

Quarterly Activities Report

For the period ended 30 June 2015



NEW STANDARD
ENERGY

Date: 27 July 2015

Summary

- New Standard reached agreement with Sundance Energy Ltd (**ASX: SEA, Sundance**) for the sale of the Company's United States and Cooper Basin assets for total consideration of approximately A\$24 million, subject to shareholder approval.
 - Extraordinary General Meeting (**EGM**) scheduled for August 4, 2015.
- The transaction will eliminate all New Standard's debt and provide sufficient ongoing liquidity to allow the Company to explore options for future development of its Western Australian onshore assets and look at additional opportunities.
- Cash position of A\$1.2 million at 30 June 2015.
- Production for the quarter averaged 160 barrels of oil equivalent per day (**Boepd**) across five producing wells.

Overview

New Standard continued to investigate various funding options and opportunities for the ongoing development and management of its corporate assets during the quarter as it responded to the low oil price environment.

Following several months of negotiations, New Standard announced a transaction with Sundance that (subject to shareholder approval) will result in the sale of the Company's US and Cooper Basin assets for total consideration of approximately A\$24 million.

The Board strongly believes that under the current circumstances and broader market environment (both global oil and equity markets) the transaction is in the best interests of both the Company and shareholders. Furthermore, the Board is also of the view that should the transaction not proceed, there is a significant risk that the Company would be unable to continue in its current corporate capacity.

In conjunction with this transaction, Sundance has also purchased the Company's shareholding in Elixir Petroleum Ltd (**ASX: EXR**) for approximately A\$243,000. This purchase has completed and was not subject to completion of the wider transaction for the United States and Cooper Basin subsidiaries.

Under the terms of the transaction, Sundance will issue New Standard six million of its shares, the majority of which will be freely tradable. Based on the 5 day VWAP of Sundance shares of 53 cents on 25th June, 2015, which was the day the transaction was announced, the scrip component of the consideration is valued at A\$3.18 million.

New Standard intends to retain a significant portion of its holding in Sundance so as to provide shareholders with the exposure to the potential upside of its US and Cooper Basin assets and the expected recovery of the oil and gas market.



New Standard has received continuing financial support from the provider of its enhanced debt facility, Credit Suisse, while the Company progressed negotiations with Sundance.

New Standard has issued a Notice of Meeting to its shareholders and will hold the EGM on August 4, 2015 to finalise the proposed transaction.

Portfolio and activities overview

Atascosa Project, Eagle Ford, Texas, USA

Production from the Atascosa Project during the quarter was approximately 10,600 barrels of oil from seven producing wells. Production figures from the quarter were impacted by a series of workover operations carried out on two of the seven producing wells on the project acreage.

Preparations are well advanced for the fracture stimulation of Peeler Ranch-7H well during the next quarter (August/September).

PEL 570 Project, Cooper Basin, South Australia

Plans have been progressed and approvals are in place for the drilling of the first dedicated deep coal well and an extensive 3D seismic program in PEL 570, both commencing during the coming quarter. Santos, as operator, is pursuing a liquids rich deep coal play and five stages of fracture stimulation are planned for the well. NSE holds a 17.5% interest in the project, however the Company's ongoing interest is dependent on the Sundance transaction.

Western Australian Projects

New Standard is currently undertaking a strategic review of its Western Australian asset portfolio. It is expected that any future transaction agreed with an incoming partner on the Western Australian assets will include the funding of any immediate capital works and future exploration program.

As part of the current process to seek partners for the Western Australian portfolio, NSE is also undertaking a review of the holding costs and prospectivity of each Western Australian permit currently held.

The work commitments and capital requirements associated with the Company's Western Australian asset portfolio are currently dependent upon two key factors:

- a) the current negotiations and discussions with the Department of Mines and Petroleum about work commitment variations, deferrals and permit renewal or relinquishments; and
- b) discussions with potential partners around funding future work programs for the assets.

Corporate and financial review

Financial position

The Company ended the quarter with a cash position of approximately A\$1.2 million. Sales revenue net of royalties from the US operations for the quarter was A\$1.1 million.



As part of the recently announced transaction, the Company's debt and liabilities associated with the Atascosa Project will be assumed by Sundance (subsequent to shareholder approval) which equate to approximately US\$16 million (A\$20.72 million).

