NEW STANDARD ENERGY

LIMITED

ACN 119 323 385

Financial Report for the Half-Year Ended 31 December 2017

www.newstandard.com.au

CORPORATE DIRECTORY

Board of Directors

Kunfang Liu	Non-Executive Chairman
Xiaofeng Liu	Managing Director
Ming Li	Non-Executive Director
Chee Ho Ho	Non-Executive Director
Peng Zhang	Non-Executive Director

Company Secretary

Ming Li

Place of Business

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Web: www.newstandard.com.au

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Legal Advisors

Murcia Pestell Hillard Pty Ltd
Suite 183, Level 6
580 Hay Street
Perth WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

ASX Code | NSE

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DIRECTORS' REPORT

The Directors of New Standard Energy Ltd (**New Standard** or **Company**) submit herewith the financial report for the half-year ended 31 December 2017. In order to comply with the provisions of the *Corporations Act 2001,* the Directors' report as follows:

BOARD OF DIRECTORS

The names and details of the Directors of the Company that were in office during the period and until the date of this report are as follows:

Kunfang Liu	(Non-Executive Chairman – appointed 21st December 2017)
Xiaofeng Liu	(Managing Director – appointed 27th November 2017, previously Non-Executive Director)
Ming Li	(Non-Executive Director – appointed 21st December 2017)
Chee Ho Ho	(Non-Executive Director – appointed 21st December 2017)
Peng Zhang	(Non-Executive Director – appointed 21st December 2017)
Hui Song	(Non-Executive Chairman – resigned 21st December 2017)
Hua Li	(Managing Director – resigned 21st December 2017)
Ning Han	(Non-Executive Director – resigned 21st December 2017)
Dongbo Zhang	(Non-Executive Director – resigned 21st December 2017)

Directors were in office for the entire period unless otherwise stated.

REVIEW OF OPERATIONS

During the period New Standard continued to review its Western Australian assets while working with the Department of Mines and Petroleum (**DMP**) with the aim of settling a new work program for the existing permits.

The Company is seeking to diversify its existing portfolio, both in the energy sector and in other sectors and accordingly reviewed a number of new opportunities.

Western Australian Projects

During the period New Standard continued working with the Company's new largest shareholder Huizhou Energy to complete a high level review of its Western Australian assets.

New Standard has retained 100% of EP481 and EP482 in the Carnarvon Basin. These are considered to be the most prospective permits in the portfolio.

In consultation with the DMP the Company has engaged a consulting firm to assess its rehabilitation obligations regarding historic exploration activities carried out on permits EP 481, EP450, EP 451 and EP 456.

CORPORATE AND FINANCE

New Standard ended the six months to 31 December 2017 with a cash position of $206,919. At the end of the period the Company held 2,128,000 shares in Sundance Energy Australia Limited (ASX: SEA), of which 1,528,000 are in escrow pending finalisation of due diligence claims. The Company has no debt.

New Standard continues to review and reduce overheads wherever possible. Directors' fees remain suspended and no Directors' fees have been paid since February 2015.

New Standard accepted the resignations of Non-Executive Chairman, Mr Hui Song, Managing Director and Company Secretary, Mr Hua Li, Directors Messrs Ning Han and Dongbo Zhang. The Company also appointed Mr Kunfang Liu as Non-Executive Chairman, Mr Ming Li as Non-Executive Director and Company Secretary and Messrs Chee Ho Ho and Peng Zhang as Director.

New Standard is in the process of engaging with sophisticated investors introduced by the Board of Directors to complete a placement. Funds from the placement will be allocated to identifying new opportunities, complying with obligations to the Department of Mines and Petroleum and working capital.

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.

EVENTS SUBSEQUENT TO REPORTING DATE

On 16 January 2018 the Company announced that the litigation between New Standard Onshore Pty Ltd (NSO) (a wholly owned subsidiary of NSE) and Precision Catering & Equipment Pty Ltd has been settled and the proceedings have been dismissed by the Supreme Court of Western Australia. The terms of the settlement are confidential but have no material impact on either New Standard or NSO.

Other than the above, there has been no matter or circumstance that have arisen since 31 December 2017 that may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s.307C of the *Corporations Act 2001* in relation to the review of the half-year is included on page 4.

Signed in accordance with a resolution of the Directors.

