Longreach Oil Limited
A.C.N. 000 131 797

Annual Report

For the year ended 30 June 2019

Contents

LONGREACH OIL LIMITED A.C.N. 000 131 797
(Incorporated in New South Wales)

Corporate Directory

Directors

Justin ROSENBERG (Executive Chairman)
Andrew PHILLIPS
Quintus ROUX

Company Secretary
Justin ROSENBERG

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Auditors
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19/207 Kent Street
Sydney NSW Australia

Principal Bankers
Commonwealth Bank of Australia

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Directors' Report

Your Directors present their report on Longreach Oil Ltd ("the Company") for the financial year ended 30 June 2019.

Longreach Oil has been a Stock Exchange listed Oil and Gas exploration company for more than 50 years (originally on the Sydney Stock Exchange). This will be its 66th year since incorporation. The Company was removed from the ASX official list on 28 August 2019.

1. Review of operations

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). The operations of the Company for the year were focused on seeking to conclude this transaction while managing the Company's exploration projects and investment in Starlogik. Refer to section 5 of this Directors' Report for an update of this matter subsequent to year end.

2. Results of operations

The operations of the Company during the year resulted in a loss after income tax of $2,002,806 (2018: Loss $416,561). Excluding the costs of $354,243 relating to the Happy Valley Milk Limited transaction and $1,308,991 written down for Starlogik, the result would be a loss of $339,072.

3. Significant changes in the State of Affairs

There were no significant changes to the State of Affairs during the year.

4. Principal activities

During the year:

- the Company focused on seeking to conclude the acquisition of HVM. This included the issue of $500,000 of Convertible Notes on 15 May 2019, which were to be converted into HVM shares upon its proposed Reverse Takeover of LGO.
- the Company held the following oil & gas assets:
  - 50% interest in Petroleum Lease 280 in the Surat Basin, Queensland
  - 20% interest in Brisbane Petroleum Limited which in turn owns petroleum leases in the Surat Basin in Queensland.
- the Company held 4.81% of Starlogik IP LLC ("Starlogik"), a US company specialising in advanced telecommunications.

In December 2018, LGO granted Starlogik IP LLC an option to purchase its 4.81% interest in Starlogik. USD 200,000 has been received to-date. 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.

5. Significant matters after balance

The matters of circumstances that have arisen since the end of the year that have significantly affected, or may significantly affect the operations, the results of those operations or the state of affairs of the Company in future financial years were:

Removal from the ASX

On 29 August 2019, the Company was removed from the Official List of the Australian Stock Exchange for failure to pay its listing fees.

5. Significant matters after balance (cont'd)

Disposal of oil assets

On 1 July 2019, the Company entered into a Sale Agreement with Chelsea Oil Australia Pty Ltd ("Chelsea") pursuant to which LGO agreed to sell its:
• 50% interest in Petroleum Lease 280 in the Surat Basin, Queensland; and
• 20% shareholding in unlisted Brisbane Petroleum Limited (BPL), which in turn holds the other 50% interest in PL 280.

The agreed consideration was $1. Chelsea has also agreed to indemnify LGO for any past, present or future liability in relation to the Petroleum Assets. Settlement is conditional on Chelsea providing LGO with evidence that it is a registered suitable operator with the Queensland Department of Environment and Heritage Protection. If legal title to LGO's interest in the Petroleum Assets is unable to be transferred at settlement LGO will hold the interest on trust for Chelsea and must exercise all rights in respect of the interest as directed by Chelsea with the indemnity provided by Chelsea also extending to any liability incurred by LGO as a result of this arrangement.

On 6 September 2019, the Company interests in PL 280 was cancelled by the Queensland Government Department of Natural Resources, Mines and Energy due to non-payment of fees. To preserve capital, the Company ceased investing into its oil exploration projects since 2014.

Termination of Happy Valley Milk reverse take-over

On 10 October 2019, the Company terminated its Share Purchase Agreement to acquire Happy Valley Nutrition Limited ("HVN") (formerly Happy Valley Milk Limited) on the following basis:

- The Convertible Notes issued by the Company during the year (with a carrying value of $512,731 as at 30 June 2019) have been assigned from the Company to HVN, meaning that the convertible notes are deemed to have been issued by HVN.
- In return, the Company will receive approximately 8% of the issued capital in HCV (which is expected to be 17,400,000 ordinary shares) .The Company anticipates that these shares will be distributed to shareholders of LGO via an in specie distribution.

Note that the above is subject to certain conditions, including HVN listing its shares on the ASX.

