREACH OIL LIMITED

A.C.N. 000 131 797

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Your Directors present the financial statements of Longreach Oil Limited ("the Company").

The half-year consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the consolidated entity").

1. REVIEW AND RESULTS OF OPERATIONS

The operations of the Company for the half-year ended 31 December 2016 were developing the Company's current investments and seeking transactions to further develop shareholder value.

The operations of the Company for the half-year resulted in a loss of \$55,228 (December 2015: \$151,503).

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 P.L. 280. BPL also holds 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 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.

INVESTMENT - STARLOGIK

LGO owns 5% of Starlogik IP LLC ("Starlogik"), a US company specialising in advanced telecommunications. Starlogik is demonstrating its core signalling capabilities to carriers and has successfully completed multiple product and technical due diligence phases at leading carriers across S.E Asian, Indian and African markets. 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. During its highly successful pilots, Starlogik has already serviced over 100 million mobile phone connections.

On 26 February 2016, the Company signed a term sheet to acquire the remaining 95% of Starlogik it does not currently own. Further details of the proposed acquisition of Starlogik are disclosed in the company's release to the ASX made on 26 February 2016.

We have identified several alternative acquisitions and investments, in case we do not conclude the above transaction.

2. DIRECTORS

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

| | |
|------------------|--------------------------|
| Drew Kelton | (Non-executive Chairman) |
| Justin Rosenberg | (Executive Director) |
| Andrew Phillips | (Non-executive Director) |
| Quintus Roux | (Non-executive Director) |



LONGREACH OIL LIMITED

A.C.N. 000 131 797

**DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016
(continued)**

3. 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 "Drew Kelton".

Drew Kelton
Chairman

16 March 2017

LONGREACH OIL LIMITED

ABN 98 000 131 797

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Longreach Oil Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the 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 period.



**Sydney, NSW
16 March 2017**

**A G Smith
Partner**



Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2016

| | <u>Note</u> | December 2016 \$ | December 2015 \$ |
|------------------------------------------------------------------------------------|-------------|---------------------------------|---------------------------------|
| Revenue from continuing operations | | 1,197 | 10,556 |
| Administration expenses | | (73,494) | (120,869) |
| Finance costs | | (231) | (247) |
| Exploration and evaluation expenditure written off | | - | (41,188) |
| Consultant and Legal expenses written back | | 33,158 | 13,730 |
| Loss on investments | | (2,843) | - |
| Other expenses | | (13,015) | (13,485) |
| Loss from continuing operations before income tax | | (55,228) | (151,503) |
| Income tax expense | | - | - |
| Loss from continuing operations | | (55,228) | (151,503) |
| Other comprehensive income/(loss) | | - | - |
| Total comprehensive loss for the period attributable to parent entity shareholders | | (55,228) | (151,503) |
| Basic and diluted loss per share attributable to parent entity shareholders | 14 | (0.00005) | (0.00012) |

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 2016

| | <u>Note</u> | December 2016 \$ | June 2016 \$ |
|---------------------------------------------------------------|-------------|---------------------------------|-----------------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 1,039 | 44,952 |
| Available for sale financial assets | 2 | 2,821 | 17,871 |
| Receivables | 3 | 9,719 | 26,483 |
| Total Current Assets | | 13,579 | 89,306 |
| Non-Current Assets | | | |
| Available for sale financial assets | 4 | 2,093,787 | 2,093,787 |
| Receivables | 5 | 34,035 | 43,412 |
| Exploration and evaluation expenditure | 6 | - | - |
| Total Non-current Assets | | 2,127,822 | 2,137,199 |
| Total Assets | | 2,141,401 | 2,226,505 |
| Current Liabilities | | | |
| Trade and other payables | 7 | 165,567 | 188,196 |
| Borrowings | 8 | 402,263 | 362,833 |
| Total Current Liabilities | | 567,830 | 551,029 |
| Net Assets | | 1,573,571 | 1,675,476 |
| Equity | | | |
| Capital and Reserves attributable to Company's equity holders | | | |
| Share capital | 9 | 26,830,777 | 26,830,777 |
| Reserves | 10 | 247,627 | 294,304 |
| Accumulated losses | | (25,504,833) | (25,449,605) |
| Total equity attributable to Company's Equity holders | | 1,573,571 | 1,675,476 |
| Total Equity | | 1,573,571 | 1,675,476 |

