

Strictly Private and Confidential



## Investor Presentation May 2011

A Member of the TSX-V: LOI

# Addressing Morocco's Energy Needs

# Disclaimer

## Cautionary Note Regarding Forward-Looking Statements

This presentation contains forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "project", "potential", "targeting", "intend", "could", "might", "continue" or the negative of these terms or other similar terms. Forward-looking statements in this presentation include, but are not limited to, statements with respect to: the use of proceeds from the Offering; completion of the Offering; the completion of the Farm-in Agreement (as defined herein) and the transactions contemplated thereby; the performance characteristics of the Company's oil and gas properties; capital expenditure programs; statements relating to resources; supply and demand for oil, gas and commodity prices; drilling plans; expectations regarding the Company's ability to raise capital and to continually acquire reserves and resources through acquisitions, exploration and development; treatment under governmental regulatory regimes and tax laws; realization of the anticipated benefits of acquisitions; adverse technical factors associated with exploration, development, production or transportation of crude oil and gas; and changes or disruptions in the political or fiscal regimes in the Company's areas of activity. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that some or all of the resources and reserves described can be profitably produced in the future. In addition, this presentation may contain forward-looking statements attributed to third-party industry sources.

Forward-looking statements are only predictions, and involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Some of the risks and other factors, which could cause results to differ materially from those expressed in the forward-looking statements contained in this presentation include, but are not limited to: general economic conditions in Canada, the Kingdom of Morocco ("Morocco") and globally; industry conditions, including fluctuations in the price of oil and gas; governmental regulation of the oil and gas industry, including environmental regulation; fluctuation in foreign exchange or interest rates; risks inherent in oil and gas operations; political risk, including political risk associated with operating in the Western Sahara; geological, technical, drilling and processing problems; unanticipated operating events which could cause commencement of drilling and production to be delayed; the need to obtain consents from industry partners and other third-parties, including the Office National des Hydrocarbures et des Mines of Morocco (Moroccan National Office of Hydrocarbons and Mining, "ONHYM"); stock market volatility and market valuations; competition for, among other things, capital, acquisitions of reserves, undeveloped land and skilled personnel; incorrect assessments of the value of acquisitions or resource estimates; any future inability to obtain additional funding, when required, on acceptable terms or at all; credit risk; changes in legislation; any unanticipated disputes or deficiencies related to title matters; dependence on management and key personnel; risks associated with operating in and being part of a joint venture; the need to obtain required approvals from regulatory authorities; and the other factors considered under "Risk Factors" contained in the Company's short form prospectus and the documents incorporated therein by reference.

Forward-looking statements and other information contained herein concerning the oil and natural gas industry in Morocco and the Company's general expectations concerning this industry are based on estimates prepared by management of the Company using data from publicly available industry sources as well as from resource reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any material misstatements regarding any industry data presented herein, the oil and natural gas industry involves numerous risks and uncertainties and is subject to change based on various factors.

# Disclaimer Continued

With respect to forward-looking statements contained in this presentation, the Company has made assumptions regarding, among other things: current commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the price of oil; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; royalty rates; future operating costs; and other matters. Although the forward-looking statements contained in this presentation are based upon assumptions which management of the Company believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the assumptions, plans, intentions or expectations upon which they are based will occur.

Forward-looking statements contained in this presentation, speak only as of the date of the Company's short form prospectus or as of the date specified in this presentation, as the case may be. Neither the Company nor any of the Agents named therein (the "Agents") undertakes any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities laws. The forward-looking statements contained in this presentation are expressly qualified by this Cautionary Note Regarding Forward-Looking Statements.

## **Special Note Regarding Resource Estimates**

Longreach cautions that volumes described in this presentation as undiscovered petroleum initially-in-place are an arithmetic sum of multiple estimates, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes and appreciate the differing probabilities of recovery associated with each. The probability associated with the high estimate would be considered far less likely than the best estimate, and conversely, the low estimate would be expected to be much higher than the presented arithmetic sum. Undiscovered petroleum initially-in-place is an undiscovered resource. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Longreach is not able to assign a more specific category to such estimates of undiscovered petroleum initially-in-place until additional seismic data has been obtained and the results of that data, and of geological and geophysical studies, have been completed.

As used in the COGE Handbook, "undiscovered petroleum initially in place" means that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered.

## **Special Note Regarding "Analogous Information"**

The Company cautions that information regarding Sonatrach Petroleum Corporation and Repsol YPF S.A., and information regarding the Meskala licence contained in presentation is "analogous information" as that term is used in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook"), and is not the result of an independent estimate prepared by a qualified reserves evaluator or auditor nor has such information been prepared in accordance with the COGE Handbook. Although the Company believes discoveries by Sonatrach and Repsol in areas adjacent to the Company's Zag exploration licence may indicate the possibility of a discovery on the Zag exploration licence, no assurance can be given by the Company that any discovery will be made on the Zag exploration licence. Similarly, although the Company believes that production on the Meskala field, which is adjacent to the Sidi Mokhtar licences, may indicate that production is possible on the Kechoula field, no assurance can be given by the Company that commercial production on any of the Sidi Mokhtar exploration licences will be achieved, or as to the levels of production that may be possible on any of the Sidi Mokhtar exploration licences if production is achieved. For an evaluation of the Zag exploration licence prepared by an independent qualified reserves evaluator, see the Petrotech Report, which is incorporated in the Company's short form prospectus by reference. For an evaluation of the undiscovered gas initially-in-place on the Sidi Mokhtar exploration licences prepared by an independent qualified reserves evaluator, see the Sidi Mokhtar Report, which is incorporated in the Company's short form prospectus by reference.

# Disclaimer Continued

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## **Market and Industry Data**

This presentation contains certain statistical, market and industry data that is based upon information from the Government of Morocco and industry publications and reports (including the ONHYM) or were based on estimates derived from same and management's knowledge of, and experience in, the markets in which the Corporation operates. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. Neither the Government of Morocco nor any of its subdivisions nor the ONHYM has provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Offering. Further, certain of these organizations are participants in or advisors to participants in the oil and gas industry, and they may present information in a manner that is more favourable to the industry than would be presented by an independent source. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. While the Company believes this data to be reliable, market and industry data are subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. None of the Company and the Agents has independently verified any of the data from third party sources referred to in this presentation or ascertained the underlying assumptions relied upon by such sources. In addition, the Agents have not independently verified any of the industry data prepared by management.