6. Environmental regulations

The Company is not aware of any particular environmental regulations in respect of which it would have to report on its performance.

7. Dividends

No dividends have been paid or declared since the commencement of the financial year and no dividends have been recommended.

8. Options granted over shares

No options were granted during the year and no shares were issued as a result of exercise of options.

9. Information on Directors

The name of each person who has been a Director of the Company at any time during or since the end of the year is as follows:

Drew Kelton was appointed on 1 March 2016 and resigned on 17 October 2019.

9. Information on Directors (cont'd

Justin Rosenberg – Executive Chairman. Chartered Accountant, Bachelor of Commerce (Accounting & Finance Majors). Over 15 years' corporate advisory experience after 5 years in audit and risk management. Company Secretary since 17 September 2014. Executive Chairman of Longreach Oil from 8 July 2015 till 1 March 2016 and reappointed Executive Chairman on 17 October 2019.

Andrew Phillips - Non-Executive Director. Director of other listed companies including Richfield International Ltd and Southern Cross Exploration NL; Company Secretary of listed company - MDS Financial Services Ltd; Director of a number of proprietary companies. Appointed on 2 April 2013.

Quintus Roux - Non-Executive Director. Bachelor of Engineering and MBA. Retired from BHP Billiton Leadership Team and as Non-Executive Director of FeOre Ltd and SynnTech Project Solutions. Appointed on 14 October 2014.

10. Directors' meetings

The following table sets out the number of meetings of Directors held during the year ended 30 June 2019 and the number of meetings attended by each Director:

	Meetings eligible to attend	Meetings attended
D Kelton	6	6
A Phillips	6	6
J Rosenberg	6	6
Q Roux	6	6

11. Non-Audit Services

HLB Mann Judd (NSW Partnership) was engaged to provide an Independent Limited Assurance Report for the company's proposed Prospectus. The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the external auditor's independence, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

12. 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 6.

13. Indemnification of Officers and Auditors

During the financial year no premium was paid to insure Directors against claims while acting as a Director.

No indemnity has been granted to the Auditor of the Company.

Directors' Report *(cont'd)*

This Report is made and signed in accordance with a Resolution of the Directors.

J Rosenberg
Executive Chairman

A Phillips
Director

7 November 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Longreach Oil Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Sydney NSW	**A G Smith**
7 November 2019	**Partner**

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Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

	Note	30 June 2019 $	30 June 2018 (restated) $
Revenue from continuing operations	3	971	853
Administration expenses		(268,851)	(420,250)
Finance costs	4	(41,390)	(480)
Other expenses		(384,545)	(67,974)
Increase(decrease) in value of financial assets		(1,308,991)	71,290
Loss from continuing operations before income tax		(2,002,806)	(416,561)
Income tax expense	27	-	-
Loss from continuing operations		(2,002,806)	(416,561)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to parent entity shareholders		(2,002,806)	(416,561)
Basic and diluted earnings/ (loss) per share	22	(0.001649)	(0.00034)

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

Statement of Financial Position as at 30 June 2019

	Note	2019 $	2018 (restated) $
Current Assets			
Cash and cash equivalents	5	431,172	737
Financial assets-at fair value through profit or loss	6	3,518	3,268
Asset held for sale	7	855,554	-
Receivables	8	92,518	26,579
Total Current Assets		1,382,762	30,584
Non-Current Assets			
Financial assets-at fair value through profit or loss	9	-	2,164,795
Receivables	10	-	33,413
Total Non-current Assets		-	2,198,208
Total Assets		1,382,762	2,228,792
Current Liabilities			
Trade and other payables	13	847,727	565,061
Borrowings	14	993,197	402,542
Provisions	15	12,000	-
Other liabilities	16	271,455	-
Total Current Liabilities		2,124,379	967,603
Net Assets (Liabilities)		(741,617)	1,261,189
Equity			
Capital and Reserves attributable to company's equity holders			
Share capital	17	26,830,777	26,830,777
Reserves	18	(68,047)	(68,047)
Accumulated losses	19	(27,504,347)	(25,501,541)
Total equity attributable to company's Equity holders		(741,617)	1,261,189
Total Equity (Deficiency)		(741,617)	1,261,189

The Statement of Financial Position
should be read in conjunction with the accompanying Notes

