



BELL IXL INVESTMENTS LIMITED

ACN 113 669 908
ABN 80 113 669 908

ANNOUNCEMENT

Takeover Bid - New Opportunity Limited 29 March 2008

The company refers to its previous announcement dated 12 March 2008 regarding a joint takeover offer by the company and its associate, K. Pagnin Pty. Ltd. (ACN 108 353 788), for all of the issued fully paid ordinary shares in New Opportunity Limited (ACN 007 024 839) (formerly known as Lako Pacific Limited and Pineapplehead Limited) ("New Opportunity").

The consideration under the offer is comprised of ordinary shares in the ASX listed company, Longreach Oil Limited (ASX code: LGO).

The company and New Opportunity are both substantial shareholders of the ASX listed company Goldlink Incomeplus Limited (ASX code: GLI).

The company advises that the offer documents, comprising a Bidder's Statement (a copy of which was attached to the previous announcement dated 12 March 2008) and a Supplementary Bidder's Statement, were dispatched to New Opportunity shareholders on 28 March 2008.

A copy of the Supplementary Bidder's Statement is included with this announcement.

Issued on 29 March 2008.

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Ticker Symbols: BXL and BXLA

SUPPLEMENTARY BIDDER'S STATEMENT

for a conditional off-market takeover offer by

BELL IXL INVESTMENTS LIMITED
ACN 113 669 908

and

K PAGNIN PTY. LTD.
ACN 108 353 788

for all of the fully paid ordinary shares of

NEW OPPORTUNITY LIMITED
ACN 007 024 839

Manager



Legal adviser



1. IMPORTANT INFORMATION

This Supplementary Bidder's Statement:

- is dated 26 March 2008;
- contains information that supplements the information contained in the Bidder's Statement dated 12 March 2008 issued by the Bidders;
- is an important document and should be read carefully together with the Bidder's Statement;
- has been issued by the Bidders under section 643 of the Corporations Act;
- was lodged with ASIC on 26 March 2008. ASIC takes no responsibility for the contents of this Supplementary Bidder's Statement; and
- contains a number of defined terms all of which are listed in the section of the Bidder's Statement headed "Definitions and Interpretation".
- is governed by the same rules of interpretation as the Bidder's Statement.

2. BACKGROUND TO THIS DOCUMENT

The Bidders served a Bidder's Statement on New Opportunity in respect of the offer by the Bidders.

Steinepreis Paganin, the solicitors acting for New Opportunity, have raised objections regarding the Bidder's Statement.

The Bidders do not agree with the objections that have been raised.

The Bidders are however fully in favour of New Opportunity Shareholders receiving as much information as possible to assist in making a decision regarding the Offer.

The Bidders view the provision of additional information to New Opportunity Shareholders as a positive step and have not hesitated to issue this statement.

This document is divided into two parts:

PART A contains additional information intended to respond to the objections raised by Steinepreis Paganin on behalf of New Opportunity.

PART B contains additional information that the Bidders believe is relevant to the decision whether or not to accept the offer.

PART A

3. DELISTING OF NEW OPPORTUNITY

New Opportunity disagrees with the statement by the Bidders that the directors of New Opportunity requested that the company be delisted because New Opportunity had failed to comply with the listing requirements of the ASX over a long period.

New Opportunity advises that the reasoning behind the decision to de-list was that the directors of New Opportunity were seeing numerous quality opportunities that they would have been interested in pursuing, however, given that the ASX classed New Opportunity as a 'cash box', New Opportunity was restricted from raising further capital prior to acquiring an asset/business.

The Bidders regard this explanation as unconvincing but are bound, in the absence of concrete evidence to the contrary, to accept it.

Whatever the precise reason for delisting the following facts are undeniable:

- ASX Listing Rule 12.3 requires that a listed entity have less than half its assets in cash or in a form readily convertible to cash. It seems that the ASX takes the issue of compliance with listing rule 12.3 seriously as it usually suspends from trading the securities of companies that fail to comply with the rule.
- From 10 November 2006 to 29 January 2008, being the date of delisting, New Opportunity failed to comply with ASX listing rule 12.3.

4. WHAT YOU WILL RECEIVE IF YOU ACCEPT THE OFFER

If you accept the offer you will receive one Longreach Share for each New Opportunity Share that you sell to the Bidders.

The value of the consideration you receive can be quantified by referring to the market price of Longreach Shares at any particular time or by reference to the net asset backing for each Longreach Share.

The following are some calculations of the value of one Longreach Share:

- **4.2 CENTS** - this is based on the 52 week high price for Longreach Shares on the date that this supplementary statement was issued.
- **3.9 CENTS** - this is based on the net asset backing of each Longreach Share as at 31 December 2007[†].
- **2.5 CENTS** - this is based on the last sale price for Longreach Shares on the date that the Bidders Statement was issued.