# Longreach – Overview

## Longreach (TSX-V: LOI)

- ❑ Moroccan-focused oil and gas company with an interest in approximately 13 million acres
- ❑ 5 licences<sup>1</sup> creating well balanced portfolio offering possible near term production and exposure to exploration opportunities
- ❑ We intend to be a long-term investor in Morocco and to contribute to it becoming a hydrocarbon province
- ❑ We believe that we have strong relationships with the Ministry of Energy

## Morocco

- ❑ Stable fiscal regime and historically stable political environment
- ❑ Domestic natural gas demand
  - Second largest importer of energy in Africa (99% oil and 78% gas) - domestic gas prices as high as US\$10.50/mcf
- ❑ Unaffected by wider North African unrest to date

## Driving Value

- ❑ 5 well programme across 4 varying play concepts
  - 2 onshore development wells (Possible near term production - within 14 months)
  - 2 onshore exploration wells (with plan to be drilled during 2012)<sup>2</sup>
  - 1 offshore exploration well (5200km<sup>2</sup> of 3D seismic coverage shot in 2004 by Shell)<sup>2</sup>

<sup>1</sup> Note: 1 licence, Sidi Moktar, remains subject to completion of Farm in Agreement

<sup>2</sup> Note: Subject to financing.

# Longreach Oil & Gas Ltd.

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- ❑ Stock Exchange      TSX-V
- ❑ Trading Symbol      LOI
- ❑ Share Price (as of May 20, 2011)      C\$1.20
  
- ❑ Basic Shares Outstanding      13.8 MM
- ❑ Fully-diluted Shares Outstanding      16.7 MM  
*(2.1 million warrants @ \$1.50, 0.2 million warrants @ \$1.00 & 0.6 million options @ \$1.21)*
- ❑ Management & Director Ownership      32.1% Basic  
32.7% FD
  
- ❑ Market Capitalization (Basic)      C\$16.6 MM
- ❑ Working Capital Surplus (as of Dec 31, 2010)      C\$3.4 MM
  
- ❑ Offering      Minimum C\$25 MM
- ❑ Lead Agent      Paradigm Capital Inc.
- ❑ European Special Selling Agent      VSA Capital Limited

# Experienced Management Team & Board

## Management

### Bryan M. Benitz - Chairman, CEO

- ❑ 40 years of industry experience
- ❑ Other Directorships: Africa Oil, Kirrin Resources
- ❑ Previous experience: Tanganyika Oil, Scandinavian Minerals, Gulfstream Resources, MagIndustries
- ❑ Former member TSX & NYSE

### Andrew Benitz - Director, COO

- ❑ Deutsche Bank Oil and Gas corporate finance
- ❑ Deutsche Bank ECM team
- ❑ BComm (Hons) Edinburgh University & University of Alberta

### Jay Bhattacharjee - VP Operations

- ❑ 14 years experience, Reservoir Engineer
  - Apache, key member of unconventional gas programme
  - Scotia Waterous
  - Pengrowth Management
- ❑ Chemical & Petroleum Engineering University of Calgary

### Michal Holub - CFO

- ❑ Croverro Energy Limited
- ❑ CFO, Serrano Energy
- ❑ Controller with RedStar Oil & Gas
- ❑ Chartered Accountant, BDO Dunwoody LLP

## Board of Directors

### Yogeshwar Sharma - Non Executive Director

- ❑ CEO of Hardy Oil and Gas
- ❑ 35 years of international oil and gas industry experience
- ❑ Schlumberger Doll Research in the USA
- ❑ Elf International in France
- ❑ Mech. Eng at University of Alberta
- ❑ Post Graduate University of Calgary in Chemical Engineering

### D. Campbell Deacon - Non Executive Director

- ❑ 30 years experience
- ❑ Other Directorships: Deacon & Co, Azure Dynamics
- ❑ Previous experience: UTS Energy, Scandinavian Minerals, Deacon BZW
- ❑ Bachelor of Arts, Guelph University

### Jonathan Morley-Kirk - Non Executive Director

- ❑ Chartered Accountant specialising in emerging market investments
- ❑ Other Directorships: Dimension Resources, Petrokamchatka
- ❑ Previous experience: Chairman of Fox-Davies Plc. (UK based investment bank)

### Dr Mahmoud Zizi - Non Executive Director

- ❑ 30 years of experience as a petroleum geologist
- ❑ 27 years at ONHYM, Doctorate from Rice University, Texas

# Concession Summary

## Licences

### Onshore, Gas Sidi Moktar

Exploration License (50% W.I.\*)  
Gross Initially In Place Potential  
(Best Case)

**292Bcf<sup>1</sup>**

*AJM Audited*

### Onshore, Oil Tarfaya

Exploration License (22.5% W.I.\*)  
Gross Oil in Place Potential  
(Best Case)

**157 MMbbls<sup>2</sup>**

*Petrotech Audited*

### Offshore, Oil Sidi Moussa & Foum Draa

Exploration License (7.5% W.I.\*)  
Potential Recoverable Oil

**896 MMbbls<sup>3</sup>**

*Petrotech Audited*

### Onshore, Gas Zag Basin

Exploration License (22.5% W.I.\*)

**Zag-Tindouf Basin**



<sup>1</sup>Note: Low case 111Bcf, High Case 776 BCF

<sup>2</sup>Note: Low case 8.9 MMbbls, High Case 3,226 MMbbls

<sup>3</sup>Note: STOOIP 3,582 MMbbls

\* Working Interest after State (ONHYM) back in of up to 25% WI. ONHYM is carried during exploration phase and is a full partner after backing in.