Statement of Changes in Equity for the year ended 30 June 2019

	Share Capital $	Other Reserves $	Accumulated Losses $	Total Equity Interest $
Balance at 1 July 2017	26,830,777	247,627	(25,400,654)	1,677,750
Net loss for the year	-	-	(416,561)	(416,561)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/ (Loss)	-	-	(416,561)	(416,561)
Options expired	-	(315,674)	315,674	-
Balance at 30 June 2018	26,830,777	(68,047)	(25,501,541)	1,261,189
Balance at 1 July 2018	26,830,777	(68,047)	(25,501,541)	1,261,189
Net loss for the year	-	-	(2,002,806)	(2,002,806)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income (Loss)	-	-	(2,002,806)	(2,002,806)
Balance at 30 June 2019	26,830,777	(68,047)	(27,504,347)	(741,617)

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

Statement of Cash Flows for the year ended 30 June 2019

	Note	30 June 2019 $	30 June 2018 $
Cash flows from operating activities:			
Dividends received		43	43
Interest received		924	785
Interest paid		(500)	(480)
Operating expenses		(378,227)	(137,984)
Net cash flows used in operating activities	26	(377,760)	(137,636)
Cash flows from investing activities			
Instalments received from Starlogik	7	271,455	-
Net cash flows provided by investing activities		271,455	-
Cash flows from financing activities:			
Proceeds from borrowings		65,000	137,322
Repayment of borrowings		(100)	-
Issue of Convertible Notes		500,000	-
Cost of Issue of Convertible Notes		(28,160)	-
Net cash flows provided by financing activities		536,740	137,322
Net decrease in cash held		430,435	(314)
Cash at the beginning of the financial year		737	1,051
Cash at the end of the financial year	5	431,172	737

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

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board) and the Corporations Act 2001.

These financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets that have been measured at fair value, and assets held for sale which are measured at the lower of the assets carrying amount and fair value less costs to sell. Unless otherwise indicated the accounting policies have been applied consistently in all periods presented in these financial statements.

During the year, the Company incurred a loss after income tax of $2,002,806, had an excess of current liabilities over current assets of $741,617, and a deficiency of net assets of $741,617. As noted in note 29, subsequent to year end, the convertible note liability of $512,751 was assigned from the Company to Happy Valley Nutrition Limited. In addition, included in current liabilities as at 30 June 2019 is an amount of $271,455, representing amounts received in relation to the anticipated sale of the Company's investment in Starlogik (notes 7 and 16), which are non-refundable,

Excluding these amounts, the company has positive net assets at 30 June 2019 of $42,589.

In addition, as discussed in note 23, at 30 June 2019, there are amounts owing to Gleneagle Securities (Aust) Pty Ltd totalling $331,259 which the directors anticipate will be payable either in cash or shares the Company will receive from HVN.

The Company is expecting to wind down its operations in the near future.

The financial report can only be prepared on a going concern basis where there is neither the intention nor the need to liquidate the company or cease trading. If such an intention or need exists, the financial report cannot be prepared on a going concern basis.

Accordingly, the Directors have determined the going concern basis of preparation (as applied in previous years) is no longer appropriate and the financial report has not been prepared on a going concern basis, rather this financial report has been prepared on a liquidation basis of accounting.

1.2 Liquidation basis of accounting

Under the liquidation basis of accounting, assets are written down to their estimated net realisable value, and liabilities are stated at their estimated settlement amounts, and the relevant estimates are periodically reviewed and adjusted as appropriate. All assets and liabilities are presented as current assets or current liabilities.

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

1.3 Statement of compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and the International Financial Reporting Standards as issued by the International Accounting Standards Board.

1.4 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.

1.5 Fair value measurements and disclosures

AASB 13: Fair Value Measurement was adopted from 1 July 2013 when it first became applicable to the Company. AASB 13 sets out a framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. AASB 13 does not significantly impact the fair value amounts reported in the financial statements.

Some of assets and liabilities are measured at fair value on either a recurring or non-recurring basis depending on the requirements of the applicable Accounting Standard.

Fair Value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date.

The fair value of financial instruments is measured in accordance with the following levels:

Level 1	Quoted prices (unadjusted) in active markets for identical assets;
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) ; and
Level 3	Inputs for the asset that are not based on observable market data (unobservable inputs).

1.6 New, revised or amending Accounting Standards and Interpretations adopted

The Company has applied all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The main new Accounting Standards and Interpretations that became effective during the current reporting period are as follows:

AASB 15 Revenue from Contracts with Customers
From 1 July 2018 the Company has adopted AASB 15 which replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue related Interpretations. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue.

Since 1 July 2018, the Company recognises revenue as follows, which has not changed from prior periods:

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

The adoption of AASB 15 has not had any effect on the financial performance or position of the Company. No adjustment was required to be recognised to the opening balance of retained earnings at 1 July 2018 as a result of the adoption of AASB 15.