[†] Please refer to section 5 of this document for important information regarding the net asset position of Longreach.

- **2.0 CENTS** - this value is based on the last sale price for Longreach Shares on the day prior to the day that this supplementary statement was issued.
- **1.9 CENTS** - this value is based on the 52 week low price for Longreach Shares on the date that this supplementary statement was issued.

The Bidders consider that 2.5 cents is a fair value for each Longreach Share given current market conditions. The Bidders believe that, in more stable market conditions, Longreach Shares would command a much higher price in the market. It should be noted that in the period from 1 July 2007 to 14 March 2008, Longreach issued a total of 52,000,000 Longreach Shares at an issue price of 2.5 cents or more (average issue price was 2.6 cents). This is the best evidence of value for a large quantity of Longreach Shares. Both the market price and the net asset backing of Longreach Shares will fluctuate and may fall as well as rise.

Information regarding the market price of Longreach Shares can be obtained by contacting a stockbroker, looking at the business pages of most major newspapers or by visiting the ASX website at <http://www.asx.com.au/>. Longreach Shares trade under the stock code LGO.

5. FURTHER INFORMATION REGARDING LONGREACH

The Bidders have attached to this statement the following documents that have been extracted from the half-year report of Longreach for the period ended 31 December 2007:

- Directors' Report.
- Consolidated income statement.
- Consolidated balance sheet.
- Consolidated statement of changes in equity.
- Consolidated statement of cash flows.
- Notes to the consolidated financial statements.

The Bidders have also attached to this statement an extract from the annual report of Longreach for the year ended 30 June 2007 that lists the top 20 shareholders of Longreach as at 18 September 2007.

In addition to the documents referred to in paragraph 6.7.3 of the Bidder's Statement, the Bidders will make available to New Opportunity Shareholders, free of charge, copies of all public announcements made to the ASX by Longreach after 29 October 2007 (being the date that the annual report of Longreach for the year ended 30 June 2007 was released) including, but not limited to, the half-year report of Longreach for the period ended 31 December 2007. New Opportunity Shareholders may obtain copies of any these documents by writing to Bell IXL at PO Box 111, Doncaster, Victoria 3108 and requesting a copy.

Longreach has only one class of shares on issue, namely ordinary shares. Each Longreach Share is entitled to one vote at meetings of shareholders. The Bidders understand that all Longreach Shares rank *pari passu* as regards the payment of dividends, the return of capital and the division of surplus assets on a winding up.

Neither this statement nor the Bidders Statement contains all of the information that would ordinarily be required by the Corporations Act 2001 for an offer of securities under a takeover bid. The reason is that the Corporations Act provides a specific exemption where the securities that are being offered are not being issued by the bidder or any entity under the control of the bidder.

New Opportunity Shareholders that accept the Offer will, by their acceptance, agree to be bound by the Constitution of Longreach.

As at the date of this statement the Bidders, and their associates, owned 55,550,000 Longreach Shares giving them a voting power of 16.94% in Longreach. The transfer of Longreach Shares to New Opportunity Shareholders under the Offer will result in the Bidders disposing of Longreach Shares with a consequent reduction in their voting power. If the Bidders, and their associates, do not increase or decrease their holdings in Longreach other than pursuant to the Offer then the impact of the Offer on their holdings will be as follows:

- if the Offer is accepted for 50.01% of the New Opportunity Shares - the number of Longreach Shares held by the Bidders will fall to 33,917,301 and their voting power will reduce to 10.34%.
- if the Offer is accepted for 100% of the New Opportunity Shares - the number of Longreach Shares held by the Bidders will fall to 12,223,255 and their voting power will reduce to 3.75%.

Notwithstanding the disposal of Longreach Shares under the Offer, the Bidders believe that Longreach continues to be an excellent investment. The Bidders, and their associates, intend to retain Longreach Shares not sold under the Offer and these parties may buy additional Longreach Shares in the future.

Longreach is a disclosing entity and is required to make regular announcements regarding its activities. In certain circumstances, disclosing entities are allowed to maintain the confidentiality of information such as where commercially sensitive negotiations are in progress. The Bidders are not aware of any non-disclosure of relevant information by Longreach. To the best of the Bidders' knowledge, Longreach has not been queried by the ASX in relation to its disclosure obligations.

The Bidders are not aware of any contracts entered into between Longreach and any other party the terms of which entitle the other party to terminate such contract upon a significant change of shareholding in Longreach. Even if the offer is accepted in respect of 100% of the New Opportunity Shares there will be no change in control of Longreach in any event.