Xiaofeng Liu
Managing Director
14 March 2018

AUDITOR'S INDEPENDENCE DECLARATION

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Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF NEW STANDARD ENERGY LIMITED

As lead auditor for the review of New Standard Energy Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of New Standard Energy Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2018

DIRECTORS' DECLARATION

The Directors of the Company declare that:

The financial statements and notes set out on pages 8 to 19 are in accordance with the *Corporations Act 2001* and:

(i) comply with Accounting Standard AASB 134 *Interim Financial Reporting,* Corporations Regulations 2001 and other mandatory professional reporting requirements;

(ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(iii) in the Directors' opinion, there are reasonable grounds to believe that New Standard Energy Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

Xiaofeng Liu
Managing Director
14 March 2018

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Fax: +61 8 6382 4601
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PO Box 700 West Perth WA 6872
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of New Standard Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of New Standard Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

JPrue

Jarrad Prue

Director

Perth, 14 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2017

	Note	Half-year ended 31 Dec 2017 $	Half-year ended 31 Dec 2016 $
Continuing operations			
Revenue and other income		200	754
Depreciation expenses		(112,034)	(6,788)
Administrative expenses		(210,827)	(147,089)
Employment expenses		(23,247)	(81,532)
Share based payments		–	(85,307)
Foreign exchange loss		–	–
Impairment of exploration and evaluation expenditure	4	(66,158)	(413,080)
Gain on investment in available-for-sale		–	42,500
Fair value loss on available-for-sale financial assets		–	–
Loss before income tax expense		(412,066)	(690,542)
Income tax benefit		–	–
Loss after income tac for the year from continuing operations		(412,066)	(690,542)
Discontinued operations			
Loss on discontinued operations	13	(394,326)	(23,642)
Loss attributable to owners of the Parent entity		(806,392)	(714,184)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	7(c)	388,338	–
Changes in the fair value of available-for-sale financial assets	7(a)	25,536	255,360
Other comprehensive income for the period		413,874	255,360
Total comprehensive loss for the period		(392,518)	(458,824)
Total comprehensive loss for the period is attributable to:			
Owners of the Company		(392,518)	(458,824)
		Cents Per Share	Cents Per Share
Loss per share for loss from			
Continuing operations attributable to the ordinary shareholders of the Company			
Basic loss per share (cents per share)	9	(0.06)	(0.14)
Diluted loss per share (cents per share)	9	(0.06)	(0.14)
Discontinued operations attributable to the ordinary shareholders of the Company			
Basic loss per share (cents per share)	9	(0.06)	–
Diluted loss per share (cents per share)	9	(0.06)	–

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Note	31 Dec 17 $	30 Jun 17 $
Current Assets			
Cash and cash equivalents		206,919	460,157
Trade and other receivables	2	24,382	22,099
Available-for-sale financial assets	3	44,252	37,200
Total Current Assets		275,553	519,456
Non-Current Assets			
Available-for-sale financial assets	3	113,220	94,736
Exploration and evaluation expenditure	4	–	–
Property, plant and equipment		–	112,034
Total Non-Current Assets		113,220	206,770
Total Assets		388,773	726,226
Current Liabilities			
Trade and other payables	5	311,242	256,177
Total Current Liabilities		311,242	256,177
Non-Current Liabilities			
Total Non-Current Liabilities		–	–
Total Liabilities		311,242	256,177
Net Assets		77,531	470,049
Equity			
Issued capital	6	68,737,842	68,737,842
Reserves	7	25,536	(99,911)
Accumulated losses	8	(68,685,847)	(68,167,882)
Total Equity		77,531	470,049

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2017

	Issued Capital	Retained Earnings/ (Accumulated Losses)	Share Based Payment Reserve	Foreign Currency Translation Reserve	Available-for-sale Financial Assets Reserve	Total
	$	$	$	$	$	$
Equity as at 1 July 2017	68,737,842	(68,167,882)	288,427	(388,338)	–	470,049
Loss for the period	–	(418,054)	–	–	–	(418,054)
Realised (loss)/profit on translation of foreign operations	–	(388,338)	–	388,338	–	–
Unrealised gain on available for sale financial assets	–	–	–	–	25,536	25,536
Total comprehensive loss	–	(806,392)	–	388,338	25,536	(392,518)
Transactions with owners in their capacity as owners;						
Issue of shares, net of transaction costs	–	–	–	–	–	–
Other comprehensive loss	–	288,427	(288,427)	–	–	–
Share based payments	–	–	–	–	–	–
Equity as at 31 December 2017	68,737,842	(68,685,847)	–	–	25,536	77,531
Equity as at 1 July 2016	67,887,259	(67,693,403)	637,876	(404,692)	–	427,040
Loss for the period	–	(714,184)	–	–	–	(714,184)
Unrealised loss on available-for-sale financial assets	–	–	–	–	255,360	255,360
Total comprehensive income / (loss)	–	(714,184)	–	–	255,360	(458,824)
Transactions with owners in their capacity as owners;						
Issue of shares, net of transaction costs	851,011	–	–	–	–	851,011
Other comprehensive loss	–	421,856	(421,856)	–	–	–
Share based payments	–	–	85,307	–	–	85,307
Equity as at 31 December 2016	68,738,270	(67,985,731)	301,327	(404,692)	255,360	904,534

