



NEW STANDARD
ENERGY

ANNUAL REPORT 2019

CONTENTS

Chairman Letter	2
Directors' Report	3
Director's Declaration	13
Corporate Governance Statement	14
Auditor's Independence Declaration	20
Independent Audit Report	21
Consolidated Statement of Profit or Loss and Other Comprehensive Income	24
Consolidated Statement of Financial Position	25
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Cash Flows	27
Notes to the Consolidated Financial Statements	28
Shareholder Information	50

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Kunfang Liu	Non-Executive Chairman
Xiaofeng Liu	Managing Director
Ming Li	Non-Executive Director
Peng Zhang	Non-Executive Director
Xiaoning Lin	Non-Executive Director

COMPANY SECRETARY

Ming Li

ASX CODE

NSE

PLACE OF BUSINESS

6 Outram Street
West Perth, Western Australia 6005
Ph: +61 8 9481 7477
Fax: +61 8 9324 3366
Web: www.newstandard.com.au

AUDITORS

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

LEGAL ADVISORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth, Western Australia 6000

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

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, Western Australia, 6000

CHAIRMAN'S LETTER

Dear Shareholders

During the financial year your Board has maintained its focus on identifying new opportunities, meeting its obligations and reducing costs for New Standard Energy Limited (**New Standard or Company**).

The main achievements for 2018/2019 were:

- the renewal of Exploration Permit EP 481;
- successful completion of a capital raising to fund short term working capital; and
- the appointment of Mr Xiaofeng Liu as Managing Director and Ms Lin as Non-Executive Director.

The main goals for 2019/2020 are:

- secure a major new project to drive the Company into the future;
- recommence exploration for oil and gas in Western Australia;
- commence rehabilitation of disturbance from historic exploration activities; and
- successful completion of a major capital raise to drive the company forward.

We believe successfully achieving these goals will result in a significantly improved valuation of the company.

I thank all involved for their hard work, considerable and tireless efforts to achieve these goals.
We look forward to continuing to pursue opportunities to rebuild the company and rebuild shareholder value.

Thank you for supporting New Standard Energy.

Yours sincerely



Kunfang Liu
Non-Executive Chairman

DIRECTORS' REPORT

The Directors of New Standard submit herewith the annual financial report of the Company and the entities it controlled at the end of, or during the financial year ended 30 June 2019.

OPERATIONAL AND FINANCIAL REVIEW

PROJECTS

WESTERN AUSTRALIA PROJECTS

New Standard owns 100% of EP481 and EP482 which are located in the Carnarvon Basin in Western Australia. These permits were due to expire on 15 August 2018 however the Company lodged applications for renewal of the Permits with the Department of Mines, Industry Regulation and Safety (DMIRS) in May 2018. In September 2018 DMIRS confirmed the extension of term for EP 481 to 15 August 2020. The tenure of EP 482 remain in full force and effect until the renewal is determined. Subject to sourcing of additional funding, the Company plans to continue exploration activities on both permits.

In consultation with DMIRS, the Company 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 (Permits). The Company has submitted a rehabilitation proposal to DMIRS for approval. The Company has received directions from DMIRS to rehabilitate the Permits by 15 August 2020 and 30 November 2019 respectively.

CORPORATE & FINANCE

New Standard ended the financial year with a cash position of \$210,623. At the end of the period the Company held 212,800 shares in Sundance Energy Australia Limited (ASX: SEA), of which 152,800 are held in escrow, with a market value of approximately \$32,000. 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 appointed Ms Xiaoning Lin as a Non-Executive Director and accepted the resignations of Mr Chee Ho Ho as Director.

In May 2019, New Standard completed a placement of shares at an issued price of 0.6 cents per share that raised \$204,134. The placement was made to new sophisticated investors introduced by the Board of Directors. Funds from the placement will be allocated to identifying new opportunities, exploration, rehabilitation 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 sector and in other areas.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the period stated.