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 2016**

| | Share Capital \$ | Other Reserves \$ | Accumulated Losses \$ | Total Equity \$ |
|-------------------------------------------------|---------------------------------|----------------------------------|--------------------------------------|--------------------------------|
| Balance at 1 July 2015 | <u>26,830,777</u> | <u>2,703</u> | <u>(24,772,139)</u> | <u>2,061,341</u> |
| Net loss for the period | - | - | (151,503) | (151,503) |
| Other Comprehensive Income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Comprehensive Loss | - | - | (151,503) | (151,503) |
| Options issued during the period | <u>-</u> | <u>87,421</u> | <u>-</u> | <u>87,421</u> |
| Balance at 31 December 2015 | <u>26,830,777</u> | <u>90,124</u> | <u>(24,923,642)</u> | <u>1,997,259</u> |
| | | | | |
| Balance at 1 July 2016 | <u>26,830,777</u> | <u>294,304</u> | <u>(25,449,605)</u> | <u>1,675,476</u> |
| Net loss for the period | - | - | (55,228) | (55,228) |
| Other Comprehensive Income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Comprehensive Loss | - | - | (55,228) | (55,228) |
| Options issued/(cancelled) during the period | <u>-</u> | <u>(46,677)</u> | <u>-</u> | <u>(46,677)</u> |
| Balance at 31 December 2016 | <u>26,830,777</u> | <u>247,627</u> | <u>(25,504,833)</u> | <u>1,573,571</u> |

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



**Consolidated Statement of Cash Flows
for the half-year ended 31 December 2016**

| | 31 December 2016 \$ | Consolidated 31 December 2015 \$ |
|----------------------------------------------------------|------------------------------------|-----------------------------------------------------|
| Cash flows from operating activities | | |
| Dividends received | 478 | 53 |
| Interest received | 719 | 676 |
| Interest paid | (232) | (246) |
| Operating expenses | (108,534) | (177,610) |
| | <hr/> | <hr/> |
| Net cash flows used in operating activities | (107,569) | (177,127) |
| Cash flows from investing activities | | |
| Proceeds from disposal of available for sale investments | 15,049 | - |
| Payments to acquire available for sale investments | - | (22,866) |
| Proceeds from Term Deposits | 9,607 | - |
| | <hr/> | <hr/> |
| Net cash flows used in investing activities | 24,656 | (22,866) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 62,000 | - |
| Repayment of borrowings to related party | (23,000) | - |
| | <hr/> | <hr/> |
| Net cash flows provided by financing activities | 39,000 | - |
| Net increase (decrease) in cash held | (43,913) | (199,993) |
| Cash at the beginning of the period | 44,952 | 235,516 |
| | <hr/> | <hr/> |
| Cash at the end of the period | 1,039 | 35,523 |

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 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year consolidated financial statements comprise the financial statements of Longreach Oil Limited ("the Company") and its subsidiaries ("the consolidated entity").

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 2016 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.

1.2 Going Concern

The Balance Sheet of the Company at 31 December 2016 showed Total Current Assets of \$13,579 and Total Current Liabilities of \$567,830 and therefore Net Current Liabilities of \$554,251. The Statement of Profit or Loss and other Comprehensive Income for the 6 months ended 31 December 2016 shows a total loss of \$55,228.

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

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

| | Consolidated | |
|---------------------------------------------------|------------------------------------|--------------------------------|
| | 31 December 2016 \$ | 30 June 2016 \$ |
| NOTE 2 AVAILABLE FOR SALE FINANCIAL ASSETS | | |
| - CURRENT | | |
| Listed equity securities (Level 1) | <u>2,821</u> | <u>17,871</u> |
| NOTE 3 RECEIVABLES - CURRENT | | |
| Goods and services tax | <u>9,719</u> | <u>26,483</u> |



**NOTE 4 AVAILABLE FOR SALE FINANCIAL ASSETS
- NON-CURRENT**

| | Consolidated | |
|-----------------------------------------------------------------------------------|------------------------------------|--------------------------------|
| | 31 December 2016 \$ | 30 June 2016 \$ |
| Shares in corporations not listed on Stock Exchanges (Level 3) - at fair value | 2,093,787 | 2,093,787 |
| - at cost | 110,900 | 110,900 |
| Provision for impairment | <u>(110,900)</u> | <u>(110,900)</u> |
| | <u>2,093,787</u> | <u>2,093,787</u> |

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

NOTE 5 RECEIVABLES - NON-CURRENT

| | | |
|-------------------------------------|---------------|---------------|
| Security deposits - mining licences | <u>34,035</u> | <u>43,412</u> |
|-------------------------------------|---------------|---------------|

NOTE 6 EXPLORATION & EVALUATION EXPENDITURE

| | | |
|--------------------------------------|----------|-----------------|
| Carrying amount at beginning of year | - | 84,981 |
| Expenditure written off | <u>-</u> | <u>(84,981)</u> |
| | <u>-</u> | <u>-</u> |