Attached to this statement are extracts from the financial statements of Longreach for the half-year ended 31 December 2007. Attention is drawn to note 3 to the financial statements (which is included in the extracts) and the potential reduction in the net asset backing of Longreach Shares after 31 December 2007. The Bidders assume that the fall in the value of investments has arisen from the turbulent stock market conditions in the first quarter of 2008 and that any

diminution in value that has occurred may not necessarily be permanent. The Bidders do not know whether there have been other events that have increased or decreased the net assets of Longreach and the net assets per Longreach Share. Allowing for the reduction in the value of shares held by Longreach in Austex Oil Limited results in the total net assets of Longreach being \$10,255,926 and the net assets per Longreach Share being 3.13 cents per share.

6. TAXATION CONSIDERATIONS

The Bidders have obtained legal advice to the effect that shareholders who accept the Offer will not be able to obtain scrip-for-scrip rollover relief in respect of any capital gain accruing as a result of accepting the Offer. Given the somewhat chequered history of New Opportunity it is the opinion of the Bidders that a large number of New Opportunity Shareholders will have paid a far higher price for their New Opportunity Shares than the value of consideration they will receive from accepting the offer and shareholders in that situation would not benefit from scrip-for-scrip rollover relief in any event.

7. OWNERSHIP OF THE BIDDERS

Bell IXL is a public company limited by shares that is listed on the National Stock Exchange of Australia. As at 31 December 2007 the top 10 holders of ordinary shares (voting shares) in the capital of Bell IXL were as follows:

	Shareholder Name	No. Shares	% Shares
1	The Bell IXL Group Limited †	6,048,000	50.34%
2	Biloclan Pty Ltd †	2,310,000	19.23%
3	Sunvest Corporation Limited	820,000	6.82%
4	Simon Javor	303,900	2.53%
5	K. W. & S. J. Seabrook	250,000	2.08%
6	Longreach Oil Limited	238,000	1.98%
7	Licia Nunzia Buccheri	200,000	1.66%
8	Kintara Nominees Pty Ltd †	200,000	1.66%
9	Monvale Investments Pty Ltd †	200,000	1.66%
10	Productof foam Holdings Pty Ltd †	200,000	1.66%

† Entities where one or more directors of Bell IXL has a substantial interest.

K Pagnin is a proprietary company limited by shares. Mr. Karl Albert Pagnin is the sole director, sole company secretary and sole shareholder of K Pagnin.

8. CLEOD OPTION

The Cleod Option referred to in the Bidders Statement has been entered into to ensure that the Bidders have access to a sufficient number of Longreach Shares to enable the consideration under the Offer to be provided to all New Opportunity Shareholders in the event of 100% acceptance. There are no conditions that must be satisfied for the Cleod Option to be exercised and the option may be exercised at any time and more than once. No consideration was payable for the grant of the option. The price payable to Cleod for each share acquired under the Cleod

Option is **2.5 cents per share** in cash. The Cleod Option may be inspected by appointment at the offices of Bell IXL

9. RISK FACTORS

New Opportunity Shareholders should remember that there are risks associated with the Offer and in relation to owning Longreach Shares (or any other shares, including New Opportunity Shares) as follows:

- As with any listed security the market price of Longreach Shares will fluctuate and may fall as well as rise. These fluctuations can result from factors specific to the company or as a result of other issues such as the state of the economy, investor sentiment and regulatory issues.
- There is no guarantee that a holder of Longreach Shares will be able to sell their shares on any given day at a desired price. The Bidders believe however that shares in a listed company are likely to be more liquid than shares in an unlisted company such as New Opportunity.
- Longreach is engaged in oil and gas exploration and investment in the oil and gas industry. Exploration activity can be classified as speculative and carries a high degree of geological and technical risk, regardless of careful planning and scientific examination prior to undertaking exploration or development of mineral projects. The continuation and expansion of the activities of Longreach may be dependent upon the ability of the company to raise further capital in the future. The operations of Longreach may be affected by fluctuations in oil, gas, currency and commodity prices and/or share market volatility. Longreach Shares ought to be regarded as speculative investments.
- If the Bidders acquire more than 50%, but less than 100%, of the New Opportunity Shares then those shareholders who do not accept the Offer will retain their shares even though control of New Opportunity has changed. The Bidders are not aware of any ready market for New Opportunity Shares and therefore it may be difficult to sell shares in those circumstances.
- The market price of Longreach Shares may be impacted by the Offer (the Bidders do not believe they can make any prediction of the likely impact).
- The net asset backing of Longreach Shares may rise and fall as a result of the performance of the company and the effect of transactions it enters into.

New Opportunity Shareholders that have any doubts about the Offer or the merits of Longreach Shares are strongly encouraged to consult a stockbroker or other professional adviser.

PART B

10. WHY YOU SHOULD ACCEPT THE OFFER

The Bidders believe that New Opportunity offers **NO OPPORTUNITY** for its shareholders under the control of its existing directors.