Mr Kunfang Liu

Non-Executive Chairman
(Appointed 21 December 2017)

Qualifications

B.E., MEOG, MBA

Experience

Mr Liu is the chairman of Beijing Geology & Petroleum Technology Co., Ltd. He has 12 years' experience in planning and implementing the National Project of Sidetracking Horizontal Wells' Drilling and Completion Technology for Heavy Oil and High Boiled Oil; and 17 years' experience in taking charge of Science and Technology Development & Management of Petroleum Science and Technology.

Current and Former Directorships in listed entities in the last 3 years

Nil

Relevant interests in shares and options

Fully paid ordinary shares	Nil
Options over fully paid ordinary shares	Nil

Mr Ming Li

Non-Executive Director and Company Secretary
(Appointed 21 December 2017)

Qualifications

MCS, M.Comm

Experience

Mr Li has a Master of Commerce Degree from Sydney University, and Master of Computer Studies Degree from the University of Wollongong. He has 12 years' experience in equity investment for energy companies in Mainland China, Hong Kong and Australia, also has 10 years' experience in oil and gas buying and selling.

Current and Former Directorships in listed entities in the last 3 years

Nil

Relevant interests in shares and options

Fully paid ordinary shares	5,900,387
Options over fully paid ordinary shares	Nil

Mr Xiaofeng Liu

Managing Director
(Appointed 27 November 2017
originally appointed Non-Executive Director on 16 December 2015)

Qualifications

B.Sc (Petroleum Geology Exploration)

Experience

Mr Liu is the Chief Geologist of Huizhou Energy Investment (Beijing) Co., Ltd and a resident of Beijing. He has 26 years' experience in the oil field including extensive experience in seismic interpretation, reservoir description and prediction and well deployment. He was previously the Director of the Oil and Gas Centre at Beijing Orion Energy Technology & Development Co., Ltd and Technical Director of Beijing Oriental Cisco Reservoir Technology Co., Ltd.

Current and Former Directorships in listed entities in the last 3 years

Nil

Relevant interests in shares and options

Fully paid ordinary shares	Nil
Options over fully paid ordinary shares	Nil

Mr Peng Zhang

Non-Executive Director
(Appointed 21 December 2017)

Qualifications

M.Acct, AICPA

Experience

Mr Zhang holds an America Institute of Certified Public Accountants (AICPA) license, and holds an Accounting Master Degree from the University of Texas, Dallas in the United States. Mr Zhang has held multiple management positions and is experienced in auditing and consulting for both private and publicly listed companies in Mainland China, Hong Kong, America and Australia. He has more than 5 years finance and consulting experience including working for Ernst and Young and BDO.

Current and Former Directorships in listed entities in the last 3 years

Nil

Relevant interests in shares and options

Fully paid ordinary shares	Nil
Options over fully paid ordinary shares	Nil

DIRECTORS' REPORT

Mr Xiaoning Lin

Non-Executive Director

(Appointed 25 March 2019)

Qualifications

M.Fin.

Experience

Ms Xiaoning (Linda) Lin is the Managing Director of Goldfields Oil and Gas Pty Ltd. She is also an independent management consultant who specialises in the professional services sector, with over 15 years' experience. After qualifying in Accounting and Finance, she worked for Asia Pacific Certified Public Account Group and gained extensive knowledge and experience in the finance sector. She established her own business, Shenzhen Huai Ri Real Estate Agent and Evaluation Company, which is now the 2nd largest evaluation firm in Shenzhen. Ms Lin completed her Master in Finance in Australia and worked as a consultant, specialising in exploring for opportunities between Australia and China. She has organised a trip for the Northern Territory government to Hainan Province, helped the local business to explore the business opportunities and also promoted government-level economic cooperation.

Ms Lin was a director of Ocean Sincere and Australia Trailcraft Boats, built up the Ocean Master and Australia Trailcraft Boats brand in China, setup the production line to reduce the building cost and promote the brand internationally.