NOTE 7 TRADE & OTHER PAYABLES - CURRENT

| | | |
|-----------------------------------|----------------|----------------|
| Trade creditors | 105,362 | 144,196 |
| Trade creditors - related parties | <u>60,205</u> | <u>44,000</u> |
| | <u>165,567</u> | <u>188,196</u> |

NOTE 8 BORROWINGS (UNSECURED) - CURRENT

| | | |
|-------------------------|----------------|----------------|
| Bank overdraft | 5,534 | 5,104 |
| Loans - related parties | - | 23,000 |
| Loans - other | <u>396,729</u> | <u>334,729</u> |
| | <u>402,263</u> | <u>362,833</u> |

NOTE 9 SHARE CAPITAL

Issued

| | | |
|-------------------------------------------------------------------------|-------------------|-------------------|
| 1,214,333,333 ordinary shares, fully paid (June 2016: 1,214,333,333) | <u>26,830,777</u> | <u>26,830,777</u> |
|-------------------------------------------------------------------------|-------------------|-------------------|



| | 31 December 2016 \$ | 30 June 2016 \$ |
|-------------------------|------------------------------------|--------------------------------|
| NOTE 10 RESERVES | | |
| Option premium | 315,674 | 362,351 |
| Share treasury | (68,047) | (68,047) |
| | <u>247,627</u> | <u>294,304</u> |

10.1 Movement in reserves

Option Premium Reserve

| | | |
|---------------------------------------------------|----------------|----------------|
| Balance at beginning of period | 362,351 | 70,750 |
| Options written back in the period | (46,677) | - |
| Share based payment expense from issue of options | - | 291,601 |
| Balance at end of period | <u>315,674</u> | <u>362,351</u> |

During the year ended 30 June 2016, 50,000,000 unlisted options were issued to the Chairman Drew Kelton at a strike price of \$0.012 vesting in three tranches on 1 March 2016, 1 March 2017 and 1 March 2018, all with an expiry date of 1 March 2018.

The value of these options were calculated using the Black Scholes method assuming a volatility of 100% and risk-free interest rate of 2%, and an amount of \$140,032 was expensed during the year ended 30 June 2016.

During the period to 31 December 2016, the options vesting on 1 March 2017 and 1 March 2018 were cancelled (a total of 33,333,333 options), resulting in a credit to profit of loss of \$46,677 for the expense that had been recognised during the year ended 30 June 2016 in relation to these options.

10.2 Nature and purpose of reserves

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

NOTE 11 RELATED PARTY BALANCES AND TRANSACTIONS

| | 31 December 2016 \$ | 30 June 2016 \$ |
|---------------------------------------------------|------------------------------------|--------------------------------|
| Balances | | |
| Amount due to a director related company included | | |
| Trade and other payables | - | 44,000 |
| Amount due to a director | 60,205 | 23,000 |
| Balance at end of period | <u>60,205</u> | <u>67,000</u> |

| | Six months ended 31 December 2016 \$ | Six months ended 31 December 2015 \$ |
|---------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Transactions | | |
| Director salaries | 80,000 | 39,333 |
| Director consultant fees written off | (20,000) | - |
| Options issued to a director in prior year, cancelled during period | (46,677) | - |
| | <u>13,323</u> | <u>39,333</u> |



NOTE 12 SEGMENT INFORMATION

Business Segment

The segments 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 "Investment Sector" relates to investments made by the Company, including an investment in a US based company specializing in advanced communications.

Segment Assets

| | Total December 2016 \$ | Exploration December 2016 \$ | Investment December 2016 \$ | Total June 2016 \$ | Exploration June 2016 \$ | Investment June 2016 \$ |
|---------------------|-------------------------------------------|-------------------------------------------------|------------------------------------------------|---------------------------------------|---------------------------------------------|--------------------------------------------|
| Geographical | | | | | | |
| Australia | 47,614 | 34,036 | 13,578 | 132,718 | 43,644 | 89,074 |
| USA | 2,093,787 | - | 2,093,787 | 2,093,787 | - | 2,093,787 |
| | <u>2,141,401</u> | <u>34,036</u> | <u>2,107,365</u> | <u>2,226,505</u> | <u>43,644</u> | <u>2,182,861</u> |