The Bidders believe that the Offer is attractive for the following reasons:

- **FAIR VALUE** - the Bidders are offering one Longreach Share (net asset backing 3.93 cents as at 31 December 2007[†]) for each New Opportunity Share (net asset backing 4.34 cents as at 31 December 2007). Additional information regarding the value of Longreach Shares is set out in section 4 of this document.
- **CONSERVATIVE INVESTMENTS** - The Challenger Agreement entered into by New Opportunity to purchase 16,127,843 shares in Goldlink, of which the existing directors of New Opportunity seem to be particularly proud, is in fact a VALUE DESTROYING TRANSACTION that will, if completed, result in a dramatic reduction to the net asset value of New Opportunity Shares. This is because New Opportunity is committed to paying 27 cents per share (or a total of \$4,354,518) for the Goldlink shares compared to:
 - the net asset backing of the shares which was 22.60 cents per share at 31 December 2007 (if this value is used the shares are worth **only \$3,644,893**); or
 - the last sale price of 19.50 cents per share on the day prior to the day that this supplementary statement was issued (if this value is used the shares are worth **only \$3,144,929**).

Upon completing the purchase New Opportunity will have an unrealised loss of either **\$709,625** or **\$1,209,589** depending on the method used to value the Goldlink shares. Absent any issue of New Opportunity Shares at a premium or some other value generating transaction the consequent reduction in the net asset backing of New Opportunity Shares is as follows:

- Goldlink shares valued at net asset backing - reduction in net asset backing of New Opportunity Shares from 4.34 cents to 2.70 cents.
- Goldlink shares valued at last sale price - reduction in net asset backing of New Opportunity Shares from 4.34 cents to a **mere 1.55 cents**.

It is clear that the commitment to pay 27 cents per share for Goldlink shares is a wild and speculative transaction that is inconsistent with investment logic.

[†] Please refer to section 5 of this document for important information regarding the net asset position of Longreach.

Furthermore, under the proposed share purchase transaction, New Opportunity is paying a substantial premium to only one group of Goldlink shareholders. This clearly demonstrates that the directors of New Opportunity will not hesitate to preference one group of shareholders over another.

- **GREATER LIQUIDITY** - New Opportunity Shareholders are currently locked in and can only dispose of their shares by private negotiation with interested parties. In contrast Longreach Shares are listed on the **ASX**.
- **NEW MANAGEMENT** - In the past six months New Opportunity has gone from being an ASX company pursuing the acquisition of an Iron Ore project to being delisted with the stated intention of becoming a strategic investment company and then re-listing on the ASX! The due-diligence investigations on the Iron Ore project resulted in your company wasting \$100,000 (over 5% of its net assets at 31 December 2007). It is clear to the Bidders that New Opportunity has lost its way under its current directors and secretary which include:
 - Mr. Timothy Kestell (**AGE 36**)
 - Mr. Paul Hardie (**AGE 37**)
 - Mr. Martin Stein (**AGE 30**)

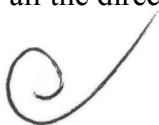
As detailed in section 3, the existing management of New Opportunity that prides itself on its investment expertise and its experience in running ASX companies was, for a period of over twelve months, unable to find a suitable investment to be acquired by New Opportunity within the limits of its assets and capital at the relevant time.

- **INDEPENDENCE** - Longreach has been in existence for over 50 years and is managed and operated under the control of an experienced and conservative Board of Directors that are completely independent of Bell IXL. Longreach is engaged in exploration activities on its own account and has interests in other companies engaged in similar activities. The Bidders believe that Longreach is in a sound financial position and note that Longreach had total net assets of \$12,875,996[†] (including cash and listed securities in excess of \$1,000,000) as at 31 December 2007.

[†] Please refer to section 5 of this document for important information regarding the net asset position of Longreach.

11. APPROVAL OF SUPPLEMENTARY BIDDER'S STATEMENT

This Supplementary Bidder's Statement has been approved by a unanimous resolution passed by all the directors of Bell IXL.

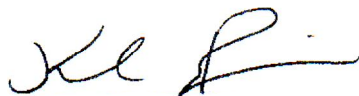


Signed:

Date: 26 March 2008

Massimo Livio Cellante
Executive Chairman and Managing Director

This Supplementary Bidder's Statement has been approved by a resolution passed by the sole director of K Pagnin.



Signed:

Date: 26 March 2008

Karl Pagnin
Sole Director

LONGREACH OIL LIMITED
AND CONTROLLED ENTITIES

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

Your Directors present the consolidated financial statements of the consolidated entity for the half-year ended 31 December 2007.

1. REVIEW AND RESULTS OF OPERATIONS

The operations of the group for the half-year ended 31 December 2007 were managing the group's existing exploration projects and investments and investigating new opportunities for exploration and investment. As a result of those operations an operating loss of \$138,640 was incurred.

2. FINANCIAL

During the half-year 50,000,000 ordinary shares were issued and share capital increased by \$1,331,277. Also, 17,200,000 unquoted options were issued, exercisable at ten (10) cents each, expiring on 30 November 2009.