Notes to the financial statements for the year ended 30 June 2019

1.6 New, revised or amending Accounting Standards and Interpretations adopted (continued)

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018 which replaces AASB 139 Financial Instruments: Recognition and Measurement. The standard introduced new classification and measurement models for financial assets.

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company does not apply hedge accounting.

The impact on the financial performance and position of the Company from the adoption of this Accounting Standards is detailed in note 2. The new accounting policy in relation to the application of this standard is set out below.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

The company assessed which business models apply to the financial assets and liabilities held and classified its financial instruments into the appropriate AASB 9 categories. The carrying amounts of financial assets and liabilities did not change as a result of the adoption of AASB 9. The following table represents the classification of financial assets and liabilities at 1 July 2018, the date of initial application:

1.6 New, revised or amending Accounting Standards and Interpretations adopted (continued)

	AASB 139	AASB 9
Financial assets (current and non-current)		
Cash and cash equivalents	Amortised cost	Amortised cost
Receivables	Amortised cost	Amortised cost
Loans receivable	Amortised cost	Amortised cost
Available for sale financial assets	Fair value	Not applicable
Financial assets – at fair value through profit or loss	Not applicable	Fair value
Financial liabilities (current and non-current)		
Trade and other payables	Amortised cost	Amortised cost
Borrowings	Amortised cost	Amortised cost

1.7 Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

1.8 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 for maturities greater than 12 months after the balance sheet date which are included in 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 profit or loss.

1.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

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 year end.

Notes to the financial statements for the year ended 30 June 2019

1.11 Segment Information

The Company has two reportable segments, namely "Exploration" and "Investment". The “Exploration” segment relates to 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" segment predominantly relates to an investment in a US based company specializing in advanced telecommunications.

1.12 Accounting estimates and judgement

The Company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There were no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying nature of assets

1.13 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. 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 substantively 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 and the carry forward of unused tax losses can be utilised. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

1.14 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 or services is not recoverable from the taxation authority, in which case the GST is 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 Statement of financial position.

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 is classified as operating cash flows.

1.15 New accounting standards and Interpretations.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 Reporting Period. The Company has elected not to early adopt the standards and interpretations and the Company has not identified any standard that would have a material impact.

Notes to the financial statements for the year ended 30 June 2019

NOTE 2. RESTATEMENT OF COMPARATIVES – ADOPTION OF AASB 9 'FINANCIAL INSTRUMENTS'

The Company has adopted AASB 9 from 1 July 2018, using the full retrospective approach of adoption and comparatives have been restated. The investment classification 'Available-for-sale financial assets' is no longer used and 'Financial assets at fair value through profit or loss' was introduced. Movement in fair-value have been reclassified from other comprehensive income to profit or loss.

There is no impact on the company's statement of cash flows for the year ended 30 June 2018 as a result of the adoption of AASB 9.

There is no impact on the company's opening balance of retained earnings or equity as at 1 July 2018 as a result of the adoption of AASB 9.

There has been no other material impacts as a result of the adoption of AASB 9, consequently no further disclosures have been included regarding the adoption of AASB 9.

The following tables show the adjustments recognised for each individual line item.

Statement of Profit or Loss and Other Comprehensive Income

	30 June 2018 Reported $	30 June 2018 Adjustment $	30 June 2018 Restated $
Revenue from continuing operations	853	-	853
Administrations expenses	(420,250)	-	(420,250)
Finance costs	(480)		(480)
Other expenses	(67,974)	-	(67,974)
Increase in fair value of financial assets	-	71,290	71,290
Loss from continuing operations before income tax	(487,851)	71,290	(416,561)
Income tax expense	-	-	-
Loss from continuing operations	(487,851)	71,290	(416,561)
Other comprehensive income/(loss)	71,290	(71,290)	-
Total comprehensive loss for the period attributable to company's equity holders	(416,561)	-	(416,561)
Basic and diluted earnings/(loss) per share	($0.00034)		($0.00034)

Notes to the financial statements for the year ended 30 June 2019

NOTE 2. RESTATEMENT OF COMPARATIVES – ADOPTION OF AASB 9 'FINANCIAL INSTRUMENTS' (continued)