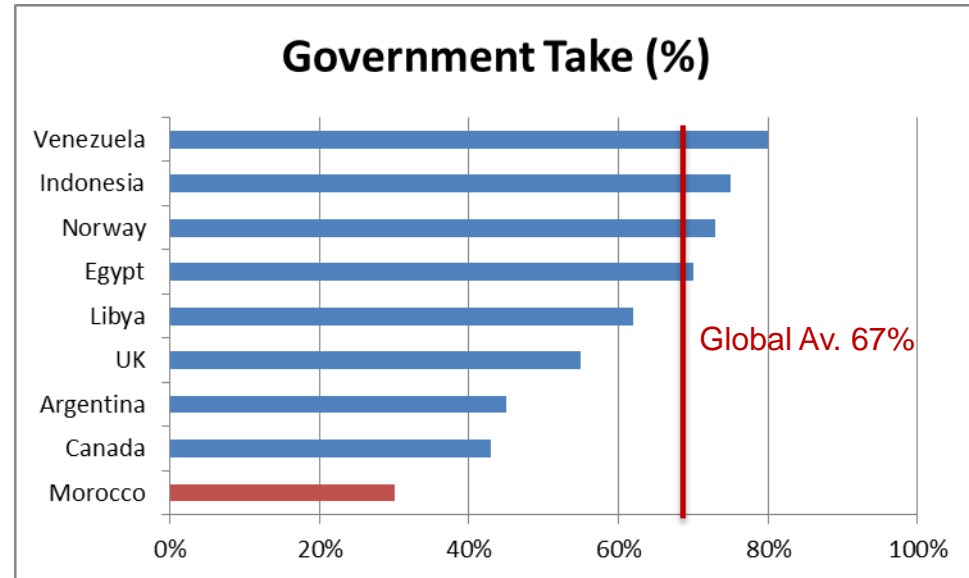
# Morocco – Politics and Economics

## □ Energy Market Fundamentals

- One of Africa's largest energy consumers
- **95%** of Morocco's energy is imported\*
  - (78% of gas consumption and 99% of oil consumption)
- Average Annual real GDP growth between 2003-2008 of 4.7%, 5.8% in 2008\*
- World's largest supply of phosphates, which requires natural gas for processing

## □ Fiscal Incentives

- Oil and Gas imports of US\$7.9 billion during 2009 (up from US\$6.5 billion for 2008)\*\*
- Gas prices linked to imported fuel oil
- 2000 – Morocco introduces new hydrocarbon code
  - State participation: 25%
  - Gas Royalty 5%, Oil 10%
  - Ten year corporate tax holiday on discovery

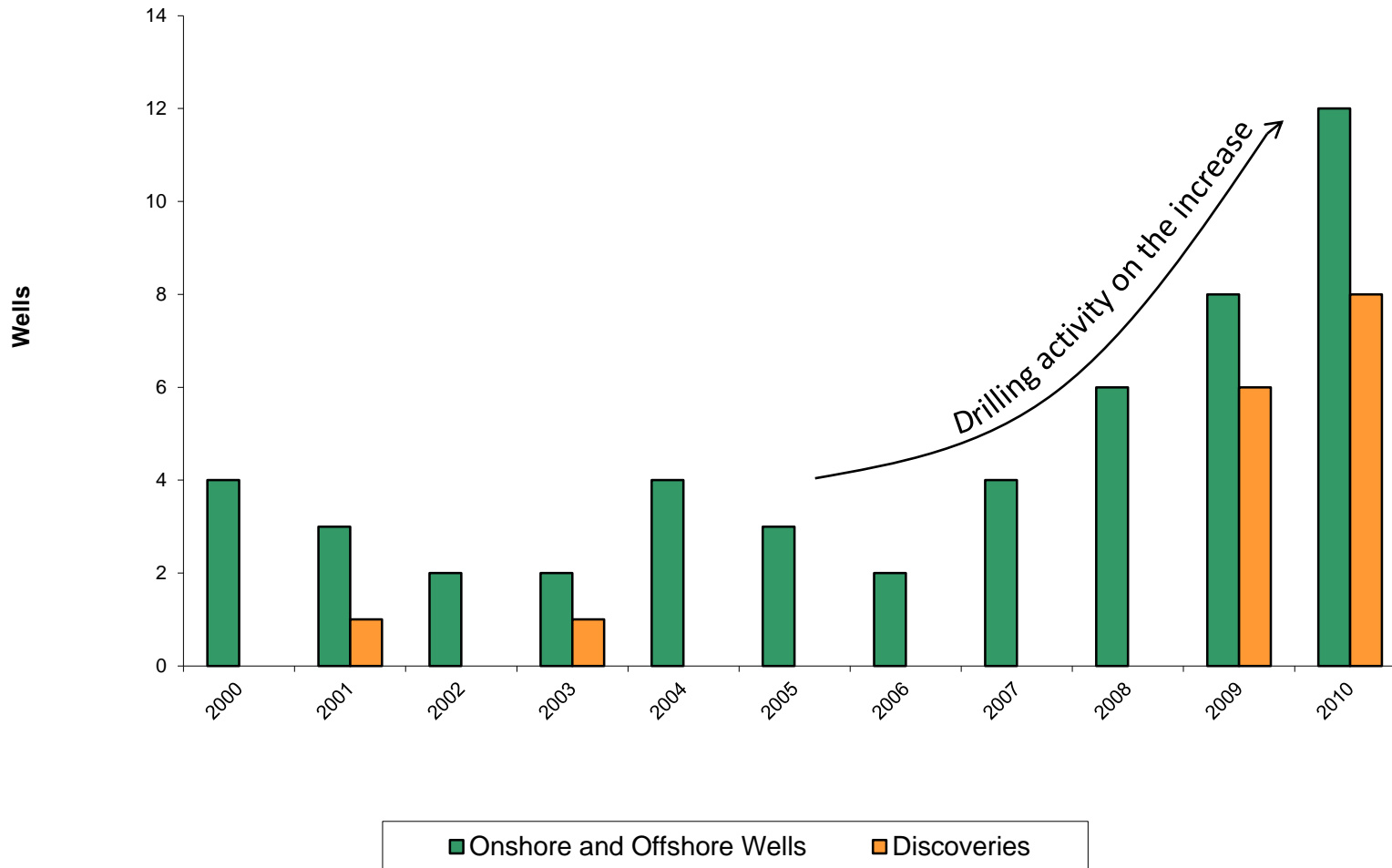


Source: Wood Mackenzie Study 2007 (excluding Morocco)