Since the end of the financial period, 2,000,000 shares were placed at two and a half (2.5) cents each and a further 1,000,000 unquoted options were issued, exercisable at ten (10) cents each, expiring on 30 November 2009.

At the end of the financial period, shares in AusTex Oil Ltd were written down by \$3,770,000 against the Fair Value Reserve. The value was based on the AusTex prospectus issue price of 40 cents per share which closed fully subscribed on 31 December 2007.

3. OIL AND GAS

A. PROJECTS

WESTERN AUSTRALIA

Onshore Carnarvon Basin – EP-439, EP-5/06-7 and EP-6/06-7

As at the end of the half-year, two farm-in agreements were concluded, under which Jurassica Oil and Gas Plc farmed into all three permits and Black Fire Energy Limited farmed into EP-439 and EP-6. The Operator was continuing negotiations with other possible farminees.

Drilling of the Star Finch #1 well in EP-5 and the Lake Macleod #1 well in EP-6 are planned back to back in April/May 2008. These exploratory wells are now mostly funded by the farminees.

The farminees will earn their interests after the completion of drilling of planned wells on the areas.

Longreach held a 23.38% interest in these areas and after farminees earn their interests by completion of the planned wells, Longreach will hold a 9.352% interest in each area.

EP-369 and EP-405 - Merlinleigh Sub Basin and EP-410 - Gascoyne Platform
- South Carnarvon Basin (onshore), Western Australia

A field survey was carried out to determine suitability of seismic and geochemical surveys over structures of interest. With the farm-out to overseas interests of nearby areas in which Longreach has an interest and drilling on those areas proposed for April/May 2008, farm-out opportunities for these areas have been enhanced and discussions are continuing with interested parties.

Longreach currently has a 100% interest in these areas.

3. **OIL AND GAS**

A. **PROJECTS**

QUEENSLAND (cont'd)

EPP-755 - Surat Basin (onshore), Queensland

This area of approximately 374 sq. kms. is located immediately west of PL-18. Two small oil fields - McWhirter and Beardmore - are present in the area, with the Showground Sandstone as the main oil reservoir.

Reprocessing on the Beardmore and McWhirter oil bearing structures was partially completed, with mixed results. Reinterpretation of the structures will await the completion of the planned 3D seismic survey scheduled for Q308.

Longreach is the Operator and holds a 50% interest, together with Brisbane Petroleum Ltd (50%). Longreach holds a 20% equity interest in Brisbane Petroleum Limited.

B. **INVESTMENTS**

Brisbane Petroleum Ltd

Longreach Oil Limited has a share holding in Brisbane Petroleum Ltd which holds a 50% interest in three areas in the Surat Basin, Queensland - EPP-755 (see above) and PL 18 and PL 40.

Petroleum Leases No. 18 & No. 40 - Onshore Surat Basin, Queensland

Brisbane Petroleum Ltd holds a 50% interest in each of these Petroleum Leases. Several wells have been drilled in the past 25 years on these areas.

During the period, Brisbane Petroleum produced approximately 990 barrels of oil from PL-18. Brisbane Petroleum finalised an inventory of its PL-18 and PL-40 petroleum assets with a view to arranging additional capital for drilling oil development wells in the existing oil fields on the leases. Preparation for an I.P.O. for Brisbane Petroleum Ltd is progressing. Longreach shareholders will be invited to participate in the IPO on a priority basis.

The recoverable oil in place in these leases has been assessed in the range of 3.9 million barrels (MMB) to 6.8 million barrels (MMB) (1P).

Longreach has a 20% equity interest in Brisbane Petroleum Limited.

3. **OIL AND GAS**

B. **INVESTMENTS (cont'd)**

AusTex Oil Limited

Longreach assisted in the formation of **AusTex Oil Limited** (ASX code AOK). The wholly-owned U.S. subsidiary of AusTex Oil, International Energy Corporation (IEC), has a 100% working interest and around 80% Net Revenue Interest in a number of oil leases in Oklahoma with certified Proved Recoverable Oil of 6,100,000 barrels.

AusTex Oil Limited has completed a Prospectus issue at the end of December and has been listed on the ASX since 8 January 2008 after raising \$20,000,000 for the purpose of further acquisitions and development of existing and new oil producing leases in the USA.

For more information on AusTex Oil - go to **www.austexoil.com**.

Longreach holds a 10% equity interest in AusTex Oil Limited.

4. **RENEWABLE ENERGY**

Exploration Licence 6212 (Hot Rocks - Group 8 Minerals) - Sydney Basin, New South Wales

An updated technical report was in the process of being completed, setting out the proposed exploration programme, based on the geological and geophysical data available for study and interpretation.

Longreach has a 50% interest in the Exploration Licence. Hot Rock Energy Pty Limited, an independent private company, holds the other 50% and is Operator.

