NEW STANDARD ENERGY LIMITED

ACN 119 323 385

Financial Report for the Half-Year Ended 31 December 2018

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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West Perth WA 6005
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Web: www.newstandard.com.au

Auditors

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

Legal Advisors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street,
Perth Western Australia 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 2018. 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)

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, Industry Regulation and Safety (**DMIRS**) to settle new work programs for its remaining permits and meet rehabilitation obligations that relate to historic exploration activities.

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.

CORPORATE AND FINANCE

New Standard ended the six months to 31 December 2018 with a cash position of $119,344. At the end of the period the Company held 212,800 shares in Sundance Energy Australia Limited (ASX: SEA), of which 152,800 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 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

There has been no matter or circumstance that have arisen since 31 December 2018 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 3.

Signed in accordance with a resolution of the Directors.

Xiaofeng Liu
Managing Director
15 March 2019

AUDITOR'S INDEPENDENCE DECLARATION

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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 2018, 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, 15 March 2019

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DIRECTORS' DECLARATION

The Directors of the Company declare that:

The financial statements and notes set out on pages 7 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 2018 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
15 March 2019

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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 2018, 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 2018 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 2018 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.

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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

J Prue

Jarrad Prue

Director

Perth, 15 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2018

	Note	Half-year ended 31 Dec 2018 $	Half-year ended 31 Dec 2017 $
Continuing operations			
Revenue and other income		184	200
Depreciation expenses		–	(112,034)
Administrative expenses		(175,467)	(210,827)
Employment expenses		(37,215)	(23,247)
Share based payments			–
Impairment of exploration and evaluation expenditure	4	(42,485)	(66,158)
Fair value loss on other financial assets		(85,120)	–
Loss before income tax expense		**(340,103)**	**(412,066)**
Income tax benefit		–	–
Loss after income tax for the half-year from continuing operations		**(340,103)**	**(412,066)**
Discontinued operations			
Loss on discontinued operations	13	–	(394,326)
Loss attributable to owners of the Parent entity		**(340,103)**	**(806,392)**
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
Other comprehensive income for the period		**–**	**413,874**
Total comprehensive loss for the period		**(340,103)**	**(392,518)**
Total comprehensive loss for the period is attributable to:			
Owners of the Company		(340,103)	(392,518)
		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	(0.04)	(0.06)
Discontinued operations attributable to the ordinary shareholders of the Company			
Basic 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 2018

	Note	31 Dec 18 $	30 Jun 18 $
Current Assets			
Cash and cash equivalents		119,344	383,515
Trade and other receivables	2	30,156	22,754
Other financial assets at fair value through profit and loss	3	21,600	45,600
Total Current Assets		**171,100**	**451,869**
Non-Current Assets			
Other financial assets at fair value through profit and loss	3	55,008	116,128
Exploration and evaluation expenditure	4	–	–
Total Non-Current Assets		**55,008**	**116,128**
Total Assets		**226,108**	**567,997**
Current Liabilities			
Trade and other payables	5	213,058	214,844
Total Current Liabilities		**213,058**	**214,844**
Non-Current Liabilities			
Total Non-Current Liabilities		**–**	**–**
Total Liabilities		**213,058**	**214,844**
Net Assets		**13,050**	**353,153**
Equity			
Issued capital	6	69,164,123	69,164,123
Reserves	7	29,792	29,792
Accumulated losses	8	(69,180,865)	(68,840,762)
Total Equity		**13,050**	**353,153**

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 2018

	Issued Capital	Retained Earnings/ (Accumulated Losses)	Share Based Payment Reserve	Foreign Currency Translation Reserve	Other Financial Assets Reserve	Total
	$	$	$	$	$	$
Equity as at 1 July 2018	69,164,123	(68,840,762)	–	–	29,792	353,153
Loss for the period	–	(340,103)	–	–	–	(340,103)
Unrealised loss on available-for-sale financial assets	–	–	–	–	–	–
Total comprehensive loss	–	(340,103)	–	–	–	(340,103)
Transactions with owners in their capacity as owners;						
Issue of shares, net of transaction costs	–	–	–	–	–	–
Other comprehensive loss	–	–	–	–	–	–
Share based payments	–	–	–	–	–	–
Equity as at 31 December 2018	**69,164,123**	**(69,180,865)**	**–**	**–**	**29,792**	**13,050**
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 loss on available-for-sale financial assets	–	–	–	–	25,536	25,536
Total comprehensive income / (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**

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 2018

	Note	Half-year ended 31 Dec 2018 $	Half-year ended 31 Dec 2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(224,111)	(187,069)
Interest received		184	200
Net cash used in operating activities		**(223,927)**	**(186,869)**
Cash flows from investing activities			
Payment for exploration, evaluation and development		(40,244)	(64,532)
Net cash provided by/(used in) by investing activities		**(40,244)**	**(64,532)**
Cash flows from financing activities			
Net cash flows provided by financing activities		**–**	**–**
Net increase/(decrease) in cash and cash equivalents		**(264,171)**	**(251,401)**
Cash and cash equivalents at beginning of the financial period		383,515	460,157
Exchange rate adjustments		–	(1,837)
Cash and cash equivalents at the end of the financial period		**119,344**	**206,919**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the 6 months ended 31 December 2018

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 2018 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 2018 except for the adoption of new and amended standards set out below. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 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 $340,103 (per Consolidated Statement of Profit or Loss and Other Comprehensive Income) and incurred net cash outflows from operating and investing activities of $264,171 (per Consolidated Statement of Cash Flow), and had net working capital deficit of $41,958 at 31 December 2018.