The above consolidated statement of changes of equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 December 2017

	Note	Half-year ended 31 Dec 2017 $	Half-year ended 31 Dec 2016 $
Cash flows from operating activities			
Payments to suppliers and employees		(187,069)	(230,123)
Interest received		200	846
Net cash used in operating activities		(186,869)	(229,277)
Cash flows from investing activities			
Payment for exploration, evaluation and development		(64,532)	(93,450)
Proceeds from sale of plant and equipment		–	–
Proceeds from sale of available-for-sale financial instrument		–	107,364
Net cash provided by/(used in) by investing activities		(64,532)	13,914
Cash flows from financing activities			
Proceeds from issue of shares	6	–	955,224
Net cash flows provided by financing activities		–	955,224
Net increase/(decrease) in cash and cash equivalents		(251,401)	739,861
Cash and cash equivalents at beginning of the financial period		460,157	233,268
Exchange rate adjustments		(1,837)	–
Cash and cash equivalents at the end of the financial period		206,919	973,129

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Statement of compliance

The half-year financial statements are general purpose financial statements prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. These half-year financial statements do not include notes of the type normally included in annual financial statements and shall be read in conjunction with the most recent annual financial statements for the year ended 30 June 2017 and any public announcements made by New Standard Energy Limited (Company) during the half-year reporting period with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost as modified by the revaluation of certain financial assets. Cost is based on the fair values of the consideration given in exchange for assets. The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Company's annual financial statements for the financial year ended 30 June 2017. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by the Company and its controlled entities during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Going Concern

The Directors believe that the consolidated entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the period the consolidated entity incurred a net loss after income tax of $806,392 (per Consolidated Statement of Profit or Loss and Other Comprehensive Income) and incurred net cash outflows from operating and investing activities of $251,401 (per Consolidated Statement of Cash Flow), and had net working capital deficit of $35,689 at 31 December 2017.

The ability of the consolidated entity to continue as a going concern is dependent on securing additional funding through capital raisings as and when required to continue to meet its working capital requirements in the next 12 months. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that they will be able to raise additional capital as required and that the Group will continue as a going concern and as a result the financial report has been prepared on a going concern basis. In arriving at this position the Directors have considered the following pertinent matters:

- the Company holds 2.13 million fully paid ordinary Sundance Energy Australia Limited (ASX: SEA) shares. This consists of 600,000 fully paid ordinary SEA shares which are freely tradable which can be used by the Group as a future funding source . The remaining 1.53 million SEA shares are held in escrow and are not tradeable.. Refer to note 14 for further information;
- in response to the weak oil price environment, the Non-Executive Chairman and all Non-Executive Directors have agreed to suspend their fees starting from 1 February 2015 until market conditions improve and remain suspended to date and until the Group has the financial capacity to pay the Non-Executive Chairman and Non-Executive Directors' fee;
- Mr Xiaofeng Liu entered into an employment agreement as Managing Director of the Company on 27 November 2017. The Company is still in discussion with Mr Liu to finalise his remuneration package. Mr Liu agreed to suspend his fee until the remuneration package is finalised;
- Huizhou Energy Investment (Beijing) Co., Ltd have agreed that they will provide financial support to the consolidated entity in the event that the company does not have the financial capacity to meet any liabilities that become due and payable; and
- Should it be required the Directors are satisfied that they will be able to raise additional funds by either a form of equity raising, implementing strategic joint ventures or by asset sale to fund ongoing exploration commitments and for working capital.

