

Exploration review - 2008

Longreach Oil continued to examine and seek acquisitions of areas and/or farm-ins in Australia and abroad prospective for oil and gas and other energy resources.

New Projects

OIL & GAS - USA – Oklahoma and Kansas

Longreach holds a strategic interest of about 10% in AusTex Oil Limited (AOK). AusTex's wholly-owned subsidiary, International Energy Corporation (IEC), continued the re-working of existing oil wells on its Oklahoma leases and drilled new wells. Another subsidiary, International Energy Corporation (Kansas) acquired new oil leases in Kansas. Seismic and further oil development wells are scheduled for the second half of 2008 and onwards.

URANIUM - BURKINA FASO, WEST AFRICA

Longreach acquired a 20% interest in two Exploration Permits for uranium in Burkina Faso. The areas are grass roots exploration prospects located in a region where commercial quantities of uranium have been discovered previously. Crosscontinental Uranium Ltd (a Canadian company owned 50% by ASX listed Crossland Uranium Mines Ltd (CUX) and 50% by Toronto listed Pancontinental Uranium Corp) and Southern Cross Exploration N L (original applicant) are participating in the joint venture.

Other Projects

AUSTRALIA

Western Australia

EP-460, EP-461 and EP-439-Gascoyne Sub-basin -Onshore Carnarvon Basin

Exploration Permits EP-460 and EP-461 adjoin EP-439. Two mature prospects, which are Star Finch in EP-460 and Lake Macleod in EP-461, were scheduled for drilling in the second half of 2008. These wells were to be fully funded by the farminees (Jurassica Oil & Gas Plc, Black Fire Energy Ltd and DVM International Ltd). After interests will be earned by the farminees, Longreach will have a remaining interest of 9.35% in these three Exploration Permits (previously 23.38%).

Since balance date, the Star Finch #1 well was drilled and plugged and abandoned. The Lake Macleod #1 well is about to commence drilling.

EP- 369, EP-405 and EP-410 Gascoyne Sub-basin - Onshore Carnarvon Basin.

These frontier areas failed to attract any farminees since Longreach acquired them. As our attempts to farm-out these frontier areas have not succeeded and a commissioned survey report was delayed, the Permits were cancelled.

Queensland

PL 18 and PL 40 - Surat Basin

Longreach has 20% equity interest in Brisbane Petroleum Limited, which holds a 50% working interest in Petroleum Leases 18 and 40.

The oil production from PL 18 for the 2008 financial year was 2,108 barrels. The Louise and Narrows oil fields in PL 40 remained shut-in for the whole financial year. However, Narrows No. 1 will be put back on production towards the end of 2008.

Brisbane Petroleum is continuing to prepare an IPO to raise funds for 3D seismic surveys and the drilling of development wells to increase oil production.

EPP 755 - Surat Basin

A new 3D seismic survey over the Beardmore and McWhirter oil structures is planned for the end of 2008 or first half of 2009, depending on availability of seismic crews which are in short supply.

New South Wales

Hot Rocks - Group 8 Minerals - Sydney Basin

The approval for joint venture's application for renewal of a portion of the original Exploration Licence 6212, covering an area of 1,388 sq. kms located in the southern part of the Sydney Basin, is awaited.

The joint venture is also examining new areas for exploration adjoining the licence area which have geothermal potential.

Future Operations

Examination of energy and oil and gas projects in Australia and overseas will continue to enable either direct or indirect participation in these sectors.

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