5. **GOLD - VICTORIA**

Woods Point, Royal Standard Group of Mines - EL 4577

The application for this area has lapsed and Longreach is examining the merits of proceeding with its re-instatement.

Longreach would obtain a 50% interest in the Exploration Licence if it is granted.

6. **DIAMONDS**

Longreach Oil holds these areas in Russia, north of Archangelsk, in joint venture with a Russian company. The areas are currently kept on a care and maintenance basis.

Longreach holds a 15% interest in these areas.

7. **DIRECTORS**

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

	<u>Director since</u>
B Ganke	1981
P C Hetherton	1985
P K Philip	1986

8. **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 4.

Signed in accordance with a resolution of the Directors.



P Hetherton
Secretary

Dated at Sydney
this 14th day of March 2008

LONGREACH OIL LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	<u>Note</u>	31 December 2007 \$	31 December 2006 \$
Revenue from ordinary activities		84,121	5,450
Finance costs		(8,877)	(7,071)
Expenses from ordinary activities		(203,808)	(227,465)
Loss from sale of investments		(10,076)	(60,540)
Loss before income tax		<u>(138,640)</u>	<u>(289,626)</u>
Income tax expense		<u>-</u>	<u>-</u>
Loss attributable to members of the parent entity		<u>(138,640)</u>	<u>(289,626)</u>
Basic earnings/(loss) per share	7	(0.049 cent)	(0.12 cent)

The Consolidated Income Statement should be read in conjunction with the accompanying Notes

LONGREACH OIL LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2007

	<u>Note</u>	31 December 2007	30 June 2007
		\$	\$
Current Assets			
Cash & cash equivalents		142,070	126,058
Available for sale financial assets	2	133,854	171,152
Receivables		<u>845,927</u>	<u>504,923</u>
Total Current Assets		<u>1,121,851</u>	<u>802,133</u>
Non Current Assets			
Available for sale financial assets	3	11,145,623	13,892,964
Trade and other receivables		78,181	78,181
Plant & equipment		939	1,054
Exploration and Evaluation expenditure		<u>1,377,776</u>	<u>1,341,931</u>
Total Non Current Assets		<u>12,602,519</u>	<u>15,314,130</u>
Total Assets		<u>13,724,370</u>	<u>16,116,263</u>
Current Liabilities			
Trade & other payables		217,286	194,714
Borrowings		<u>631,088</u>	<u>336,552</u>
Total Current Liabilities		<u>848,374</u>	<u>531,266</u>
Total Liabilities		<u>848,374</u>	<u>531,266</u>
Net Assets		<u>12,875,996</u>	<u>15,584,997</u>
Equity			
Capital & Reserves attributable to company's equity holders			
Share Capital	4	22,659,277	21,328,000
Reserves	5	7,534,972	11,446,686
Accumulated Losses	6	<u>(17,318,253)</u>	<u>(17,189,689)</u>
Total Equity		<u>12,875,996</u>	<u>15,584,997</u>

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

LONGREACH OIL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2007

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	Share Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2006	19,557,501	(966,632)	(16,810,669)	1,780,200
Loss for the period	-	-	(289,626)	(289,626)
Changes in the fair value of Available for sale financial assets				
- listed shares	-	151,286	-	151,286
Revaluation of Available for sale financial assets				
- unlisted shares	-	12,398,590	-	12,398,590
Share Issues	990,500	-	-	990,500
Transfers to Reserves	-	(60,540)	60,540	-
Balance as at 31 December 2006	<u>20,548,001</u>	<u>11,522,704</u>	<u>(17,039,755)</u>	<u>15,030,950</u>
Balance as at 1 July 2007	21,328,000	11,446,686	(17,189,689)	15,584,997
Loss for the period	-	-	(138,640)	(138,640)
Revaluation of Available for sale financial assets				
- listed shares	-	(131,638)	-	(131,638)
- unlisted shares	-	(3,770,000)	-	(3,770,000)
Share Issues	1,331,277	-	-	1,331,277
Transfers to Reserves	-	(10,076)	10,076	-
Balance as at 31 December 2007	<u>22,659,277</u>	<u>7,534,972</u>	<u>(17,318,253)</u>	<u>12,875,996</u>

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

**LONGREACH OIL LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	31 December 2007 \$	31 December 2006 \$
Cash flows from Operating Activities		
Dividends received	252	128
Interest received	937	1,305
Management fees received	105,600	-
Interest paid	(361)	(211)
Operating expenses	(179,398)	(182,921)
	<hr/>	<hr/>
Net cash flows (used in) Operating Activities	<u>(72,970)</u>	<u>(181,699)</u>
 Cash flows from Investing Activities		
Proceeds from investments	78,702	153,491
Payments for investments	(988,504)	(208,785)
Payments for exploration expenditure	(27,030)	(9,730)
Payments for prepayments	(106,065)	
Repayment by debtors	-	6,000
Deposits and loans made	(275,397)	(157,600)
	<hr/>	<hr/>
Net cash flows (used in investing activities)	<u>(1,318,294)</u>	<u>(216,624)</u>
 Cash flows from financing activities		
Proceeds from issue of shares	1,121,276	428,250
Proceeds from borrowings	288,000	4,085
Repayment of borrowings	(2,000)	(90,900)
	<hr/>	<hr/>
Net cash flows from financing activities	<u>1,407,276</u>	<u>341,435</u>
 Net (decrease) in cash held	16,012	(56,888)
Cash at the beginning of the period	126,058	63,887
	<hr/>	<hr/>
Cash at the end of the period	<u>142,070</u>	<u>6,999</u>