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 212,800 fully paid ordinary Sundance Energy Australia Limited (ASX: SEA) shares. This consists of 60,000 fully paid ordinary SEA shares which are freely tradable which can be used by the Group as a future funding source. The remaining 152,800 SEA shares are held in escrow and are not tradeable. Refer to note 3 for further information;
- in response to reserve the Company's cash flow, the Non-Executive Chairman and all Non-Executive Directors have agreed to suspend their fees starting from 1 February 2015 and remain suspended to date and until the Group has the financial capacity to pay the Non-Executive Chairman and Non-Executive Directors' fees;
- the Company has received the financial support through a loan facility from its major shareholder if required;
- the Company completed a capital raising to sophisticated investors in June 2018 and has proven ability to raise capital as and when required; 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.

1. Statement of compliance (cont'd)

Adoption of new and amended accounting standards

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies and make adjustments as a result of adopting AASB 9 Financial Instruments. The adoption of AASB 9 had minimal impact on the financial statements.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any material transitional adjustments. The new accounting policies applicable from 1 July 2018 are set out below.

Classification and measurement

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (**FVPL**), amortised cost, or fair value through other comprehensive income (**FVOCI**). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the **SPPI criterion**).

The new classification and measurement of the Group's financial assets are, as follows:

- Debt instruments at amortised cost, for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the 'SPPI criterion'. This category includes the Group's trade and other receivables.
- Financial assets at FVPL comprise derivative instruments, hybrid financial instruments and quoted and unquoted equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. This category includes the Group's quoted equity instruments as disclosed in note 3.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the SPPI criterion.

On transition to AASB 9 the assessment of the Group's business models was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Impairment

From 1 July 2018 the group assesses on a forward looking basis the expected credit losses (**ECLs**) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on either the 12-month or lifetime ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

1. Statement of compliance (cont'd)

Impact of standards issued but not yet applicable

AASB 16 Leases provides a new lessee accounting model which will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured based on the present value of lease payments.

The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

AASB 16 is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2019, the Group will continue to assess the potential effect of AASB 16 on its consolidated financial statements.

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 2018), 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 development 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 Company has taken a conservative view taking into consideration the market condition and that no exploration expenditure, other than rental and incidental land costs were incurred during the year with no expenditure budgeted for the financial year ended 30 June 2019 that the carrying amount of exploration and evaluation expenditure be fully impaired for all projects at 31 December 2018.

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.

Contingencies

The Company is continuing to assess its potential rehabilitation obligations and associated costs with respect to its historical drilling activities. Given the likely amount of outflow of economic benefits is not probable, the matter has been considered a contingent liability and a provision in relation to the potential rehabilitation obligations has not been recognised. The timing and amount of recognition of a provision related to potential rehabilitation obligations is considered a significant judgement.

The Due Diligence Defect claims associated with the Sundance sale of the Eagleford asset were disputed by the Group and the likely outflow of economic benefits is not probable and as such a provision has not been recognised in relation to the claim. This is considered a significant judgement consistent to the rehabilitation commentary.

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.

1. Statement of compliance (cont'd)

Key sources of estimation uncertainty and significant judgements (cont'd)

Impairment

The carrying amounts of the Group's assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an assets or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the assets belong.

	31 Dec 2018 $	30 Jun 2018 $
2. Trade and other receivables		
Current		
Trade receivables	–	–
Other receivables	30,156	22,754
	30,156	**22,754**

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 2018 $	30 Jun 2018 $
3. Other financial assets at fair value through profit and loss		
Listed securities		
Current		
Sundance Energy Australia Ltd (i)	21,600	45,600
	21,600	**45,600**
Non-current		
Sundance Energy Australia Ltd (i)	55,008	116,128
	55,008	**116,128**

(i) On 10 August 2015 the Group completed the sale of assets to Sundance Energy Australia Ltd (SEA). The Company received 600,000 SEA fully paid ordinary shares (post consolidation completed on 24 December 2018). The Company held 60,000 fully paid ordinary SEA shares, freely tradable and 152,800 SEA shares on escrow pursuant to the share sale agreement as at 31 December 2018. Refer to note 14 for further information.

	31 Dec 2018 $	30 Jun 2018 $
4. Exploration and evaluation expenditure		
Balance at beginning of period	–	–
Expenditure incurred	42,485	79,177
Expenditure impaired (i)	(42,485)	(79,177)
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 $42,485 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 2018 considering no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ended 30 June 2019. 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.

4. Exploration and evaluation expenditure (cont'd)

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 2019. 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 2018 considering no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ended 30 June 2019.