***“Energy demand in Morocco will have doubled by 2020, and tripled by 2030”***

*said Amina Benkhadra, Minister of Energy, Mines, Water and Environment.” – 19<sup>th</sup> January 2011*

# Exploration Activity in Morocco–exciting future



Source: ONHYM

# Near term development: Sidi Moktar



Value Through The Drill Bit

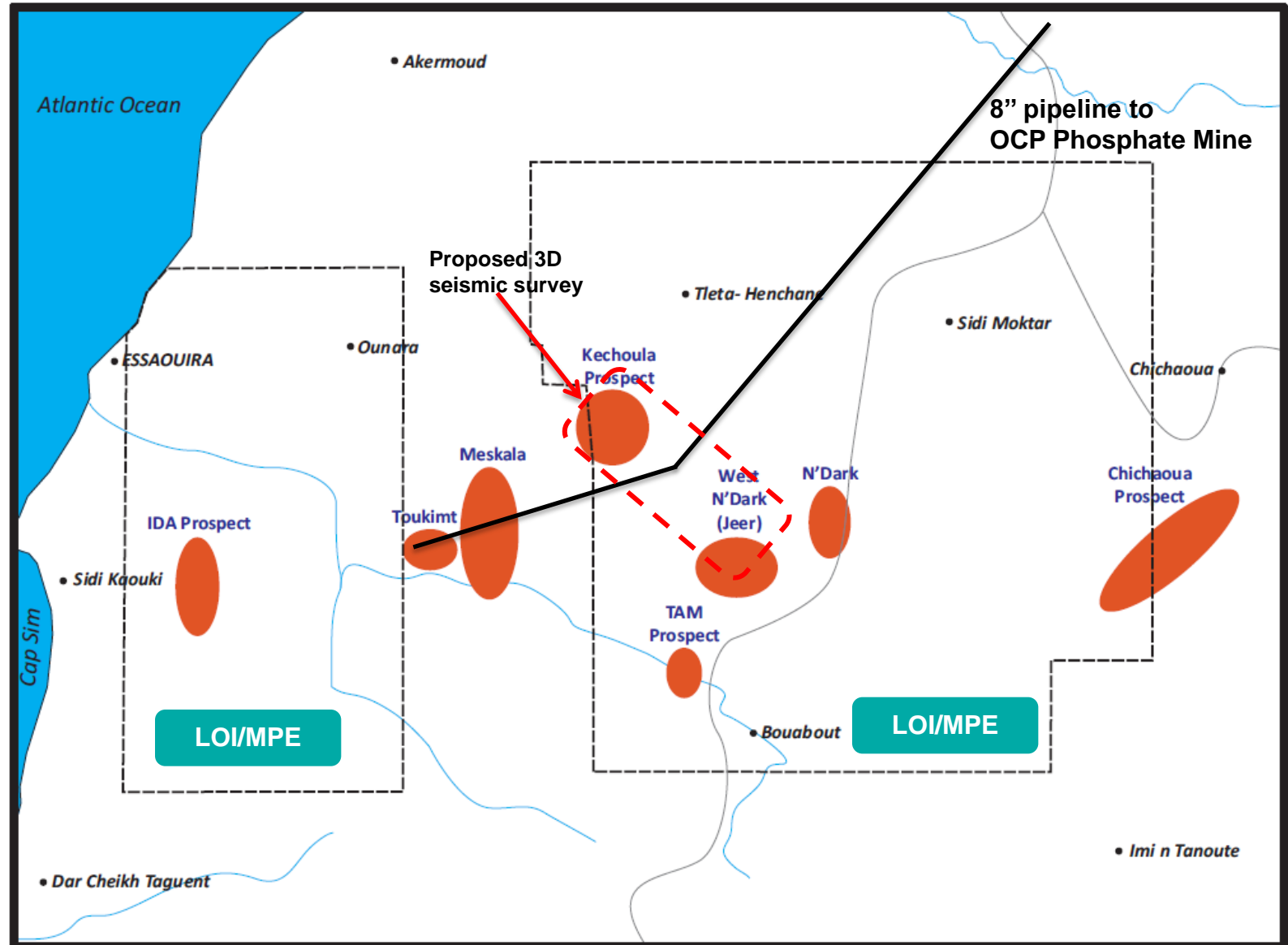
# Sidi Moktar Acquisition Highlights

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- ❑ Percent Interest Transfer agreement signed on 18<sup>th</sup> May 2011
  - ❑ LOI to receive 50% working interest and become operator
- ❑ LOI fully carries Maghreb Petroleum Exploration S.A. (“MPE”) through exploration programme
- ❑ Terms of remaining commitments on MPE acreage
  - 100km<sup>2</sup> of 3D seismic
    - Acquisition, Processing and Interpretation
  - 2 wells (Minimum depth of 2,400m)
- ❑ Adjacent to proven field with near term gas sales potential
  - ❑ Neighbouring Meskala has been producing since 1984
    - Current production of 3.5MMscfd from one well<sup>1</sup>
- ❑ Strong domestic market for gas
- ❑ Historical production on licence of 30.5Bcf<sup>1</sup>
- ❑ 4,711km<sup>2</sup> over 3 licences with opportunity for further development
- ❑ Management believes it will strengthen LOI’s position in Morocco with state and foreign partners