Current and Former Directorships in listed entities in the last 3 years

Nil

Relevant interests in shares and options

Fully paid ordinary shares	Nil
Options over fully paid ordinary shares	Nil

Mr Chee Ho Ho

Non-Executive Director

(Appointed 21 December 2017, resigned 25 March 2019)

Qualifications

BSc (Hons)

Experience

Mr Ho has more than 25 years' experience in the areas of management, operations, billing and technology. Mr Ho's experience includes several years of leading a technology team in a mid-sized telecommunication company, during a period of industry deregulation. He holds a Bachelor of Science (Hons) in Cybernetics and Computer Science from University of Reading in UK. He was awarded the Ford Motor Company award for project and has completed various leadership courses in Australia.

Current and Former Directorships in listed entities in the last 3 years

Nil

Relevant interests in shares and options

Fully paid ordinary shares	Nil
Options over fully paid ordinary shares	Nil

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the year were the exploration for oil and gas in the Carnarvon Basin in Western Australia.

OPERATING RESULTS

The consolidated entity's net loss attributable to members of New Standard for the year ended 30 June 2019 after applicable income tax was \$503,694 (2018: loss of \$961,307).

FUTURE DEVELOPMENTS

The Company is working to secure a major new project to drive the Company into the future.

DIVIDENDS

No dividend has been declared or paid during the financial year and the Directors do not recommend the payment of any dividend in respect of the current or preceding financial years.

FINANCIAL SUMMARY

The Group reported a loss after tax of \$503,694 for the year ended 30 June 2019 (2018: loss \$961,307). A total of \$50,404 (2018: \$79,177) exploration and evaluation costs were invested in the year ended 30 June 2019 relating to New Standard's Australian assets.

The net assets of the Group have decreased by \$302,004 from \$353,153 at 30 June 2018 to \$51,149 as at 30 June 2019. This net decrease is mainly due to reduction of available cash at bank and decline of fair value in shares in Sundance.

Year ended 30 June from continuing and discontinued operations	2019 \$	2018 \$
Revenue	364	3,543
Depreciation	—	(112,034)
Operating loss before tax from continuing operations	(503,694)	(566,981)
Operating loss after tax from continuing operations	(503,694)	(566,981)
Net assets	51,149	353,153

SHARES UNDER OPTION

There were no unissued ordinary shares in the Company under option at the date of this report.

Refer to the note 23 to the financial statements for details of options granted. No options were granted during the year ended 30 June 2019.

ENVIRONMENTAL REGULATIONS

The New Standard group is subject to environmental regulations under relevant Australian legislation in relation to its oil and gas exploration activities, particularly with the Western Australian Department of Mines, Industry Regulation and Safety and the Western Australian Department of Environment and Conservation. The Directors actively monitor compliance with the regulations and as the date of this report, the Directors are not aware of any material breaches in respect of the regulations.

EVENTS SUBSEQUENT TO YEAR END

No other matter or circumstance that has arisen since the end of the year.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director whilst in office.

Directors	Board meetings		Circular resolution passed	Total
	Held while director	Attended		
Mr Kunfang Liu ⁽ⁱ⁾	1	1	5	6
Mr Xiaofeng Liu ⁽ⁱⁱ⁾	1	1	5	6
Mr Ming Li ⁽ⁱ⁾	1	1	5	6
Mr Peng Zhang ⁽ⁱ⁾	1	1	5	6
Ms Xiaoning Lin ⁽ⁱⁱⁱ⁾	–	–	1	1
Mr Chee Ho Ho ^(iv)	–	–	4	4

(i) Messrs Liu, Li, Ho and Zhang were appointed as Non-Executive Chairman and Non-Executive Directors respectively on 21 December 2017.

(ii) Mr Liu resigned as Non-Executive Director and was appointed Managing Director of the Company effective 27 November 2017.

(iii) Ms Lin was appointed as a Non-Executive Director on 25 March 2019.

(iv) Mr Chee Ho Ho resigned as a Non-Executive Director on 25 March 2019.

There were no formal Audit or Remuneration committees held during the year. The Board attended to these committee responsibilities when required.