**LONGREACH OIL LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Summary of significant accounting policies

The principal policies adopted in the preparation of the financial Report are set out below. These policies have been consistently applied except as otherwise stated. The financial report comprises the consolidated entity consisting of Longreach Oil Limited and its subsidiaries.

1.2 Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with AASB 134, Interim Financial Reporting, Australian Equivalents to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Accounting Interpretations) 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 2007 and any public announcement made during the half-year under the continuous disclosure obligations.

This consolidated interim financial report has been prepared under the historical cost convention, except for available for sale financial assets that have been measured at fair value and the revaluation of non-current financial assets.

1.3 Consolidation

(a) 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 companies are eliminated. Subsidiaries' accounting policies are changed where necessary to ensure consistency with the policies adopted by the group.

1.4 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 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.

1.5 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 maturities greater than 12 months after the balance sheet date are included as 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 the income statement.

1.6 Available for sale financial assets and investments

Available-for-sale financial assets

Available-for-sale financial assets comprising holdings in non-listed companies and listed equity securities are included in non-current assets unless they are intended to be disposed 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 based on quoted market prices. Unrealised gains and losses arising from changes in the fair value are recognised in equity in the available for sale investments revaluation reserve

Unlisted investments are initially recognised at cost. Where unlisted investments are subsequently revalued, the fair values are based on the underlying net asset values of the companies and the estimated values based on their strategic holdings.

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

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 Exploration & 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.

**LONGREACH OIL LIMITED
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1.9 Joint ventures

Exploration Interests include the group's share of its joint venture costs. These costs relate primarily to exploration expenditure or acquisition costs of exploration areas. Other assets and liabilities of the joint venture are not shown, as they are not material to the group's accounts.

1.10 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.

1.11 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. The 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 substantially 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.

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 can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Income tax relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

1.12 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 and services is not recoverable from the taxation authority, in which case the GST is not 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 are classified as operating cash flows.

**LONGREACH OIL LIMITED
AND CONTROLLED ENTITIES**

NOTE		Consolidated	
		31 December 2007	30 June 2007
2.	AVAILABLE FOR SALE FINANCIAL ASSETS (CURRENT)	\$	\$
	Listed equity securities at market value	<u>133,854</u>	<u>171,152</u>
NOTE. 3.	AVAILABLE FOR SALE FINANCIAL ASSETS (NON-CURRENT)		
	Listed equity securities at market value	749,000	706,411
	Shares in corporations not listed on Stock exchanges - at cost	156,553	156,553
	Shares in corporations not listed on Stock exchanges - remeasured to fair value	<u>10,240,070</u>	<u>13,030,000</u>
		<u>11,145,623</u>	<u>13,892,964</u>

In the last financial year, the company's investment in AusTex Oil Ltd was revalued from \$490,500 to \$8,000,000 and its investment in Brisbane Petroleum Ltd from \$110,910 to \$5,000,000. During the period an additional \$980,070 (June 2007 \$520,500) was invested in AusTex Oil Ltd.

At the end of the financial period, shares in AusTex Oil Ltd were written down by \$3,770,000 against the Fair Value Reserve. The value was based on the AusTex prospectus issue price of 40 cents per share which closed fully subscribed on 31 December 2007.

Since the end of the reporting period, AusTex Oil Ltd was listed on the Australian Securities Exchange. Based on the quoted market price on 13 March 2008 the market value of the investment in AusTex Oil Ltd was \$2,620,000, a decrease of \$2,620,070 from the carrying value of \$5,240,070 at 31 December 2007.

NOTE 4.	SHARE CAPITAL		
	Issued		
	326,000,000 ordinary fully paid shares (June 2007 276,000,000)	<u>22,659,277</u>	<u>21,328,000</u>

Movement in Issued Capital

Parent Entity

	31 December 2007		30 June 2007	
	Number of Shares	\$	Number of Shares	\$
Balance at beginning of period	276,000,000	21,328,000	213,000,000	19,557,501
Exercise of options	-	-	6,000,000	150,000
Exploration costs	-	-	3,000,000	90,000
Share placements	38,500,000	1,121,277	19,230,000	533,249
Consultants and prepayments	2,500,000	75,000	10,450,000	311,750
Consideration for investments	<u>9,000,000</u>	<u>135,000</u>	<u>24,320,000</u>	<u>685,500</u>
Balance at end of period	<u>326,000,000</u>	<u>22,659,277</u>	<u>276,000,000</u>	<u>21,328,000</u>

During the half-year, 17,200,000 unquoted options to subscribe for fully paid shares, exercisable at ten (10) cents per share, expiring on 30 November 2009, were issued.