Segment Revenues

| | Total December 2016 \$ | Exploration December 2016 \$ | Investment December 2016 \$ | Total December 2015 \$ | Exploration December 2015 \$ | Investment December 2015 \$ |
|---------------------|-------------------------------------------|-------------------------------------------------|------------------------------------------------|-------------------------------------------|-------------------------------------------------|------------------------------------------------|
| Geographical | | | | | | |
| Australia | 1,197 | - | 1,197 | 10,556 | - | 10,556 |
| | <u>1,197</u> | <u>-</u> | <u>1,197</u> | <u>10,556</u> | <u>-</u> | <u>10,556</u> |

Segment Liabilities

| | Total December 2016 \$ | Exploration December 2016 \$ | Investment December 2016 \$ | Total June 2016 \$ | Exploration June 2016 \$ | Investment June 2016 \$ |
|---------------------|-------------------------------------------|-------------------------------------------------|------------------------------------------------|---------------------------------------|---------------------------------------------|--------------------------------------------|
| Geographical | | | | | | |
| Australia | 550,245 | 41,188 | 509,057 | 475,829 | 57,334 | 418,495 |
| USA | 17,585 | - | 17,585 | 75,200 | - | 75,200 |
| | <u>567,830</u> | <u>41,188</u> | <u>526,642</u> | <u>551,029</u> | <u>57,334</u> | <u>493,695</u> |

Segment Results

| | Six months ended 31 December 2016 \$ | Six months ended 31 December 2015 \$ |
|-------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Profit/(Loss) | | |
| Australia - Other | 1,198 | 10,556 |
| Australia – Exploration | (5,658) | (53,276) |
| USA – Other | <u>(50,768)</u> | <u>(108,783)</u> |
| Total Loss | <u>(55,228)</u> | <u>(151,503)</u> |



| | Six months ended 31 December 2016 \$ | Six months ended 31 December 2015 \$ |
|-------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| NOTE 13 ACCUMULATED LOSSES | | |
| Accumulated Losses at beginning of period | (25,449,605) | (24,772,139) |
| Net loss for the period | (55,228) | (151,503) |
| | | |
| Accumulated Losses at end of period | <u>(25,504,833)</u> | <u>(24,923,642)</u> |

NOTE 14 EARNINGS PER SHARE

| | | |
|------------------------------------------------------------------------------------------------------|---------------|---------------|
| Basic and diluted earnings (loss) per share | (\$0.00005) | (\$0.00012) |
| Weighted average number of ordinary shares on issue used in the calculation of earnings per share | 1,214,333,333 | 1,214,333,333 |

The number of potential ordinary shares that are dilutive and included in determining diluted EPS are nil (June 2016: nil) relating to share options issued. There are no instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for all of the periods presented.

NOTE 15 EVENTS AFTER REPORTING PERIOD

No significant events have occurred since 31 December 2016 which would have an impact on the financial position of the consolidated entity as at 31 December 2016 or on the results and cash flows of the consolidated entity for the period then ended.



**Declaration by Directors
for the half-year ended 31 December 2016**

The Directors of the Company declare that:

- (a) The financial statements and notes set out on pages 4 to 12 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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 blue ink, appearing to read "Justin Rosenberg".

Justin Rosenberg
Managing Director

Sydney, NSW
16 March 2017

LONGREACH OIL LIMITED**ABN 98 000 131 797****INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Longreach Oil Limited

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 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 consolidated entity's financial position as at 31 December 2016 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*.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

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LONGREACH OIL LIMITED

ABN 98 000 131 797

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Basis for Qualified Review Conclusion

The consolidated entity's investment in Starlogik LLC ("Starlogik"), a private limited liability company located in the USA was acquired during the year ended 30 June 2015, and is accounted for as an available for sale financial asset at fair value with a carrying value of \$2,093,787 at 31 December 2016, as disclosed in note 4 to the half-year financial report. Given that Starlogik has not yet generated any revenue, and it has been over 18 months since any shareholders other than Longreach Oil Limited have purchased shares in the company, we were unable to obtain sufficient appropriate audit evidence of the fair value of this investment as at 31 December 2016. Consequently, we were unable to determine whether any adjustments to the investment were necessary.

Qualified Auditor's Conclusion

Based on our review, which is not an audit, except for the possible effect on the financial statements of the matter referred to in the Basis for Qualified Conclusion paragraph above, 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 2016 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*.

Material Uncertainty Related to Going Concern

Without further modifying our opinion, we draw attention to Note 1.2 Going Concern in the financial report, which indicates that the consolidated entity incurred a loss of \$55,228 for the half year ended 31 December 2016, and had an excess of current liabilities over current assets of \$554,251. As stated in Note 1.2, these events or conditions, along with other matters as set forth in Note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern, and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

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 'A G Smith'.

A G Smith
Partner

Sydney, NSW
16 March 2017