Whilst there is currently no formal nomination committee established, when required a sub-committee of the Board is delegated the responsibility for identifying suitable candidates for Board appointments. The sub-committee will engage independent external recruitment consultants as required.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During and since the financial year the Company has indemnified and entered into Deeds of Indemnity and Access with each of the current Directors to indemnify the Director or any related body corporate against a liability incurred as a Director. The Deeds provide for the Company to pay all damages and costs which may be awarded against the Directors.

The Company continued to ensure the insurance policy is organised to insure each of the Directors against liabilities for cost and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as outlined below, did not compromise the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principle relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year no fees were paid or payable to the auditor or its related entities for any non-audit services.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s.307C of the *Corporations Act 2001* in relation to the audit of the full year is included on page 20.

REMUNERATION REPORT (AUDITED)

This remuneration report sets out the remuneration arrangements for New Standard Energy Limited (**New Standard**) for the year ended 30 June 2019. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

REMUNERATION POLICY

New Standard is committed to the close alignment of executive remuneration to shareholder return. To this end, the Company's remuneration system is designed to attract, motivate and retain people by identifying and rewarding high performers and recognising their contribution to the continued growth and success of the Company.

Key objectives of the Company's remuneration policy are to ensure that remuneration practices:

- facilitate the achievement of the Company's objectives;
- provide strong linkage between executive incentive rewards and creation of value for shareholders;
- attract, retain and motivate employees of the required capabilities;
- are simple to understand and implement, openly communicated and are equitable across the Company; and
- comply with applicable legal requirements and appropriate standards of governance.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for oversight of the remuneration policy and system and reporting of such to the Board. It is also responsible for evaluating the performance of the Executive Directors and monitoring performance of the executive management team. The Board, determines the remuneration of the Executive Directors and approves the remuneration of the executive management team.

The objective of the Remuneration Committee is to ensure that remuneration policies and systems attract and retain executives and directors who will create value for shareholders.

In determining competitive remuneration rates, the Remuneration Committee seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

There was no Remuneration Committee during the year due to the size and nature of the Company.

BOARD REMUNERATION

Shareholders approve the maximum aggregate remuneration for non-executive directors. The board determines actual payments to directors and reviews their remuneration annually, based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. A review of directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

USE OF INDEPENDENT REMUNERATION CONSULTANTS

To ensure the Remuneration Committee is fully informed when making remuneration decisions, it may seek external remuneration advice. Any such advice is usually from independent sources with some expertise in their relevant field and that are sufficiently independent to allow independent and un-biased advice to be provided to the Remuneration Committee.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2018 ANNUAL GENERAL MEETING

The Company received 85% of "yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

DIRECTORS' REPORT

DETAILS OF KEY MANAGEMENT PERSONNEL

The remuneration report details the remuneration arrangements for key management personnel ('KMPs') who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, and comprise the Directors (whether executive or otherwise) of the Company and other executives. Details of KMP are set out below:

Name	Position	*Appointed/resigned during the year
Executives		
X Liu	Director	Appointed as Managing Director on 27 November 2017*
Non-Executives		
K Liu	Director	Appointed 21 December 2017
M Li	Director	Appointed 21 December 2017
P Zhang	Director	Appointed 21 December 2017
X Lin	Director	Appointed 25 March 2019*
C Ho	Director	Resigned 25 March 2019

EXECUTIVE REMUNERATION OUTCOME FOR 2019

Overview

During the year, the Company's growth plans continues to be impacted by the oil prices and associated effect on the oil industry's commercial landscape. The Company continues to focus on reducing operational, corporate costs and overheads and identifying new opportunities to increase the Company's value.

The Company's retained its workforce to only one employee as at 30 June 2019. During the year, the Company's non-executive directors agreed to continue suspending all fees until the Company successfully secures a new project.

The Company did not engage an independent remuneration consultant to review the structure of the Company's remuneration components in 2019. The Remuneration Committee considers the present policy remains appropriate for the financial year ended 30 June 2019.