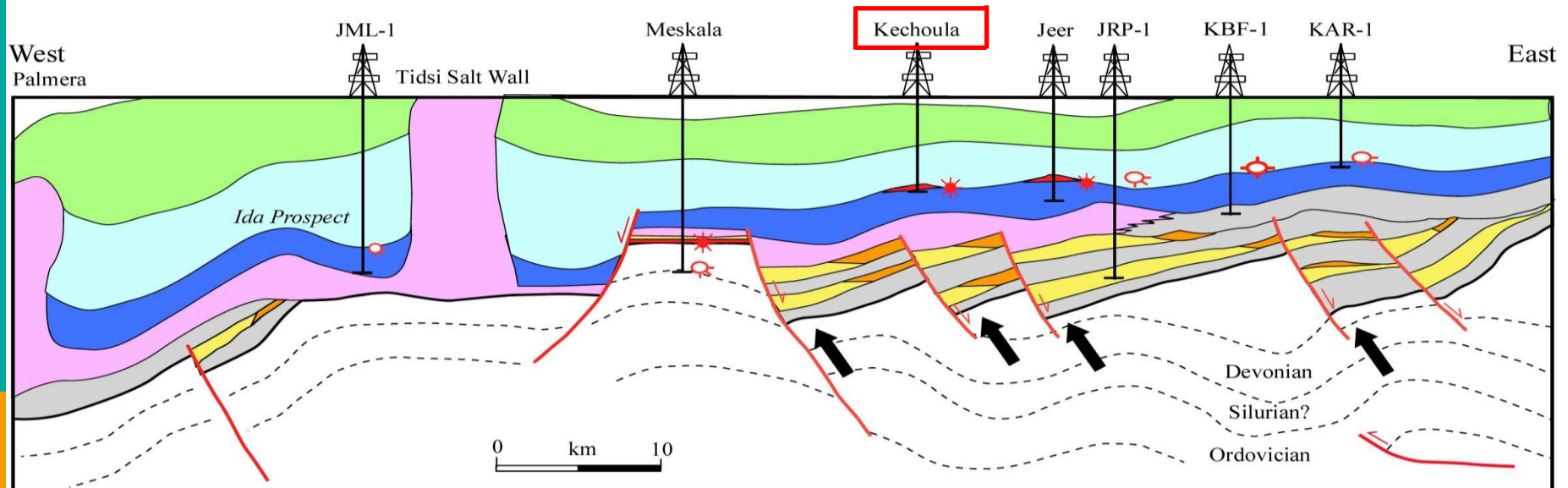
<sup>1</sup>Source: ONHYM

# Sidi Moktar Basin Overview



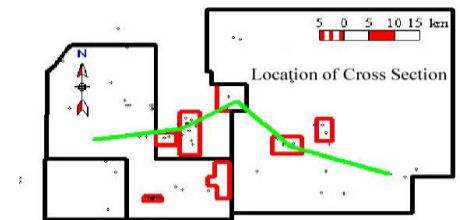
# Sidi Moktar Geological Snapshot

- Play concept: Gas trapped in Triassic sandstones in tilted blocks or gentle inverted anticlines sealed by Liassic evaporites and sourced from Silurian shales
- Kechoula field: Site of LOI's initial two onshore wells



Legend :

- |   |   |
|---|---|
| <span style="display:inline-block; width:15px; height:15px; background-color:lightgreen; border:1px solid black;"></span> Cretaceous        | <span style="display:inline-block; width:15px; height:15px; background-color:lightgrey; border:1px solid black;"></span> Triassic Shales  |
| <span style="display:inline-block; width:15px; height:15px; background-color:lightblue; border:1px solid black;"></span> Upper Jurassic     | <span style="display:inline-block; width:15px; height:15px; background-color:yellow; border:1px solid black;"></span> Triassic Sandstones |
| <span style="display:inline-block; width:15px; height:15px; background-color:blue; border:1px solid black;"></span> Middle & Lower Jurassic | <span style="display:inline-block; width:15px; height:15px; border-bottom:2px dashed red;"></span> Rifting faults                         |
| <span style="display:inline-block; width:15px; height:15px; background-color:pink; border:1px solid black;"></span> Triassic Salt           | <span style="display:inline-block; width:15px; height:15px; border-bottom:2px solid black;"></span> Migration                             |



# Sidi Moktar Petroleum Initially in Place Estimates

Petroleum Initially In Place (BCF)				
	Low	Best	High	
Kechoula Field	43	110	283	
West N'Dark (Norian)	10	26	68	
West N'Dark (Carnian)	19	42	89	
N'Dark Field	11	28	71	
TAM Field (Norian)	10	31	94	
TAM Field (Carnian)	8	25	78	
Chichaoua Field	3	11	33	
IDA Field	7	20	59	
<b>Sum</b>	<b>111</b>	<b>292</b>	<b>776</b>	

Note: Independent report commissioned by Longreach, March 2011

- ❑ AJM completed a resource study for 5 existing fields within Sidi Moktar
- ❑ Resource Estimates are for Triassic targets only
- ❑ NI 51-101 compliant resource estimate commissioned by Longreach