Balance Sheet as at 30 June 2018

	30 June 2018 Reported $	30 June 2018 Adjustment $	30 June 2018 Restated $
Current Assets			
Cash and cash equivalents	737	-	737
Financial assets – at fair value through profit or loss	-	3,268	3,268
Available for sale financial assets	3,268	(3,268)	-
Receivables	26,579	-	26,579
Total Current Assets	30,584	-	30,584
Non-Current Assets			
Available for sale financial assets	2,164,795	(2,164,795)	-
Financial assets – at fair value through profit or loss	-	2,164,795	2,164,795
Receivables	33,413	-	33,413
Total Non-current Assets	2,198,208	-	2,198,208
Total Assets	2,228,792	-	2,228,792
Current Liabilities			
Trade and other payables	565,061	-	565,061
Borrowings	402,542	-	402,542
Total Current Liabilities	967,603	-	967,603
Net Assets	1,261,189	-	1,261,189
Equity			
Share capital	26,830,777	-	26,830,777
Reserves	3,243	(71,290)	(68,047)
Accumulated losses	(25,572,831)	71,290	(25,501,541)
Total equity attributable to company's equity holders	1,261,189	-	1,261,189
Total Equity	1,261,189	-	1,261,189

Notes to the financial statements for the year ended 30 June 2019

Note 3 Revenue

	2019 $	2018 $
Dividends	43	43
Interest - other	924	785
Other revenue	4	25
	971	853

Note 4. Finance costs

	2019 $	2018 $
Convertible note costs	40,890	-
Interest expenses	500	480
	41,390	480

Note 5. Cash and cash equivalents

	2019 $	2018 $
Cash at bank	431,172	737

Note 6. Financial assets-at fair value through profit or loss

	2019 $	2018 $
Current		
Listed equity securities (Level 1)	3,518	3,268

NOTE 7 ASSET HELD FOR SALE

	2019 $	2018 $
Shares in corporations not listed on Stock Exchanges (Level 3) - at fair value	855,554	-

During the year the Company entered into an agreement with Starlogik IP LLC ("Starlogik") for Starlogik to purchase the Company's 4.81% interest in Starlogik, subject to certain conditions.

The directors have valued the investment in Starlogik using the proceeds the Company expects to receive from its disposal of its shares in Starlogik under the agreement between the Company and Starlogik. It is possible the final amount payable may be different from the estimate made by the Company as the final amount payable is dependent on other conditions, including the timing of the remaining outstanding amounts due by Starlogik to the Company.

At 30 June 2019, $271,455 has been received from Starlogik and has been classed as in other liabilities (note 16) in the statement of financial position.

Notes to the financial statements for the year ended 30 June 2019

Note 8. Receivables - current

	2019 $	2018 $
Goods and Services Tax	59,034	26,508
Security deposits - mining licences	33,413	-
Debtors	71	71
	92,518	26,579

Note 9. Financial Assets at fair value through profit or loss

	2019 $	2018 $
Non-Current		
Shares in corporations not listed on		
Stock Exchanges - at fair value (Level 3)	-	2,164,795
- at cost	110,900	110,900
Provision for Impairment	(110,900)	(110,900)
	-	2,164,795

Shares in corporations not listed on stock exchanges at fair value (Level 3) related to the Company's 4.98% investment in Starlogik IP LLC ("Starlogik"), a private limited liability company located in the USA.

Longreach has granted Starlogik an option to purchases its 4.81 % interest in Starlogik and therefore this investment has been reclassified as Held for sale (Note 7).

Note 10 Receivables - non-current

	2019 $	2018 $
Security deposits - mining licences	-	33,413

Security deposits earned interest during the year at a rate of 2.3% per annum.

The fair value of receivables approximates their carrying amounts.

Note 11. Exploration & evaluation expenditure

	2019 $	2018 $
Carrying amount at beginning of year	-	84,981
Expenditure written off	-	(84,981)
Carrying amount at end of year	-	-

Exploration projects in which the company 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. 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 sale of the respective areas.

Notes to the financial statements for the year ended 30 June 2019

Note 12. Interests in exploration projects

The Company held the following interests in exploration projects:

		30 June 2019 % interest	30 June 2018 % interest
OIL & GAS			
Onshore Surat Basin - QLD	- PL-280	50	50

Since balance date the Queensland Government Department of Natural Resources, Mines and Energy has cancelled the Company's interest in the above exploration project.

Note 13. Trade & other payables

	2019 $	2018 $
Trade creditors	507,010	304,719
Trade creditors - related parties (see Note 20.2)	340,717	260,342
	847,727	565,061

Note 14. Borrowings (unsecured)

	2019 $	2018 $
Bank overdraft	5,062	5,054
Convertible loan notes	512,731	-
Loans - other	475,404	397,488
	993,197	402,542

During the year, the Company entered into a convertible loan note deed with Gleneagle Securities Nominees Pty Lt (as nominee on behalf of certain beneficial noteholders) where the Company agree to issue convertible loan notes, and in return received $500,000.