However, should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that different from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

Impairment of assets

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1. Statement of compliance (cont'd)

Impairment of assets (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Critical accounting judgements and key source of estimation uncertainty

In the application of the consolidated entity's accounting policies, (which are described in Note 1 of the most recent annual financial statements for the year ended 30 June 2017), management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and significant judgements

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty and significant judgements at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Carrying value of exploration and evaluation expenditure

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The ultimate recoupment of costs carried forward for exploration and evaluation assets is dependent either upon the successful development and commercial exploitation, or sale, of the respective areas of interest. If the asset is successfully developed it will be transferred and reclassified as a production asset. The production asset will then be accounted within Oil and Gas properties to which its carrying value will be depleted as production value is extracted from the asset.

Deferred tax balances

The Group has carried forward losses which have not been recognised as deferred tax assets as it is not probable that the company will derive future assessable income of a nature and amount sufficient to enable the benefit to be realised.

Impact of New or Revised Accounting Standards

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

	31 Dec 2017 $	30 Jun 2017 $
2. Trade and other receivables		
Current		
Trade receivables	–	–
Other receivables	24,382	22,099
	24,382	22,099

The average credit period on trade and other receivables is 30 days. No interest is charged on prepayments and receivables. The Group has financial risk management policies in place to ensure that all receivables are received within the credit timeframe. Due to the short term nature of these receivables, their carrying value is assumed to be approximately their fair value. None of the receivables are past due or impaired.

		31 Dec 2017 $	30 Jun 2017 $
3.	Available-for-sale financial assets		
	Listed securities		
	Current		
	Sundance Energy Australia Ltd (i)	44,252	37,200
		44,252	37,200
	Non-current		
	Sundance Energy Australia Ltd (i)	113,220	94,736
		113,220	94,736

(i) On 10 August 2015 the Group completed the sale of assets to Sundance Energy Australia Ltd (SEA). The Company received 6,000,000 SEA fully paid ordinary shares. The Company held 600,000 fully paid ordinary SEA shares, freely tradable and 1.53 million SEA shares on escrow pursuant to the share sale agreement as at 31 December 2017. Refer to note 14 for further information.

		31 Dec 2017	30 Jun 2017
4.	Exploration and evaluation expenditure		
	Balance at beginning of period	–	–
	Expenditure incurred	66,158	433,699
	Expenditure impaired (i)	(66,158)	(433,699)
	Foreign exchange movement	–	–
	Expenditure recovered	–	–
	Balance at end of period	–	–

(i) During the half year period the Company recognised a non-cash impairment charge of $66,158 relating to the capitalised exploration expenditure associated with its exploration assets based in Western Australia. The impairment of the exploration, evaluation and development expenditure has arisen as a result of the relinquishment of licences and applications for exemptions of minimum expenditure requirements that have yet to be approved. The Company has taken a conservative view of the carrying value for the projects at 31 December 2017 considering no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ended 30 June 2018. This charge reflects the steps and measures followed pursuant to the Australian Accounting Standards (AASB6) when testing for impairment indicators. This charge has been recognised in the consolidated statement of profit or loss and other comprehensive income.

The Board assess impairment of all exploration expenditure at each reporting date by evaluating the conditions specific to the Company and the particular asset. These include if substantive expenditure has been incurred on exploration and evaluation of resources and this has not led to the discovery of commercially viable quantities of resources or sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale.

The Company is currently in discussion with the Department of Mines and Petroleum (DMP) and has submitted an application for variations and exemptions on the exploration work commitments for the existing permits which allows the Company to renew the permits at the end of 2018. In the event the application is not approved the Company will have to reassess the existing permits, including potential relinquishment of all or part of the permits. The Company has taken a conservative view and have fully impaired the capitalised exploration and evaluation expenditure of the carrying value for the projects at 31 December 2017 considering no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ended 30 June 2018.

The ultimate recoupment of exploration expenditure carried forward is dependent on successful development and exploitation, or alternatively sale, of the respective area of interest.