Base Package Salaries

There were no increment in base salary packages for KMP during the year ended 30 June 2019.

Short Term Incentives

There have been no STIP entitlements earned or accrued for performance in the year ended 30 June 2018 and 30 June 2019.

Company Performance

The table below sets out summary information about the Company's continuing business assets, profitability and share price movements for the 5 years to 30 June 2019:

	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
	\$	\$	\$	\$	\$
Share price	0.006	0.004	0.004	0.004	0.012
Total assets	287,907	567,997	726,226	686,766	7,675,891
Net profit/(loss) before tax from continued operation	(503,694)	(566,981)	(892,881)	(7,680,264)	(38,793,185)

DIRECTORS' REPORT

Remuneration Tables

The remuneration for each Executive Director and KMP of the Company for the years ended 30 June 2019 and 30 June 2018 were as stated below:

	Short term benefits		Long term benefit	Post employment benefit	Share based payments	Total	Proportion performance related
	Salary	Other	Annual leave ⁽ⁱ⁾	Super-annuation	Incentive rights ⁽ⁱⁱ⁾		
	\$	\$	\$	\$	\$	\$	%
2019							
Executive Director							
Mr X Liu ⁽ⁱⁱⁱ⁾	—	—	—	—	—	—	0%
Total	—	—	—	—	—	—	0%
2018							
Executive Director							
Mr X Liu ⁽ⁱⁱⁱ⁾	—	—	—	—	—	—	0%
Mr H Li ^(iv)	27,083	—	—	2,573	—	29,656	0%
Total	27,083	—	—	2,573	—	29,656	0%

Notes

- (i) Annual leave benefit include annual leave accrued, taken during the year and paid during the year.
- (ii) There was no incentive rights granted in the year ended 30 June 2018 and 30 June 2019. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual may receive.
- (iii) Mr Liu resigned as Non-Executive Director and was appointed Managing Director of the Company effective 27 November 2017. Mr Liu has agreed to suspend his fees and remain suspended to date until market condition improves.
- (iv) Mr Li resigned as the Managing Director and was appointed the Non-Executive Director of the Company effective 27 November 2017. Mr Li resigned as a Non-Executive Director effective 21 December 2017.

NON-EXECUTIVE REMUNERATION 2019

Shareholders approve the maximum aggregate remuneration for non-executive directors. Fees paid to non-executive directors are recommended by the Remuneration Committee and the Board is responsible for ratifying any recommendations, if appropriate. As approved at the Annual General Meeting on 26 November 2010, the aggregate limit of fees payable per annum is \$400,000 in total.

Non-executive directors' receive a fixed fee remuneration consisting of a cash fee and statutory superannuation contributions made by the company and additional fees for committee roles as set out below:

	2019	2018
Base fee		
Chairman	—	—
Other non-executive directors	—	—
Additional fees		
Company secretarial services	—	—

The Non-Executive Chairman and the Non-Executive Directors have agreed to suspend all their fees starting from 1 February 2015 and remain suspended to date.

DIRECTORS' REPORT

Non-executive remuneration for the year ended 30 June 2019 and comparative 2018 remuneration:

	Salary and fees	Superannuation	Options ⁽ⁱ⁾	Total
	\$	\$	\$	\$
2019				
Mr K Liu ⁽ⁱ⁾	—	—	—	—
Mr M Li ⁽ⁱ⁾	—	—	—	—
Mr P Zhang ⁽ⁱ⁾	—	—	—	—
Ms X Li ⁽ⁱⁱ⁾	—	—	—	—
Mr C Ho ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	—	—	—	—
Total	—	—	—	—
2018				
Mr K Liu ⁽ⁱ⁾	—	—	—	—
Mr M Li ⁽ⁱ⁾	—	—	—	—
Mr C Ho ⁽ⁱ⁾	—	—	—	—
Mr P Zhang ⁽ⁱ⁾	—	—	—	—
Mr H Song ^(iv)	—	—	—	—
Mr N Han ^(iv)	—	—	—	—
Mr D Zhang ^(iv)	—	—	—	—
Total	—	—	—	—

Notes

- (i) Messrs Liu, Li, Ho and Zhang were appointed Non-Executive Chairman and Non-Executive Directors respectively on 21 December 2017.
(ii) Ms Lin was appointed Non-Executive Director on 25 March 2019.
(iii) Mr Ho resigned on 25 March 2019.
(iv) Messrs Song, Han and Zhang resigned on 21 December 2017.