The notes were convertible into shares following the proposed share purchase agreement between the Company and Happy Valley Nutrition Limited ("HVN") (formerly Happy Valley Milk Limited), including the proposed reinstatement of the Company on the official list of the ASX. Refer note 29 for information on events that have occurred subsequent to year end in relation to this.

Loans-other include an amount of $249,698 (2018 $249,798) from the Shareholder's Divestment Account. Amounts are paid as and when claimed by shareholders. The balance of $225,756 (2018: $147,690) comprises several other loans. The loans are unsecured and non-interest bearing.

Notes to the financial statements for the year ended 30 June 2019

Note 15. Provisions

	2019 $	2018 $
Wind down costs	12,000	-

The provision for costs to wind down relates to future expenditures expected to be directly incurred in the wind down of the Company.

The provision does not include amounts relating to future expenditures which will be incurred in the ongoing operations and activities of the Company that are not directly associated with the wind down of the Company.

Note 16. Other Liabilities

	2019 $	2018 $
Prepayments (see Note 7)	271,455	-

Note 17. Share Capital

	2019 $	2018 $
Issued		
1,214,333,333 ordinary shares, fully paid (2018 – 1,214,333,333)	26,830,777	26,830,777

These fully paid ordinary shares were issued for cash. Ordinary shares rank pari passu, have no par value and carry one vote per share.

Note 18. Reserves

	2019 $	2018 $
Share treasury	(68,047)	(68,047)
	(68,047)	(68,047)

18.1 Movement in reserves

	2019 $	2018 $
Option premium		
Balance at beginning of year	-	315,674
Options expired	-	(315,674)
Balance at end of year	-	-

18.2 Nature and purpose of reserves

Share Treasury Reserve

The Share Treasury Reserve resulted from shares issued as payment for services.

Notes to the financial statements for the year ended 30 June 2019

Note 19. Accumulated losses

	2019 $	2018 $
Balance at beginning of year	(25,501,541)	(25,400,654)
Options expired	-	315,674
Net (loss)	(2,002,806)	(416,561)
Balance at end of year	(27,504,347)	(25,501,541)

Note 20. Disclosures relating to Directors

The Directors of the Company at any time during the financial year were D Kelton (Chairman), A Phillips, J Rosenberg, and Q Roux. D Kelton resigned since balance date.

The followings summarise transactions between Directors and the Company.

20.1 Total Remuneration of Directors

	2019 $	2018 $
Director’s salary & superannuation	131,400	129,510
Directors’ fees	-	30,000
	131,400	159,510

20.2 Directors transactions and balances

	2019 $	2018 $
Aggregate payables and borrowings at balance date		
Accrued Salary & Superannuation		
J Rosenberg	310,717	230,342
Accrued Directors Fees		
D Kelton	10,000	10,000
A Phillips	10,000	10,000
Q Roux	10,000	10,000
	340,717	260,342

Note 21. Remuneration of auditors

	2019 $	2018 $
HLB Mann Judd (NSW Partnership)		
Audit and review of financial reports	34,850	33,200
Other services – professional costs in relation to limited assurance report engagement	13,750	-
	50,750	33,200

Notes to the financial statements for the year ended 30 June 2019

Note 22.	Earnings/(Loss) per share	2019	2018
	Basic and diluted earnings/(loss) per share	$(0.001649)	$(0.00034)
	Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	1,214,333,333	1,214,333,333
	Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	1,214,333,333	1,214,333,333

Note 23. Contingent Assets and Liabilities

On 10 October 2019, the Company entered into an agreement with Gleneagle Securities (Aust) Pty Ltd ("Gleneagle") to pay Gleneagle a 6% fee for any proceeds the Company or its shareholders receives from HVM. The fee is payable in cash or HVM shares and would also be used to repay amounts owing by the Company to Gleneagle at 30 June 2019 of $331,259 (of which $167,000 is included in trade and other payables (note 13) and $164,259 is included in borrowings (note 14)).

A third party has made a claim against the Company for amounts owing relating to tenements held. $73,935 of the amounts claimed has not been provided by the Company as the Directors believe no amounts claimed will be payable.

There were no other contingent assets and liabilities.

Notes to the financial statements for the year ended 30 June 2019

Note 24. Segment Information

Business Segment

The segments in which the company presently operates predominantly are 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, and the investment sector. The "Investment sector" relates to investments made by the Company, including an investment in a US based company specializing in advanced communications.

