

Quarterly Activities Report

For the period ended 30 September 2015



NEW STANDARD
ENERGY

Date: 27 October, 2015

Summary

- New Standard completed the transaction 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, as announced in the previous quarter
- This transaction was approved overwhelmingly by shareholders at the Extraordinary General Meeting (**EGM**) held on 4 August, 2015
- The sale transaction has eliminated New Standard's debt and US creditor obligations
- New Standard has continued negotiations with third parties for the development of the Western Australian assets, including the potential funding of a new program
- A review of the Western Australian assets has been completed and New Standard will now enter into further discussions with the Department of Mines and Petroleum (DMP) to rationalise the Company's large acreage position

Overview

New Standard closed out the transaction with Sundance to sell the Company's United States and Cooper Basin assets for total consideration of approximately A\$24 million. This deal was announced to investors on 29 June, 2015 and was subject to shareholder approval at an EGM held on 4 August, 2015. The transaction was approved by more than 96 per cent of the shareholders voting at that meeting and completion occurred on 10 August, 2015.

Under the terms of the transaction, Sundance issued New Standard six million of its shares, the majority of which are freely tradable. New Standard has sold a portion of these shares to fund ongoing activity plus the costs of the transaction, but intends to retain a significant portion of its holding in Sundance to provide shareholders with the exposure to the expected recovery of the oil and gas market.

New Standard has completed a review of its Western Australian assets. It is clear that in the current market conditions the Company is not in a position to hold and develop its significant acreage position which equates to more than 15 million acres made up of multiple permits and application areas. The holding costs alone for this acreage equates to approximately \$600,000 per annum for DMP fees, council rates and cost of Native Title agreements.

Discussions with third parties around funding of a new development programme have continued in parallel with discussions with the DMP around renewal, extensions, rationalisation and relinquishment. These discussions are expected to complete by the end of 2015.



New Standard has also continued to review other opportunities for the Company to recover and grow both in the oil and gas space and in other areas.

Portfolio and activities overview

Atascosa Project, Eagle Ford, Texas, USA

Revenue from seven producing wells in the Atascosa Project continued to accrue to New Standard until the completion of the Sundance acquisition of NSE Texas LLC on 10 August, 2015. Completion of that transaction resulted in all NSE Texas LLC creditors being moved across to Sundance and New Standard's debt facility with Credit Suisse being paid out in full, with release from all obligations and guarantees.

Colorado County Project, Texas, USA

New Standard transferred 100 per cent of its working interest in the Colorado County assets to Sundance effective 1 August, 2015. The Company received revenue up until this date.

PEL 570 Project, Cooper Basin, South Australia

Sundance acquired NSE PEL570 Pty Ltd from New Standard on 10 August, 2015. This acquisition resulted in the sale and transfer of the Company's working interest in the PEL570 Project including all commitments to Sundance.

Western Australian Projects

New Standard has retained 100 per cent of its seven Exploration Permits and five Application Areas in WA. These are located in the onshore Carnarvon Basin (Merlinleigh Project) and onshore Canning Basin (Southern Canning Project and Laurel Project).

The Company is continuing discussions with third parties around the potential farm-in to these assets, with any such farm-in likely to provide a significant carry for the cost of a new exploration programme. The Company is also continuing ongoing discussions with the DMP around rationalisation of the portfolio to retain the most prospective areas, substantially reduce holding costs and align the size of the portfolio more appropriately with the current capacity of the Company.

Corporate and financial review

Financial position

New Standard ended the quarter with a cash position of approximately A\$229,000. At the end of the quarter the Company held 4,278,000 shares in Sundance Energy Australia Limited, worth approximately A\$1.5 million, and will continue to sell some of those shares to meet commitments. The Company has no debt.

New Standard has continued to cut administration costs and the Company now has only one full time employee (the Managing Director) and two part time employees. Director's fees remain suspended and no Directors fees have been paid since February 2015. The Company has moved office reducing office costs by more than 80 per cent. All other overheads have been reviewed and reduced.



Post the end of the Quarter, New Standard has reported that its major shareholder Magnum Hunter Resources Corporation has sold its shareholding of 65.65 million ordinary shares to Western Australian company Jara Resources Pty Ltd. In line with Magnum Hunter's withdrawal from the Company, Directors Mr H C Kip Ferguson III and Mr Jeffrey Swanson have resigned from the Board effective 20 October, 2015.