In accordance with the Company's remuneration policy, non-executive directors are not eligible for any performance based remuneration and as such no shares or incentive rights were issued.

EQUITY INSTRUMENTS

OPTIONS AND INCENTIVE RIGHTS

There were no grant of options affecting remuneration in the current or future reporting periods.

INCENTIVE RIGHTS

During the year ended 30 June 2019, no Performance Rights and Retention Rights were granted to executives as part of their remuneration packages.

There were no balance held by the executive as at 30 June 2019.

EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL

The table below shows the number of options, rights, and shares held in the Company during the financial year by Key Management Personnel, including their close family members and entities related to them.

Name	Balance at start of year	During the year				Balance at end of year		
		Granted	Vested	Lapsed	Others	TOTAL	Vested	Unvested
Mr K Liu ⁽ⁱ⁾								
Ordinary shares	—	—	n/a	n/a	—	—	n/a	n/a
Unlisted options	—	—	—	—	—	—	—	—
Mr X Liu ⁽ⁱⁱ⁾								
Ordinary shares	—	—	n/a	n/a	—	—	n/a	n/a
Unlisted options	—	—	—	—	—	—	—	—

DIRECTORS' REPORT

Name	Balance at start of year	During the year				Balance at end of year		
		Granted	Vested	Lapsed	Others	TOTAL	Vested	Unvested
Mr M Li ⁽ⁱ⁾								
Ordinary shares	–	–	n/a	n/a	5,900,387	5,900,387	n/a	n/a
Unlisted options	–	–	–	–	–	–	–	–
Mr P Zhang ⁽ⁱ⁾								
Ordinary shares	–	–	n/a	n/a	–	–	n/a	n/a
Unlisted options	–	–	–	–	–	–	–	–
Ms X Lin ⁽ⁱⁱⁱ⁾								
Ordinary shares	–	–	n/a	n/a	–	–	n/a	n/a
Unlisted options	–	–	–	–	–	–	–	–
Mr C Ho ^{(i)(iv)}								
Ordinary shares	–	–	n/a	n/a	–	–	n/a	n/a
Unlisted options	–	–	–	–	–	–	–	–

Note (i) Messrs Liu, Li, Ho and Zhang were appointed as Non-Executive Chairman and Non-Executive Directors respectively on 21 December 2017.
(ii) Mr Liu resigned as Non-Executive Director and was appointed Managing Director of the Company effective 27 November 2017.
(iii) Ms Lin was appointed Non-Executive Director on 25 March 2019.
(iv) Mr Ho resigned on 25 March 2019. The balance reflects the shares held at time of resignation.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with Key Management Personnel during the year.

EMPLOYMENT ARRANGEMENTS FOR KEY MANAGEMENT PERSONNEL

The employment arrangements of the KMPs are formalised in standard employment agreements. Details for the termination provisions contained in the agreements that were in place at 30 June 2019 are provided below.

Name	Engagement	Term of contract	Notice period by either party	Termination benefit
Mr X Liu ⁽ⁱ⁾	Employee	Ongoing	4 weeks No notice required for termination by Company for cause	4 weeks
Mr K Liu ⁽ⁱⁱ⁾	Employee	Ongoing	None	None
Mr M Li ⁽ⁱⁱ⁾	Employee	Ongoing	None	None
Mr P Zhang ⁽ⁱⁱ⁾	Employee	Ongoing	None	None
Ms X Lin ⁽ⁱⁱⁱ⁾	Employee	Ongoing	None	None

Note (i) Mr Liu resigned as Non-Executive Director and was appointed Managing Director of the Company effective 27 November 2017.
(ii) Messrs Liu, Li, Ho and Zhang were appointed as Non-Executive Chairman and Non-Executive Directors respectively on 21 December 2017.
(iii) Ms Lin was appointed Non-Executive Director on 25 March 2019.

