



Date: 28 October 2014

Substantial reserves upgrade values 2P at A\$72.3 million

Highlights

- Independent report calculates PV10 value for Eagle Ford reserves net to New Standard at:
 - A\$30.8 million for 1P
 - A\$72.3 million for 2P
 - A\$148.5 million for 3P
- Significant reserves growth since January 2014 report:
 - 133% increase in net 1P reserves to 3.58 million BOE
 - 83% increase in net 2P reserves to 4.89 million BOE
 - 33% increase in net 3P reserves to 16.45 million BOE

An independent reserves report on New Standard Energy Limited's (**New Standard**) Eagle Ford acreage has increased the Company's Proved plus Probable (**2P**) reserves by 83 per cent, to 4.89 million barrels of oil equivalent (**BOE**), creating a 2P PV10 value of A\$72.3 million for its Atascosa Project. Both the 1P and 2P reserves comprised 87 per cent oil and natural gas liquids (**NGLs**), further reinforcing the highly liquids prone nature of the Atascosa Project.

The upgraded independent reserves report from Netherland, Sewell & Associates Inc (**NSAI**) also increases 1P and 3P reserves by 133 per cent and 33 per cent respectively.

New Standard Energy Managing Director Phil Thick said: "New Standard's business strategy in the United States is targeted on increasing reserves to increase the value of the Company's Atascosa Project. The increased reserves are a pleasing and robust measure of the progress we are making to execute that strategy."

The upgraded reserves report also places a Present Value discounted at 10 per cent (**PV10**) on the reserves. Following this report, New Standard has confirmed with Credit Suisse that the next draw under its enhanced debt facility is available as and when required, to support funding of the next two wells, the first of which spudded last week. The Company will continue to use this facility conservatively to manage risk. The PV10 figures estimated by NSAI were US\$27.1 million for 1P, US\$63.6 million for 2P and US\$130.6 million for 3P.

"The PV10 results from the reserves report highlight the increasing value of the Atascosa Project, even during a period of low oil prices and despite the relatively short production history of the Peeler 5H and 6H wells," Mr Thick said.

"Even though we were conservative with our oil price assumptions the independent values are significant and clearly demonstrate there is still substantial upside as we drill our next wells. The large increase from the short production history of just two additional wells illustrates the enormous leverage associated with our Atascosa Project and confirms it is primed for development to drive significant value."



The updated Reserve Estimates provided by NSAI are summarised below and reflect net reserves based on working interest positions on an after royalties basis:

	1P ('000 BOE)	2P ('000 BOE)	3P ('000 BOE)
January 2014	1,535	2,677	12,390
September 2014*	3,580	4,892	16,450
Increase	133%	83%	33%

*Net Reserve Estimates as at 30 September 2014

	Net Reserves				Future Net Revenue (million US\$)		Future Net Revenue (million A\$)
Category	Oil (MBBL)	NGL (MBBL)	Gas (MMCF)	BOE (MBBL)	Total	Present Value at 10%	Present Value at 10%
Total Proved (1P)	2652.9	466.7	2764.9	3580.4	70,009.7	27,132.9	30,832.8
Proved + Probable (2P)	3612.2	644.1	3817.1	4892.4	138,509.8	63,622.4	72,298.2
Proved + Probable + Possible (3P)	13332.2	703.8	14487.2	16450.4	473,079.1	130,637.4	148,451.6

Numbers expressed in US\$ have been converted to A\$ at foreign exchange rate A\$1.00:US\$0.88

1 MBBL = 1,000 barrels (1 MBBL = 1,000 BOE)
1 MMCF = 1 million cubic feet (6 MMCF = 1,000 BOE)

Oil and NGL prices are based on a NYMEX West Texas Intermediate price of \$87.00 per barrel and are adjusted for quality, transportation fees, and regional price differentials. Gas prices are based on a NYMEX Henry Hub price of \$3.66 per MMBTU and are adjusted for energy content, transportation fees, and regional price differentials.

Operating costs used in this report are based on operating expense records of NSE, the operator of the properties.

Totals may not add because of rounding

The recently drilled Peeler Ranch-5H and 6H wells and a series of additional offset activity in proximity to New Standard's acreage underpinned the significant upgrade to the Atascosa Project's reserves.

"The NSAI report confirms the prospectivity of our Eagle Ford acreage and its ability to continue to drive not only acreage value but overall company value. In addition to adding more producing wells over the coming six months, we are actively seeking to expand our Eagle Ford acreage position," Mr Thick said.

"We previously indicated that we felt our January 2014 reserves report was conservative, and the upgraded NSAI reserves clearly demonstrate that. We are now focused on development drilling to mature the reserves



profile across a broader lateral extent of our acreage so we continue adding project value and therefore shareholder value.”

New Standard recently spudded the Peeler Ranch-7H well (on 25 October 2014) and has a pipeline of additional wells to drill over the coming six months. This includes the Lagunillas Camp-3H well in the Alright Project area which will be drilled immediately after Peeler Ranch-7H. The Alright Project area has limited reserves recognition so will be a focus of New Standard’s future development drilling program, as it will maximise further reserves uplift.

New Standard will continue to work closely alongside its strategic business partner Magnum Hunter Resources Corporation (**NYSE: MHR**) drawing on their extensive experience as an Eagle Ford project operator.