**LONGREACH OIL LIMITED
AND CONTROLLED ENTITIES**

		Consolidated	
		31 December	30 June
		2007	2007
		\$	\$
NOTE	RESERVES		
5.			
	Capital Profits/(Losses)	(570,028)	(559,952)
	Fair Value Reserve	8,034,250	11,935,888
	Option Premium	<u>70,750</u>	<u>70,750</u>
		<u>7,534,972</u>	<u>11,446,686</u>
	Movement in Reserves		
	Capital Profits/(Losses)		
	Balance at beginning of period	(559,952)	(493,437)
	Loss on sale of investments	<u>(10,076)</u>	<u>(66,515)</u>
		<u>(570,028)</u>	<u>(559,952)</u>
	Fair Value Reserve		
	Balance at beginning of period	11,935,888	11,945,391
	Remeasure available for sale		
	financial assets - listed shares	(131,638)	(9,503)
	- unlisted shares	<u>(3,770,000)</u>	<u>-</u>
	Balance at end of period	<u>8,034,250</u>	<u>11,935,888</u>
NOTE	ACCUMULATED LOSSES		
6.			
	Accumulated Losses at		
	beginning of financial period	(17,189,689)	(16,810,669)
	Net Loss	(138,640)	(506,075)
	Transfer to Capital Losses Reserve	<u>10,076</u>	<u>129,055</u>
	Accumulated Losses at end of financial period	<u>(17,318,253)</u>	<u>(17,189,689)</u>
		Consolidated	
		31 December 2007	31 December 2006
NOTE	EARNINGS PER SHARE		
7.			
	Basic Earnings (Loss) Per Share	(0.049 cent)	(0.12 cent)
	Weighted average number of ordinary shares		
	on issue used in the calculation of earnings		
	per share	282,483,027	231,775,138
	Diluted earnings per share are not materially different from basic earnings per share and accordingly are not disclosed		

**LONGREACH OIL LIMITED
AND CONTROLLED ENTITIES**

NOTE 8. SEGMENT INFORMATION

Business Segment

The segment in which the company operates predominantly is the exploration industry, exploring for diamonds, metals and other minerals and primarily for oil, gas and other energy resources.

Segment Revenues	\$	\$
Total Revenue	84,121	5,450
Segment Results		
Net Loss	(138,640)	(289,626)

NOTE 9. COMMITMENTS FOR FUTURE EXPLORATION EXPENDITURE

Exploration projects in which the group 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.



Australian Securities Exchange

Additional information current as at 18 September 2007

1. Shareholders and voting rights

1.1 Total number of shareholders: 1,973

Shareholders have one vote for each share held.

1.2 Distribution schedule showing the numbers of shareholders in the following categories:

<u>Categories</u>			<u>Shareholders</u>
1	to	1,000	318
1,001	to	5,000	732
5,001	to	10,000	191
10,001	to	100,000	495
over		100,000	237

2. Substantial shareholders

Bell IXL Investments Ltd	31,784,823
B Ganke (including deemed relevant interests)	39,285,771
Southern Cross Exploration N L (group)	27,682,825
Sunvest Corporation Ltd	36,170,000

3. Top twenty shareholders

	<u>Shares held</u>	<u>%</u>		<u>Shares held</u>	<u>%</u>
Sunvest Corporation Ltd	36,170,000	13.1	Austex Oil Ltd	5,000,000	1.8
Southern Cross Exploration N L	21,432,825	7.8	Emeritus Pty Ltd	4,230,446	1.5
Bell IXL Investments Ltd	20,532,171	7.4	Cramm Nominees Pty Ltd	3,737,064	1.3
Efimii Shteisel	8,053,753	4.6	C & R Thurecht Pty Ltd	3,660,000	1.3
Formula Company	6,666,666	2.4	G Zuber	3,539,950	1.3
Tavistock International Ltd	6,600,000	2.4	Cellante Securities Pty Ltd	3,209,202	1.2
Xining Ltd	6,600,000	2.4	Hot Rock Energy Pty Ltd	3,000,000	1.1
Bonds & Securities (Trading) Pty Ltd	6,403,600	2.3	Kingsbridge House Ltd	3,000,000	1.1
Northern Star Investments Pty Ltd	6,250,000	2.3	Happy Enterprises Pty Ltd	2,410,939	0.9
K Pagnin Pty Ltd	5,950,450	2.1	Chapmans Ltd	2,320,000	0.8