	Total 2019 $	Exploration 2019 $	Investment 2019 $	Total 2018 $	Exploration 2018 $	Investment 2018 $
Segment Assets						
Geographical						
Australia	527,207	-	527,207	63,997	-	63,997
USA	855,555	-	855,555	2,164,795	-	2,164,795
	1,382,762	-	13,82,762	2,228,792	-	2,228,792

	Total 2019 $	Exploration 2019 $	Investment 2019 $	Total 2018 $	Exploration 2018 $	Investment 2018 $
Segment Revenues and Other Income						
Geographical						
Australia	971	-	971	853	-	853
Total	971	-	971	853	-	853

There were no inter-segment revenues.

	Total 2019 $	Exploration 2019 $	Investment 2019 $	Total 2018 $	Exploration 2018 $	Investment 2018 $
Segment Liabilities						
Australia	1,787,971	69,861	1,718,110	950,403	51,559	898,844
USA	271,455	271,455	-	17,200	-	17,200
New Zealand	64,953	-	64,953	-	-	-
	2,124,379	341,316	1,783,063	967,603	51,559	916,044

Notes to the financial statements for the year ended 30 June 2019

Note 25. Segment Information (cont'd)

	Total 2019 $	Exploration 2019 $	Investment 2019 $	Total 2018 $	Exploration 2018 $	Investment 2018 $
Segment Results						
Profit/ (Loss)						
Investment - Australia	(692,713)	-	(692,713)	(416,561)	-	(416,561)
Investment- USA	(1,291,791)	-	(1,291,791)	-	-	-
Exploration- Australia	(18,302)	(18,302)	-	-	-	-
Total Profit/(Loss)	(2,002,806)	(18,302)	(1,984,504)	(416,561)	-	(416,561)
Total Segment Profit/(Loss) included:						
Interest Revenue	924	-	-	785	-	785
Finance costs	(41,390)	-	-	(480)	-	(480)

Note 26. Reconciliation of cash flows from operating activities

	2019 $	2018 $
Loss for the financial year	(2,002,806)	(416,561)
Adjustments for:		
Change in value of financial assets	1,308,891	(71,290)
Accrued interest on convertible notes	12,731	-
Provision for wind down costs	12,000	-
Loss on disposal of investments	-	72
	(669,184)	(487,779)
Change in trade and other receivables	(32,526)	(15,122)
Change in trade and other payables	323,950	365,265
Net cash flows used in operating activities	(377,760)	(137,636)

Note 27. Income Tax

	2019 $	2018 $
The income tax (expense)/benefit on the pre-tax accounting (loss) reconciles to the income tax expense in the accounts as follows:		
Loss before income tax	(2,002,806)	(416,561)
Income tax expense/(benefit) calculated at 27.5% (2018: 27.5%) on the loss from ordinary activities	(550,772)	(134,159)
Deferred tax assets not brought to account	550,772	134,159
Income tax expense	-	-

Deferred tax assets of approximately $2,000,000 have not been brought to account. The deferred tax assets will only be utilised if:

(a) the Company derives future assessable income of a nature and of sufficient amount to enable the deferred tax assets to be realised;

(b) the Company continues to comply with the conditions for deductibility imposed by law; and

(c) legislation will not change in a manner which would adversely affect the Company's ability to realise the deferred tax assets.

Note 28. Risk

(a) Market risk: The Company's investments in financial assets at fair value through profit or loss are subject to fluctuations in market conditions. No material reduction in value is anticipated.

(b) Interest rate risk: There is no significant exposure to interest rate risk as the Company's borrowings are on fixed rates.

(c) Credit risk: The carrying amounts of Receivables net of any provisions represent the maximum exposure to credit risk.

(d) Liquidity risk: The Directors are responsible for management of the short, medium and long term liquidity requirements.

(e) Exploration risk: The exploration industry is inherently risky. Such risk is carefully assessed on a case by case basis.

(f) Capital risk: The Directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern and in due course to increase the value of its shares and returns to its shareholders. Acquisition of exploration projects and other associated expenditure can often be satisfied by the issue of equity securities. The Company's gearing has remained quite low in accordance with the Board's policy and it is not proposed to make any changes in that respect.

(g) Currency risk: The Company has no payable or receivables in foreign currency. The majority of the company investments in financial assets at fair value through profit or loss is in US dollars and are therefore subject to the foreign exchange fluctuations.