Footnotes – reserves reporting

In accordance with Australian Securities Exchange (“ASX”) Listing Rule 5 and the new reporting requirements for oil and gas companies, please be advised that:

New Standard’s Proved (1P) and Probable (2P) reserves have been estimated in accordance with the classification and reporting requirements of the Society of Petroleum Engineers – Petroleum Resources Management System (SPE – PRMS) and are based upon an independent reserves report dated 30 September 2014 by Netherland, Sewell & Associates Inc.(NSAI), (NSAI Reserves Report).

All of New Standard’s properties are held by way of standard oil & gas lease arrangements. The Company’s economic interests in relation to the leases and wells that are the basis of the NSAI Reserves Report are detailed in previous company investor presentations. These presentations are available on either the ASX website or the Company’s web site (www.newstandard.com.au).

Well cost assumptions are based on historical costs achieved by New Standard, and/or other operators in areas proximate to New Standard’s acreage. The reasonableness of these costs has been assessed by independent reserves evaluators. Indicative drilling timing on the Company’s projects is also included in the Company’s investor presentations.

Details of the Company’s leased acreage, wells and respective Operatorship status are detailed below:

	Gross Acres	# Well Locations	Operator
Eppright	2,285.95	2	Shale Hunter*
Alright	3,108.56	1	Marathon
Peeler Ranch	1,895.25	4	Shale Hunter*

*Shale Hunter is a wholly owned subsidiary of Magnum Hunter Resources Inc. and is contract operator for New Standard.

The NSAI Reserves Report was prepared using oil, NGL, and gas prices based on a NYMEX West Texas Intermediate price of \$87.00 per barrel and are adjusted for quality, transportation fees, and regional price differentials. Gas prices are based on a NYMEX Henry Hub price of \$3.66 per MMBTU and are adjusted for energy content, transportation fees, and regional price differentials. All prices are held constant throughout the lives of the properties.

Capital costs used in the NSAI Reserves Report were based on authorisations for expenditure and actual costs from recent activity.



The reserves in the NSAI Reserves Report were estimated using deterministic methods.

Qualifications of Petroleum Reserve Evaluators

The NSAI Reserves Report prepared to assess the Company's Atascosa Eagle Ford Shale properties was independently estimated as at 30 September 2014 by C.H. (Scott) Rees III, P.E. (Chairman and CEO of NSAI) and Connor B. Riseden, P.E. (Vice President of NSAI). Messrs. Rees and Riseden are licensed Petroleum Engineers and maintain active memberships of the Society of Petroleum Engineers. They are both employees of NSAI and they consent to the inclusion in this announcement of the information and context in which it appears.

NSAI was established in 1961 and has offices in Dallas and Houston, Texas. NSAI provides services to the worldwide petroleum industry that include reserves reports and audits, acquisition and divestiture evaluations, simulation studies, exploration resources assessments, equity determinations, and management and advisory services.

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About New Standard: New Standard Energy is an onshore hydrocarbon producer, developer and explorer with a commitment to develop and realise the oil and gas potential of the most prospective shale and tight gas basins across the US and Australia.

The Company's exploration and production program is active, well-funded and extensive. It is underpinned and complemented by targeted corporate activity to take advantage of opportunities and to build an extensive pipeline of prospective projects. New Standard's Board has substantial technical and commercial experience in the oil and gas sector.

The Company operates in four primary basins: Eagle Ford, Texas, USA; Cooper, South Australia; and the Canning and Carnarvon, Western Australia.

The Eagle Ford acreage is a development and production project. It contains seven existing production wells, in the oil window of the Eagle Ford shale, which are currently producing and generating revenue that provides monthly cash flow to the Company. New Standard is currently drilling and evaluating additional wells.

The Cooper Basin Project is later stage exploration and development, to take advantage of existing infrastructure and the domestic and export opportunities available in the Australian East Coast gas market.

The Canning and Carnarvon Projects are frontier basins, providing New Standard's investors with exposure to high risk, high reward exploration.

New Standard benefits from a strategic alliance with its major shareholder, the US-based Magnum Hunter Resources Corporation, to efficiently develop the Atascosa Project in the Eagle Ford; to develop the Cooper Basin; and to explore in the Canning and Carnarvon Basins. The Company's portfolio includes:

Texas

- Working interests ranging from 35.4% to 100% Working Interest across 5,585 net acres in the Eagle Ford shale, onshore Texas, USA
- 32.5% working interest in the Colorado County Project, onshore Texas, USA

South Australia

- 17.5% operated interest in the PEL 570 acreage area in the Cooper Basin, South Australia

Western Australia

- 100% operated interest in the Southern Canning Project (EPs 443, 450, 451, 456), Canning Basin, Western Australia
- 100% operated interest in the Southern Canning Project (application areas STP-EPA-006, STP-EPA-007 and STP-EPA-010), Canning Basin, Western Australia
- 100% operated interest in the Laurel Project (EP 417 and Exploration Permit Application STP-EPA-0109), Canning Basin, Western Australia
- 100% operated interest in the Merlinleigh Project (EPs 481 and 482), onshore Carnarvon Basin, Western Australia
- 100% operated interest in application area STP-EPA-0092

In addition to the above portfolio, New Standard has an 11.8% equity interest in ASX listed Elixir Petroleum (**ASX: EXR**) and has formed a strategic alliance with Magnum Hunter Resources Corporation (**NYSE: MHR**) to deliver expertise and corporate growth. New Standard is also continuing to actively assess other opportunities to complement and expand its exploration portfolio.