# Exploration Potential in Oil & Gas



Existing Portfolio

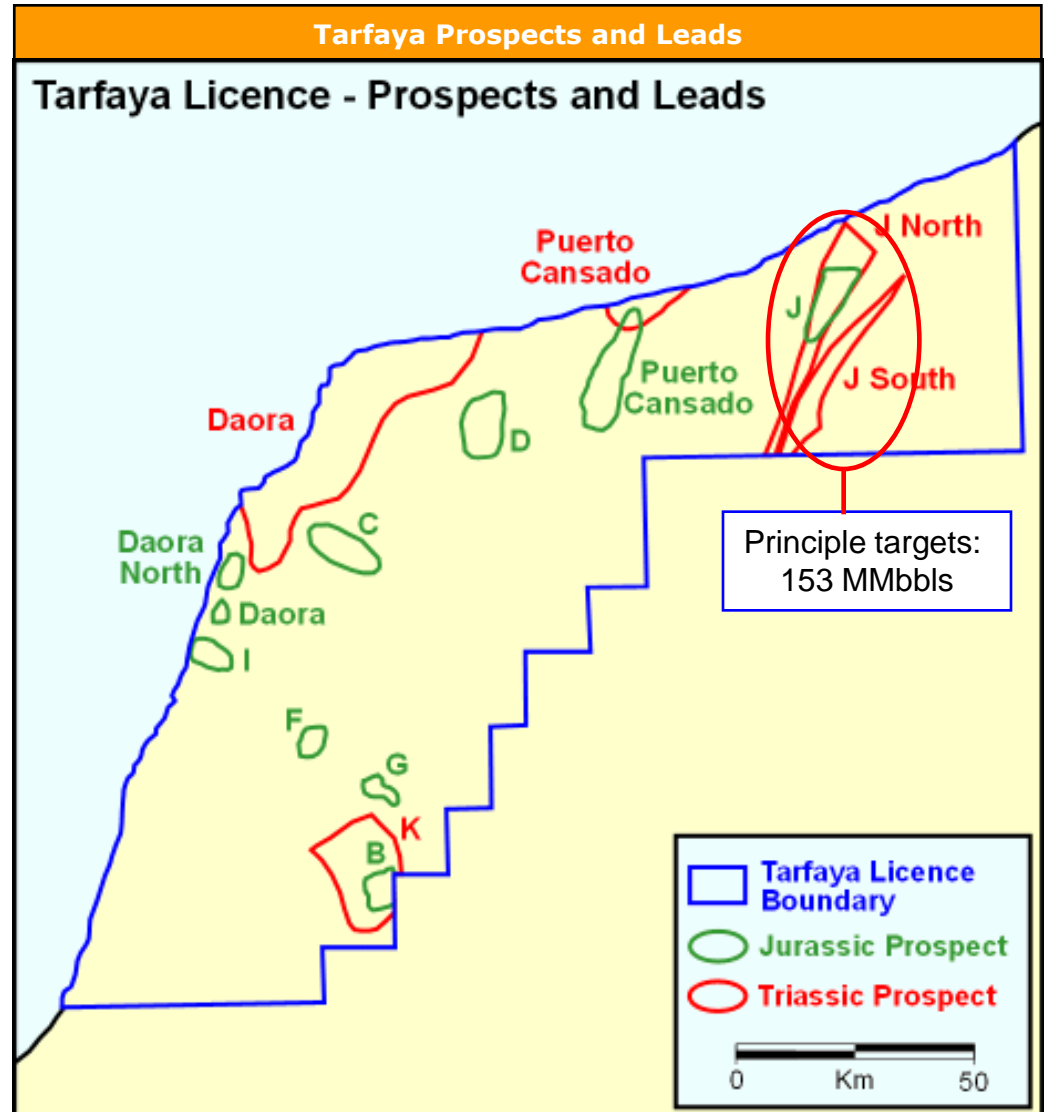
# Tarfaya

## Near term oil exploration – 22.5% WI

- Exploration wells drilled in 1960's encountered oil and gas shows
  - Wells were drilled off structure
- 1,450km 2D Seismic reprocessing complete
- 15 principle leads identified

### Next Stage

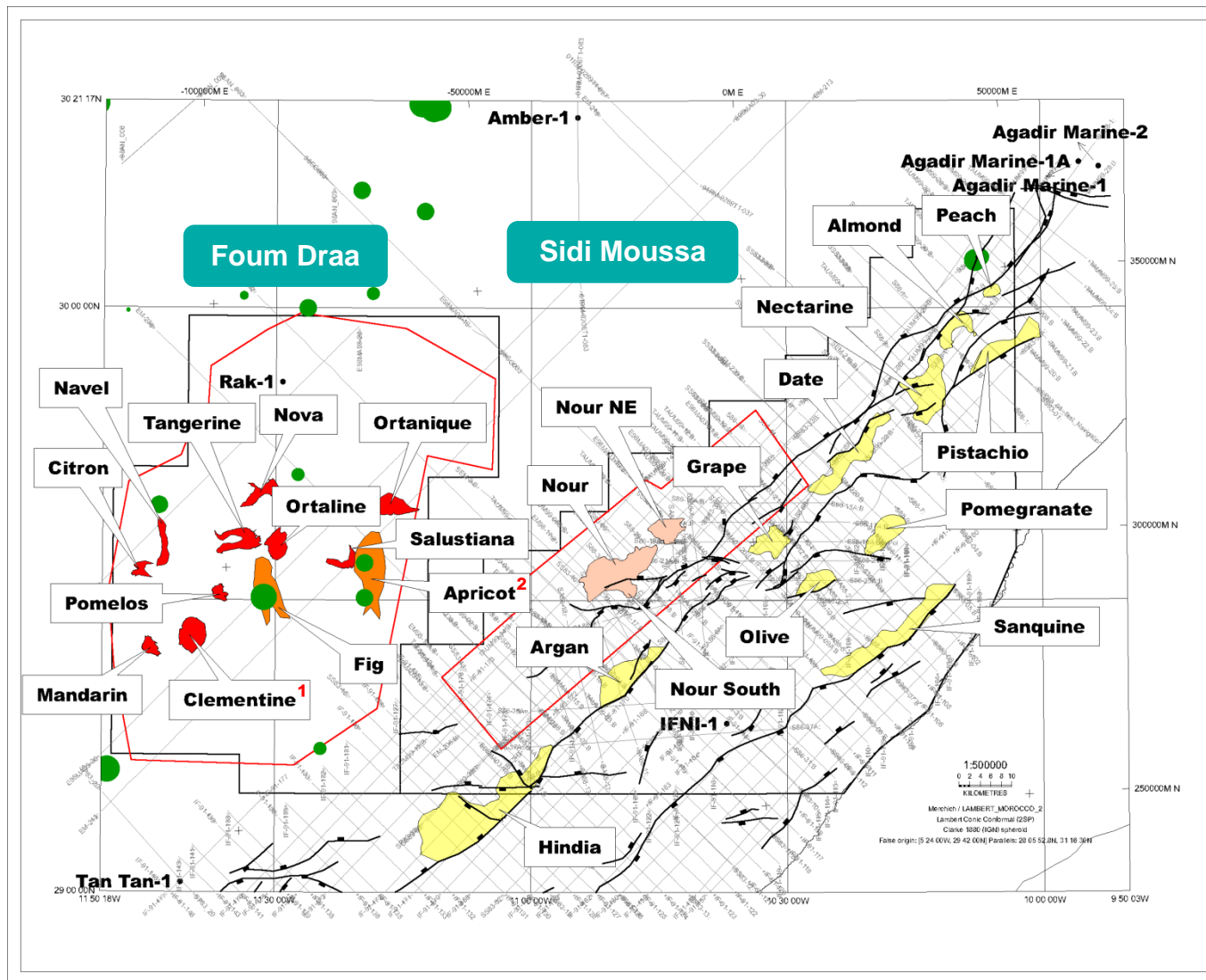
- 500km of infill 2D seismic
- Seismic programme fully funded
- Commencing Acquisition in Q2/Q3 2011
- Four leads have been evaluated by 3<sup>rd</sup> party evaluators (Petrotech Engineering Ltd.)
  - Low case - 8.9 MMbbls
  - Best Case – 157 MMbbls
  - High Case – 3,227 MMbbls