- ENDS -

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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 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (3 months) \$A'ooo
1.1	Receipts from product sales and related debtors	—	—
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(81) (698)	(81) (698)
1.3	Dividends received	—	—
1.4	Interest and other items of a similar nature received	—	—
1.5	Interest and other costs of finance paid	—	—
1.6	Income taxes paid	—	—
1.7	R&D claim received	—	—
Net Operating Cash Flows		(779)	(779)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	— — —	— — —
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	— 566 —	— 566 —
1.10	Loans to other entities	—	—
1.11	Loans repaid by other entities	—	—
1.12	Other (provide details if material)	—	—
Net investing cash flows		566	566
1.13	Total operating and investing cash flows (carried forward)	(213)	(213)

+ 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)	(213)	(213)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	–	–
1.15	Proceeds from sale of forfeited shares	–	–
1.16	Proceeds from borrowings	–	–
1.17	Repayment of borrowings	–	–
1.18	Dividends paid	–	–
1.19	Other (provide details if material)	–	–
	Net financing cash flows	–	–
	Net increase (decrease) in cash held	(213)	(213)
1.20	Cash at beginning of quarter/year to date	441	441
1.21	Exchange rate adjustments to item 1.20	1	1
1.22	Cash at end of quarter	229[^]	229

[^] In addition to cash as at 30 September 2015 NSE owned 4,278,000 shares in Sundance Energy Australia Ltd (ASX:SEA).

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

	Current quarter \$A'ooo
1.23 Aggregate amount of payments to the parties included in item 1.2	98
1.24 Aggregate amount of loans to the parties included in item 1.10	–
1.25 Explanation necessary for an understanding of the transactions	
Directors fees and salaries	

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'000	Amount used \$A'000
3.1 Loan facilities	–	–
3.2 Credit standby arrangements	–	–

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	–
4.3 Production	–
4.4 Administration (net of recharges)	570*
Total	770

* Includes \$200,000 advisor fees from previous transaction and \$200,000 balloon payment for vacating office premises.

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'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	229	441
5.2 Deposits at call	–	–
5.3 Bank overdraft	–	–
5.4 Other (provide details)	–	–
Total: cash at end of quarter (item 1.22)	229	441

+ 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			
	PEL570 Cooper Basin South Australia	17.5% interest held in Outback Energy Hunter Pty Ltd, which was sold to Sundance Energy Australia Ltd	17.5%	0%
	Peeler Prospect Eagle Ford Texas US	100% working interest held in NSE Texas LLC, which was sold to Sundance Energy Australia Ltd	100%	0%
	Eppright Prospect Eagle Ford Texas US	96.88% held in NSE Texas LLC, which was sold to Sundance Energy Australia Ltd	96.88%	0%
	Alright Prospect Eagle Ford Texas US	35.4% held in NSE Texas LLC, which was sold to Sundance Energy Australia Ltd	35.4%	0%
6.2	Colorado County Texas US	Wells of varying working interest operated by AKG Energy LLC – all interests sold to Sundance Energy Australia Ltd		
	Heintschel-1		32.5%	0%
	Heintschel-2		32.5%	0%
	D Truchard-1		32.5%	0%
	Joann-1		33.68%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	-		

+ See chapter 19 for defined terms.

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			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	300,000 300,000 1,000,000 1,000,000 100,000 100,000 75,000 75,000 500,000 500,000	– – – – – – – – – –	<i>Exercise price</i> 39.0c 44.0c 40.0c 50.0c 51.9c 58.1c 22.4c 24.8c 16.7c 18.7c	<i>Expiry date</i> 12 December 2015 12 December 2015 02 April 2016 02 April 2016 13 February 2017 13 February 2017 27 May 2017 27 May 2017 05 August 2017 05 August 2017
7.8	Issued during quarter				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.9	Exercised during quarter				
7.10	Expired/lapsed during quarter				
7.11	Retention Rights	500,000	—	<i>Issue price</i> 22.30c	<i>Measurement date</i> 31 December 2015
		725,000	—	16.89c	14 September 2016
		890,000	—	15.90c	14 September 2017
7.12	Issued during quarter				
7.13	Vested during quarter				
7.14	Expired/lapsed during quarter	138,000	—	49.97c	14 September 2015
7.15	Performance Rights	750,000	—	<i>Issue price</i> 22.30c	<i>Measurement date</i> 31 December 2015
		4,500,000	—	16.89c	14 September 2016
		7,860,000	—	15.90c	14 September 2017
7.16	Issued during quarter				
7.17	Vested during quarter				
7.18	Expired/lapsed during quarter	552,000	—	49.97c	14 September 2015
7.19	Debentures (totals only)	N/A			
7.20	Unsecured notes (totals only)	N/A			

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.

Phil Thick
Managing Director
27 October 2015

+ See chapter 19 for defined terms.

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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