		31 Dec 2017 $	30 Jun 2017 $
5.	Trade and other payables		
	Current		
	Trade payables	58,541	49,462
	Other payables and accrued expenses	252,701	206,715
		311,242	256,177

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

		31 Dec 2017 $	30 Jun 2017 $
6.	Issued capital		
	716,418,005 fully paid ordinary shares (30 Jun 2017: 716,418,005)	68,737,842	68,737,842

	No.	$
Fully paid ordinary shares		
Balance at 1 July 2016	477,612,003	67,887,259
On 29 December 2016, issue of shares to shareholders for Right Issue 2-for-1	39,051,377	156,206
On 30 December 2016, issue of shares to Huizhou Energy Investments	199,754,625	799,018
Less: Transaction costs		(104,641)
Balance at 30 June 2017	716,418,005	68,737,842
Balance at 31 December 2017	716,418,005	68,737,842

		31 Dec 2017 $	30 Jun 2017 $
7.	Reserves		
	Available for sale financial assets reserve	25,536	–
	Share based payments reserve	–	288,427
	Foreign currency translation reserve	–	(388,338)
		25,536	(99,911)
	(a) Movements in available for sale financial assets reserve		
	Balance at beginning of period	–	–
	Revaluation of financial assets available for sale	25,536	–
	Impairment of financial assets available for sale	–	–
	Balance at the end of period	25,536	–

Nature and purpose of reserve

The available for sale investments revaluation reserve represents the unrealised gain or loss on the market value of available for sale financial assets.

	31 Dec 2017 $	30 Jun 2017 $
(b) Movements in share based payments reserve		
Balance at beginning of period	288,427	637,876
Add: Issue of options		
Directors	–	85,307
Employees	–	–
Less: Option and/or rights expired and lapsed	(288,427)	(434,756)
Balance at the end of period	–	288,427

Nature and purpose of reserve

The share based payments reserve represents the value of shares and options issued to employees and directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the 6 months ended 31 December 2017

	31 Dec 2017 $	30 Jun 2017 $
7. Reserves (cont'd)		
(c) Movements in foreign currency translation reserve		
Balance at beginning of period	(388,338)	(404,692)
Realised gain from discontinued operations	388,338	16,354
Balance at the end of the period	–	(388,338)

Nature and purpose of reserve

The foreign currency translation reserve represents the unrealised gain or loss upon translation of subsidiaries with a different functional currency.

	31 Dec 2017 $	30 Jun 2017 $
8. Accumulated losses		
Balance at the beginning of period	(68,167,882)	(67,693,403)
Net loss attributable to members of the Company	(806,392)	(909,235)
Items of other comprehensive income recognised directly in retained earnings		
Expired options / rights in prior periods	288,427	434,756
	(68,685,847)	(68,167,882)

9. (Loss)/earnings per share

	31 Dec 2017 Cents per share	31 Dec 2016 Cents per share
Basic (loss)/earnings / loss per share		
Continuing operations	(0.06)	(0.14)
Discontinued operations	(0.06)	–
Diluted (loss)/earnings / loss per share		
Continuing operations	(0.06)	(0.14)
Discontinued operations	(0.06)	–

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	$	$
(Loss)/profit for the period		
Continuing operations	(412,066)	(690,542)
Discontinued operations	(394,326)	(23,642)
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic EPS	716,418,005	479,122,097
Weighted average number of ordinary shares used in the calculation of diluted EPS	716,418,005	479,122,097

10. Segment reporting

The segment information provided to the Managing Director for the reportable segments for the half-year ended 31 December 2017 and the prior comparative period are as follows:

Australia

During the half year period, the Group operated within the Carnarvon geological basin.

United States

On 10 August 2015 the Group completed the sale of assets including NSE Texas LLC, which held the producing Eagleford asset located within the Atascosa and Colorado counties and NSE PEL 570 Pty Ltd which held the Copper Basin asset to Sundance Energy Australia Ltd. In accordance with AASB 5 the revenue, expenses, assets and liabilities of New Standard Energy Texas LLC (United States) and New Standard Energy PEL 570 Pty Ltd (Australia) are disclosed as discontinued operations. The Company has closed down its US operations.

	Australia		United States		Total	
	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 16
	$	$	$	$	$	$
Administration and employment expenses	(206,651)	(293,915)	(22,933)	–	(229,584)	(293,915)
Depreciation expenses	(112,034)	(6,788)	–	–	(112,034)	(6,788)
Impairment expense	(66,158)	(413,080)	–	–	(66,158)	(413,080)
Loss on available-for-sale financial assets	–	42,500	–	–	–	42,500
Fair value adjustment	–	–	–	–	–	–
Reportable segment loss	(384,843)	(671,283)	(22,933)	–	(407,776)	(671,283)
Other income	200	754	–	–	200	754
Other costs	(4,490)	(20,013)	–	–	(4,490)	(20,013)
Net loss before tax	(389,133)	(690,542)	(22,933)	–	(412,066)	(690,542)