# Foum Draa & Sidi Moussa

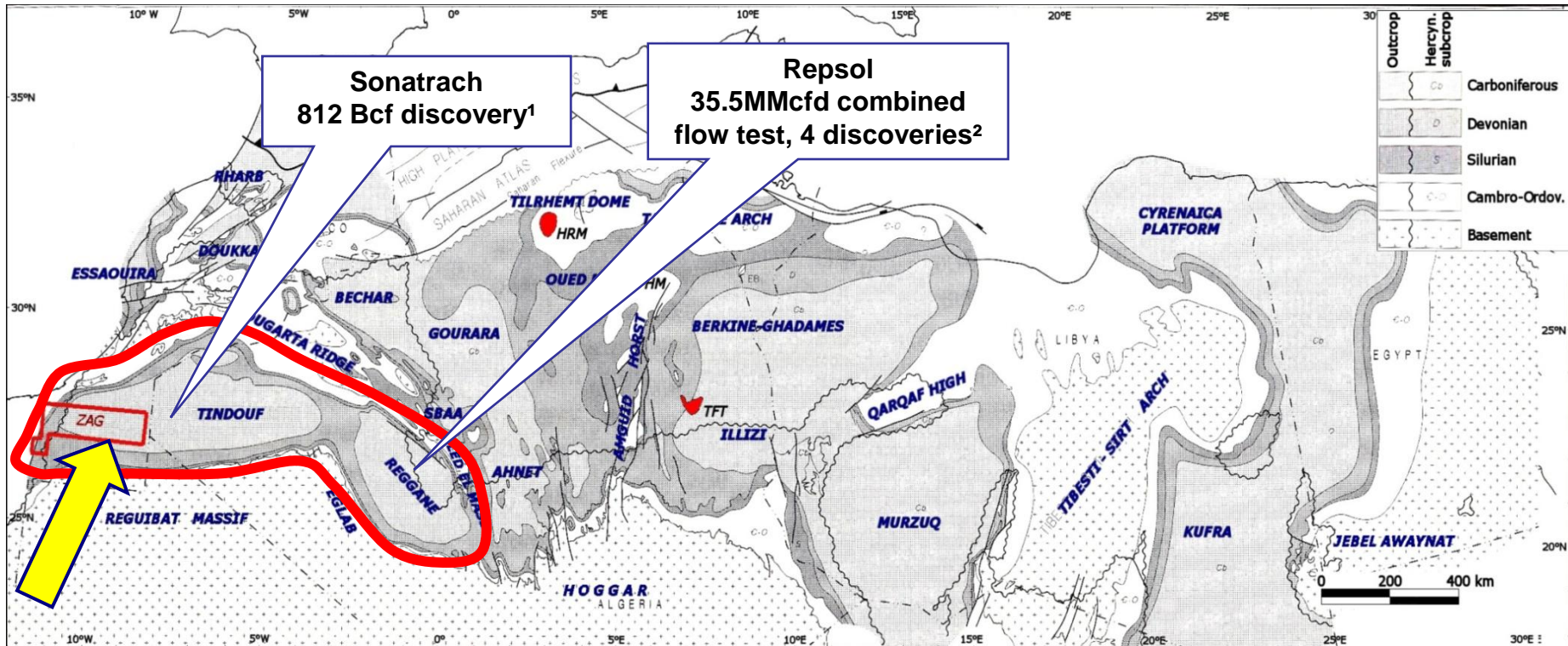
Exciting offshore oil exploration – 7.5% WI

- 5,236km<sup>2</sup> of 3D seismic and 14,637km of 2D
- Lower cretaceous diapir related structures
- 33 Leads identified, 896 MMbbls of undiscovered petroleum initially-in-place across 9 of the 33 identified leads
- Longreach and JV partners engaged Fugro Robertson Ltd. to reprocess existing 2D and 3D seismic data, expect results in June 2011