Note 29. Events after balance date

In addition to the matter noted in note 23, the following events occurred subsequent to year end:

Removal from the ASX

On 29 August 2019, the Company was removed from the Official List of the Australian Stock Exchange for failure to pay its listing fees.

Disposal of oil assets

On 1 July 2019, the Company entered into a Sale Agreement with Chelsea Oil Australia Pty Ltd ("Chelsea") pursuant to which LGO agreed to sell its:
• 50% interest in Petroleum Lease 280 in the Surat Basin, Queensland; and
• 20% shareholding in unlisted Brisbane Petroleum Limited (BPL), which in turn holds the other 50% interest in PL 280.

The agreed consideration was $1. Chelsea has also agreed to indemnify LGO for any past, present or future liability in relation to the Petroleum Assets. Settlement is conditional on Chelsea providing LGO with evidence that it is a registered suitable operator with the Queensland Department of Environment and Heritage Protection. If legal title to LGO's interest in the Petroleum Assets is unable to be transferred at settlement LGO will hold the interest on trust for Chelsea and must exercise all rights in respect of the interest as directed by Chelsea with the indemnity provided by Chelsea also extending to any liability incurred by LGO as a result of this arrangement.

On 6 September 2019, the Company interests in PL 280 was cancelled by the Queensland Government Department of Natural Resources, Mines and Energy due to non-payment of fees. To preserve capital, the Company ceased investing into its oil exploration projects since 2014.

Termination of Happy Valley Milk reverse take-over

On 10 October 2019, the Company terminated its Share Purchase Agreement to acquire Happy Valley Nutrition Limited ("HVN") (formerly Happy Valley Milk Limited) on the following basis:

- The Convertible Notes issued by the Company during the year (with a carrying value of $512,731 as at 30 June 2019) have been assigned from the Company to HVN, meaning that the convertible notes are deemed to have been issued by HVN.
- In return, the Company will receive approximately 8% of the issued capital in HVN (which is expected to be 17,400,000 ordinary shares) .The Company anticipates that these shares will be distributed to shareholders of LGO via an in specie distribution.

Note that the above is subject to certain conditions, including HVN listing its shares on the ASX.

Note 30. Fair Value

The following table presents the assets measured and recognised at fair value as at 30 June 2019:

As at 30 June 2019	**Level 1 $**	**Level 3 $**	**Total $**
Recurring fair value measurements			
Listed equity securities	3,518	-	3,518
Asset held for sale (not listed)	-	855,554	855,554

As at 30 June 2018	**Level 1 $**	**Level 3 $**	**Total $**
Recurring fair value measurements			
Listed equity securities (level 1)	3,268	-	3,268
Asset held for sale (not listed)	-	2,164,795	2164,795

Valuation process of the Company in determining level 3 fair values

For the purpose of financial reporting the Board performs assessments of individual asset values. The Board discusses the valuation process, results and reasons for the fair value movements, in line with the half-yearly and yearly financial statement reporting timelines.

A description of the key valuation policies and sensitivity of significant unobservable inputs of level 3 fair values is detailed below:

	Valuation policies and relationships of inputs	**Sensitivity of fair values to unobservable inputs**
Asset held for sale	The Company’s investment in corporations not listed on stock exchanges valued at fair value relates to an investment made in Starlogik IP LLC, a private research and development company incorporated in the USA specialising in advanced communications. The directors have valued the investment in Starlogik using the proceeds the Company expects to receive from its disposal of its shares in Starlogik under the agreement between the Company and Starlogik.	It is possible the final amount payable may be different from the estimate made by the Company as the final amount payable is dependent on other conditions, including the timing of the remaining outstanding amounts due to by Starlogik to the Company.

N.B. *The Financial Report was authorised by the Directors on 7 November 2019*
The Company has the power to amend and re-issue the financial report.

Declaration by Directors
for the year ended 30 June 2019

1. In the Directors' opinion:

   (a) the financial statements and the notes set out on pages 7 to 28 are in accordance with the Corporations Act 2001, including:

      (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

      (ii) giving a true and fair view of the company's financial position as at 30 June 2019 and its performance.

   (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. The Notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act, 2001 for the financial year ended 30 June 2019.

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

J Rosenberg
Executive Chairman

A Phillips
Director

Sydney, NSW
7 November 2019

Independent Auditor's Report to the Members of Longreach Oil Limited

Opinion

We have audited the financial report of Longreach Oil Limited ("the Company") which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 of the financial report, which states the directors of the Company have concluded the Company is not a going concern and the financial report has been prepared on a liquidation basis of accounting. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A G Smith
Partner

Sydney, NSW
7 November 2019