	Australia		United States		Total	
	31 Dec 17	30 Jun 17	31 Dec 17	30 Jun 17	31 Dec 17	30 Jun 17
	$	$	$	$	$	$
Segment assets						
Exploration assets	–	–	–	–	–	–
Available-for-sale financial assets	157,472	131,936	–	–	157,472	131,936
Other assets	231,301	466,312	–	127,978	231,301	594,290
Total assets	388,773	598,248	–	127,978	388,773	726,226
Segment liabilities						
Other liabilities	311,242	256,177	–	–	311,242	256,177
Total liabilities	311,242	256,177	–	–	311,242	256,177
Net assets	77,531	342,071	–	127,978	77,531	470,049

11. Related party transactions

(a) Key management personnel remuneration

Mr Xiaofeng Liu entered into an employment agreement as Managing Director of the Company on 27 November 2017. The Company is still in discussion with Mr Liu to finalise his remuneration package. Mr Liu agreed to suspend his fee until the remuneration package is finalised.

During the period, the Company's Non-Executive Chairman and Non-Executive Directors agreed to continue suspending all non-executive directors' fees until market conditions improve.

(b) Transactions with related parties

China International Economic Huizhou Energy Investment (Beijng) Co., Ltd. (Huizhou), of which Mr Hui Song is a Director, fully underwrote the rights issue completed on 23 November 2016. Pursuant to the Underwriting Agreement, the Company agreed to pay Huizhou an underwriting fee of 4% of the value of the underwritten shares which amounted to $38,209 which was owing to Huizhou at 31 December 2017 (30 Jun 2017: $38,209).

Mr Song resigned as a director of the Company on 21 December 2017.

12. Fair value measurement

The directors consider that the carrying amounts of assets and liabilities recognised in the consolidated financial statements approximate their fair values.

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 $	Level 2 $	Level 3 $	Total $
31 Dec 2017				
Available-for-sale financial assets (i)	157,472	–	–	157,472
	157,472	–	–	157,472
30 Jun 2017				
Available-for-sale financial assets (i)	131,936	–	–	131,936
	131,936	–	–	131,936

(i) The fair value of the available-for-sale financial assets is derived from quoted market prices in an active market.

13. Discontinued operations

During the period the Company initiated a voluntary dissolution of the US entities, New Standard Energy Inc, New Standard Energy Colorado LLC and New Standard Energy Ventures LLC.

A loss of $394,326 which includes realised foreign exchange gain of $388,338 (refer note 7(c) for further information) was recognised on the disposal of the US entities, no tax charge or credit arose on the transaction.

14. Commitments and contingent liability

On 10 August 2015 the Group completed the sale of assets including NSE Texas LLC, which held the producing Eagleford asset located within the Atascosa and Colorado counties and NSE PEL 570 Pty Ltd which held the Copper Basin asset to Sundance Energy Australia Ltd (Sundance). In accordance with the Share and Asset Sale Agreement Sundance made a claim in relation to Due Diligence Defects (DD Defects) associated with the Eagleford asset. There is a potential liability associated with the DD Defects which will be covered partially or wholly by escrowed SEA shares which formed part of consideration of the sale as disclosed in note 3. Whilst the maximum exposure to the Group is approximately $500k, certain claims made by Sundance have been disputed by the Group and the likely outflow of economic benefits is currently not clear and as such a provision has not been recognised in relation to the claim.

The Company continues to assess the Company's rehabilitation obligations and associated costs with respect to its historic drilling activities and is part of a continuing dialogue with the DMP. The likely outflow of economic benefits is currently not clear and as such a provision has not been recognised in relation to the rehabilitation obligations.

There have been no material changes in commitments since 30 June 2017 and contingent liabilities since 31 December 2017 or as at the date of the report other than the above.

15. Events occurring after reporting date

On 16 January 2018 the Company announced that the litigation between New Standard Onshore Pty Ltd (NSO) (a wholly owned subsidiary of NSE) and Precision Catering & Equipment Pty Ltd has been settled and the proceedings have been dismissed by the Supreme Court of Western Australia. The terms of the settlement are confidential but have no material impact on either New Standard or NSO.

There has been no other matter or circumstance that have arisen since 31 December 2017 that may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years other than the above.