# Zag Basin

## Exploration Potential – 22.5% WI



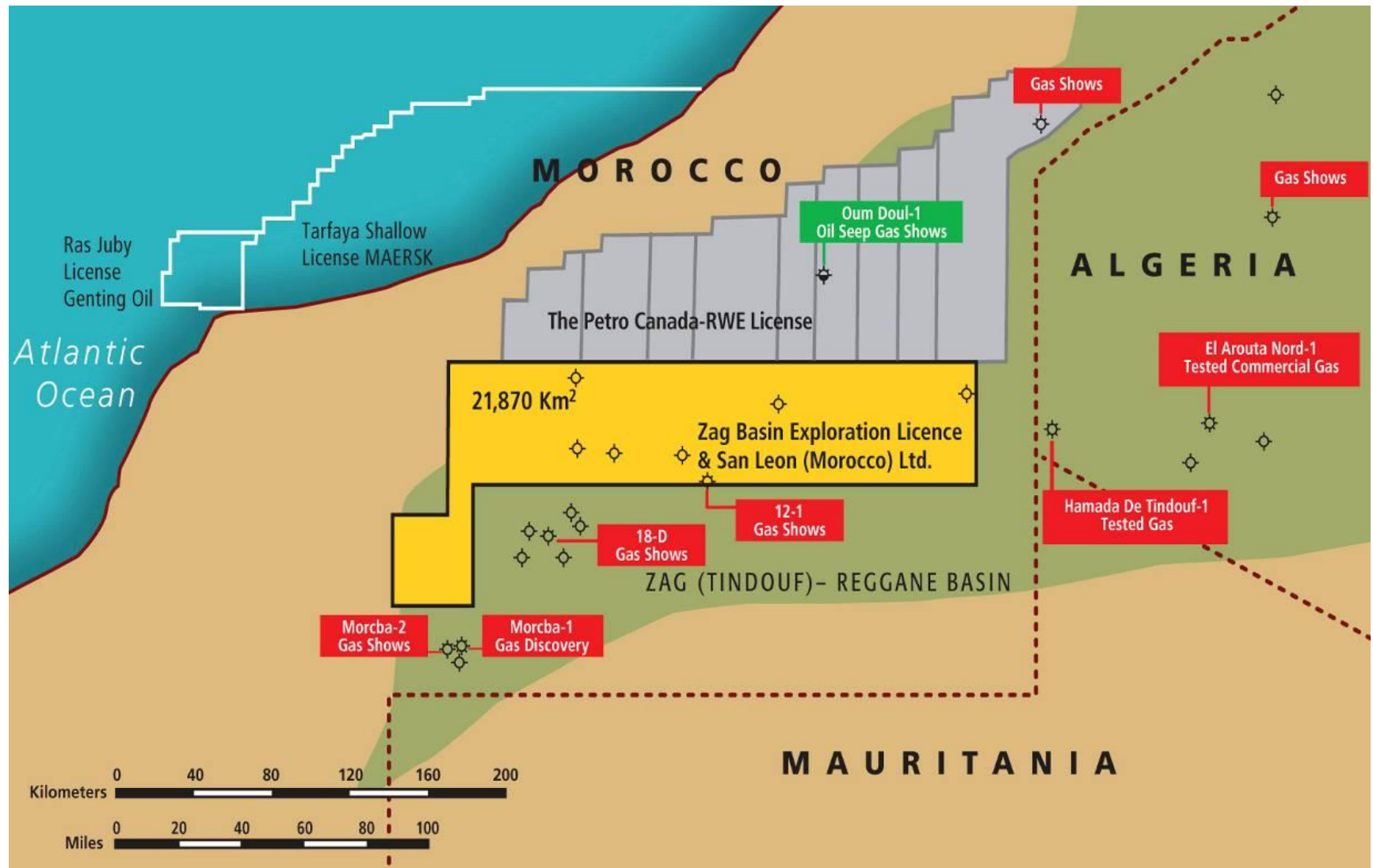
- ❑ Total recoverable oil and gas resources for Palaeozoic sourced discoveries amounts to 46 BBOE\*
- ❑ Zag is one of the last unexplored areas of the Palaeozoic system
- ❑ 2D Seismic programme commencing H2 2011

\* Source: 'Exploration history of the Palaeozoic petroleum systems of North Africa', The Geological Society 1998

<sup>1</sup> Sonatrach press release, 3<sup>rd</sup> October 2003. <sup>2</sup> Repsol press release, 26<sup>th</sup> January 2009

# Zag Basin

## Exploration Potential



# Development Timetable

Timetable		2011			2012			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Close of financing							
Sidi Moktar	Farm in announcement							
	3D Seismic							
	Update CPR report							
	Spud well & Drilling							
	Completion and tie in							
	<b>First Sale of Gas from Kechoula</b>							
Zag	2D seismic							
	Exploration well							
Tarfaya	2D seismic							
	Exploration well							
Foum Draa/Sidi Moussa	Seismic interpretation							
	Farm Out programme							
	Exploration well							

# Longreach Funding Requirements

Work Programme Budget	US\$ MM	
<b>Sidi Moktar</b>		
100km <sup>2</sup> 3D Seismic	4	
2 wells testing Triassic (D,C & T)	20	
<b>Zag</b>		
Additional seismic	1.0	
1 exploration well (Drill)	2.7	
<b>Tarfaya</b>		
1 exploration well (Drill)	2.7	
<b>Foum Draa/Sidi Moussa</b>		
1 exploration well (Drill)	6	
18 month G&A	3.6	
<b>Total</b>	<b>40.0</b>	

Note: Net of fees

# Investment Opportunity

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- ❑ Oil and gas exploration company focused on exploration and development within Morocco
- ❑ Sidi Moktar Farm-in is transformational for Longreach
  - Longreach becomes an operator
- ❑ 5 well exploration programme planned, subject to available funding
- ❑ Exposure to 292 Bcf of gas (Sidi Moktar), 157 MMbbls (Tarafaya) and 896 MMbbls (Foum Draa) of petroleum initially-in-place, currently evaluated by 3<sup>rd</sup> party independent evaluators (Gross Unrisked)
- ❑ Well balanced portfolio with possible near term production and exposure to exploration opportunities
  - Near term production opportunity - Sidi Moktar
  - Mid term development - Tarfaya
  - High risk, potentially high impact - Foum Draa, Sidi Moussa and Zag licenses
- ❑ Proven management team supported by an experienced Board

# Longreach Resource Evaluation

Independent Resource Evaluation							
Unrisked							
Licence	Working Interest	Gross <sup>2</sup>		Net			Source
		(BCF)	(MMbbls)	(BCF)	(MMbbls)	(MMboe) <sup>3</sup>	
Sidi Moktar	50.0%	292		146		24	AJM Petroleum Consultants
Tarfaya	22.5%		157		35	35	Petrotech Engineering Ltd.
Foum Draa	7.5%		896		67	67	Petrotech Engineering Ltd.
Sidi Moussa	7.5%						
Zag	22.5%						
Note:							
	<sup>1</sup> Post ONHYM back in						
	<sup>2</sup> Mean prospective resources or recoverable resource estimate						
	<sup>3</sup> BOE estimated using 6:1						