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 2018 $	30 Jun 2018 $
5. Trade and other payables		
Current		
Trade payables	10,689	6,101
Other payables and accrued expenses	202,369	208,743
	213,058	**214,844**

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 2018 $	30 Jun 2018 $
6. Issued capital		
788,059,805 fully paid ordinary shares (30 Jun 2018: 788,059,805)	**69,164,123**	**69,164,123**

	No.	$
Fully paid ordinary shares		
Balance at 1 July 2017	716,418,005	68,737,842
On 22 June 2018, issue of shares to sophisticated investors	71,641,800	429,851
Less: Transaction costs		(3,570)
Balance at 30 June 2018	788,059,805	69,164,123
Balance at 31 December 2018	**788,059,805**	**69,164,123**

	31 Dec 2018 $	30 Jun 2018 $
7. Reserves		
Other financial assets reserve	29,792	29,792
	29,792	**29,792**
(a) Movements in other financial assets reserve		
Balance at beginning of period	29,792	–
Revaluation of other financial assets	–	29,792
Balance at the end of period	**29,792**	**29,792**

Nature and purpose of reserve

The other financial asset reserve represents the unrealised gain or loss on the market value of equity investments.

		31 Dec 2018 $	30 Jun 2018 $
8.	**Accumulated losses**		
	Balance at the beginning of period	(68,840,762)	(68,167,882)
	Net loss attributable to members of the Company	(340,103)	(961,307)
	Items of other comprehensive income recognised directly in retained earnings		
	Expired options / rights in prior periods	–	288,427
		(69,180,865)	**(68,840,762)**

9. (Loss)/earnings per share

	31 Dec 2018 Cents per share	31 Dec 2017 Cents per share
Basic (loss)/earnings / loss per share		
Continuing operations	(0.04)	(0.06)
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	(340,103)	(412,066)
Discontinued operations	–	(394,326)
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of basic EPS	788,059,805	716,418,005

10. Segment reporting

The segment information provided to the Managing Director for the reportable segments for the half-year ended 31 December 2018 and the prior comparative period are as follows:

Australia

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

United States

The Group ended all operations in the US.

	Australia		United States		Total	
	31 Dec 18 $	31 Dec 17 $	31 Dec 18 $	31 Dec 17 $	31 Dec 18 $	31 Dec 17 $
Administration and employment expenses	(212,682)	(206,651)	–	(22,933)	(212,682)	(229,584)
Depreciation expenses	–	(112,034)	–	–	–	(112,034)
Impairment expense	(42,485)	(66,158)	–	–	(42,485)	(66,158)
Fair value adjustment	(85,120)	–	–	–	(85,120)	–
Reportable segment loss	**(340,287)**	**(384,843)**	–	**(22,933)**	**(340,287)**	**(407,776)**
Other income	184	200	–	–	184	200
Other costs	–	(4,490)	–	–	–	(4,490)
Net loss before tax	**(340,103)**	**(389,133)**	**–**	**(22,933)**	**(340,103)**	**(412,066)**

10. Segment reporting (cont'd)

	Australia		United States		Total	
	31 Dec 18 $	30 Jun 18 $	31 Dec 18 $	30 Jun 18 $	31 Dec 18 $	30 Jun 18 $
Segment assets						
Exploration assets	–	–	–	–	–	–
Other financial assets at fair value through profit and loss	76,608	161,728	–	–	76,608	161,728
Other assets	149,500	406,269	–	–	149,500	406,269
Total assets	**226,108**	**567,997**	**–**	**–**	**226,108**	**567,997**
Segment liabilities						
Other liabilities	213,058	214,844	–	–	213,058	214,844
Total liabilities	**213,058**	**214,844**	**–**	**–**	**213,058**	**214,844**
Net assets	**13,050**	**353,153**	**–**	**–**	**13,050**	**353,153**

11. 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 2018				
Other financial assets fair value through profit and loss (i)	76,608	–	–	76,608
	76,608	–	–	76,608
30 Jun 2018				
Other financial assets (i)	161,728	–	–	161,728
	161,728	–	–	161,728

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

12. Discontinued operations

In prior 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 was recognised on the disposal of the US entities, no tax charge or credit arose on the transaction in prior period.

13. 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. Whilst the maximum exposure to the Group is approximately $500k, the likely outflow of economic benefits is currently not probable 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 on EP 450, EP 451, EP 456 and EP 481. The likely amount of outflow of economic benefits is currently not clear and as such a provision has not been recognised in relation to the rehabilitation obligations. The Company has submitted a rehabilitation proposal to DMIRS for approval. Subsequently the Company has received directions from DMIRS to rehabilitate the well at EP 481 by 15 August 2020 and at EP 450, EP 451 and EP 456 by 30 November 2019. The Company is in the process of obtaining reliable estimates for the rehabilitation work to be completed.

There were no other material contingent liabilities or contingent assets for the Group as at 31 December 2018 or as at the date of the report other than the above.

14. Events occurring after reporting date

There has been no other matter or circumstance that have arisen since 31 December 2018 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.