New Standard intends to liquidate a portion of the shares received from Sundance as part of the proposed transaction as required to provide working capital. This will be used to maintain the Company's operations and pursue its options and alternatives with its Western Australian Assets and to assess any other future opportunities that may arise to assist in rebuilding shareholder value.

New Standard has continued to manage administration costs in 2015 by cutting its workforce to a total of two employees and moving into shared offices in response to the significant downsizing of employee numbers.

New Standard has continued to suspend Non-Executive Director fees and will evaluate and restructure the Board following the Company's EGM in early August.

- ENDS -

For further information, please contact:

Phil Thick
Managing Director
Ph: + 61 8 9481 7477
Email: pthick@newstandard.com.au

Cameron Morse
FTI Consulting
Ph: +61 8 9485 8888
Email: cameron.morse@fticonsulting.com

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

NEW STANDARD ENERGY LIMITED

ABN

20 119 323 385

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

		Current quarter \$A'ooo	Year to date (12 months) \$A'ooo
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	1,130	7,768
1.2	Payments for (a) exploration & evaluation	(90)	(861)
	(b) development	(2,259)	(15,827)
	(c) production	(768)	(3,993)
	(d) administration	(1,217)	(6,078)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	67
1.5	Interest and other costs of finance paid	(428)	(2,377)
1.6	Income taxes paid	-	-
1.7	R&D claim received	-	1,890
Net Operating Cash Flows		(3,628)	(19,411)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	(3,162)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	6,696
	(b) equity investments	-	-
	(c) other fixed assets	67	117
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	(281)
Net investing cash flows		67	3,370
1.13	Total operating and investing cash flows (carried forward)	(3,561)	(16,041)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,561)	(16,041)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	243	243
1.16	Proceeds from borrowings	1,523	7,106
1.17	Repayment of borrowings	(67)	(353)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	1,699	6,996
	Net increase (decrease) in cash held	(1,862)	(9,045)
1.20	Cash at beginning of quarter/year to date	2,821	9,069
1.21	Exchange rate adjustments to item 1.20	225	1,160
1.22	Cash at end of quarter	1,184	1,184

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	110
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Managing Director and Executive Directors fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'ooo	Amount used \$A'ooo
3.1 Loan facilities	USD 48,000	USD 15,107
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	100
4.2 Development	100
4.3 Production	50
4.4 Administration (net of recharges)	500*
Total	750

*Includes \$300,000 costs associated with SEA transaction.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	1,184	2,821
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,184	2,821

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities (description)	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	386,169,603	386,169,603		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -		
7.5 +Convertible debt securities (description)	N/A			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	300,000	-		39.0c	12 December 2015
	300,000	-		44.0c	12 December 2015
	1,000,000	-		40.0c	02 April 2016
	1,000,000	-		50.0c	02 April 2016
	100,000	-		51.9c	13 February 2017
	100,000	-		58.1c	13 February 2017
	75,000	-		22.4c	27 May 2017
	75,000	-		24.8c	27 May 2017
	500,000	-		16.7c	05 August 2017
	500,000	-		18.7c	05 August 2017
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired/lapsed during quarter				
	150,000	-		81.0c	24 April 2015
	150,000	-		90.5c	24 April 2015
	500,000	-		22.5c	30 June 2015
	500,000	-		27.5c	30 June 2015
7.11	Retention Rights			<i>Issue price</i>	<i>Measurement date</i>
	138,000	-		49.97c	14 September 2015
	725,000	-		16.89c	14 September 2016
	890,000	-		15.90c	14 September 2017
	500,000	-		22.30c	31 December 2015
7.12	Issued during quarter				
7.13	Vested during quarter				
7.14	Expired/lapsed during quarter				
7.15	Performance Rights			<i>Issue price</i>	<i>Measurement date</i>
	552,000	-		49.97c	14 September 2015
	4,500,000	-		16.89c	14 September 2016
	7,860,000	-		15.90c	14 September 2017
	750,000	-		22.30c	31 December 2015
7.16	Issued during quarter				
7.17	Vested during quarter				
7.18	Expired/lapsed during quarter	750,000	-	18.60c	31 March 2015
7.19	Debentures (totals only)				
7.20	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Mark Clements
Company Secretary
27 July 2015

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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