End of Audited Remuneration Report

This Report of Directors, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.



Xiaofeng Liu
Managing Director

27 September 2019

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and
- (c) the consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards; and
- (d) the directors have been given the declarations by Mr Liu who performs both the Chief Executive Officer and the Chief Financial Officer functions as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Kunfang Liu
Non-Executive Director

27 September 2019

CORPORATE GOVERNANCE STATEMENT

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of New Standard is a strong advocate of corporate governance.

The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (Recommendations) where considered appropriate for a company of New Standard's size and complexity.

The 3rd edition of the ASX Corporate Governance Principles and Recommendations was introduced on 27 March 2014 and took effect for a listed entity's first full financial year ending on or after 1 July 2014. Accordingly this Corporate Governance Statement has been prepared on the basis of disclosure under the 3rd edition of these principles with a table included at the back of this statement detailing the Company's compliance with these principles during the period.

This statement describes how New Standard has addressed the Council's guidelines and eight corporate governance principles and where the Company's corporate governance practices depart from a recommendation, the Company discloses the reason for adoption of its own practices on an "if not, why not" basis.

Given the size and stage of development of the Company and the cost of strict compliance with all the recommendations, the Board has adopted a range of modified procedures and practices which it considers appropriate to enable it to meet the principles of good corporate governance. At the end of this statement is a checklist setting out the recommendations with which the Company does or does not comply. The information in this statement is current as at 27 September 2019.

The following governance-related documents can be found on the Company's website at www.newstandard.com.au under the section marked "Governance".

CHARTERS

- Board

POLICIES AND PROCEDURES

- Code of Conduct
- Shareholder Communications
- Continuous Disclosure Policy
- Securities Trading Policy
- Diversity Policy
- Risk Management Policy
- Health & Safety Policy
- Environment Policy
- Indigenous and Community Policy

Principle 1: Lay solid foundations for management and oversight

Role and Responsibilities of the Board and Management

The main function of the Board is to lead and oversee the management and strategic direction of the Company. The Board regularly measures the performance of Management in implementation of the strategy through Board meetings and/or regular informal meetings.

New Standard has adopted a formal board charter delineating the roles, responsibilities, practices and expectations of the Board collectively, the individual directors and senior management.

The Board of New Standard ensures that each member understands its roles and responsibilities and ensures regular meeting so as to retain full and effective control of the Company.

Role of the Board

The Board responsibilities are as follows:

- Setting the strategic aims of New Standard and overseeing management's performance within that framework;
- Making sure that the necessary resources (financial and human) are available to the company and its senior executives to meet its objectives;
- Overseeing management's performance and the progress and development of the company's strategic plan;
- Selecting and appointing a suitable Managing Director with the appropriate skills to help the Company in the pursuit of its objectives;
- Determining the remuneration policy for the Board and Key Management Personnel;
- Controlling and approving financial reporting, capital structures and material contracts;
- Ensuring that a sound system of risk management and internal controls is in place;

CORPORATE GOVERNANCE STATEMENT

Principle 1: Lay solid foundations for management and oversight (cont'd)

Role of the Board (cont'd)

- Setting the Company's values and standards;
- Undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council principles;
- Ensuring that the Company's obligations to shareholders are understood and met;
- Ensuring the health, safety and well-being of employees in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;
- Ensuring an adequate system is in place for the proper delegation of duties for the effective operative day to day running of the Company without the Board losing sight of the direction that the Company is taking.
- Establishing a diversity policy and setting objectives for achieving diversity.

Delegation to Management

Other than matters specifically reserved for the Board, responsibility for the operation and administration of the Company has been delegated to the Managing Director. This responsibility is subject to an approved delegation of authority which is reviewed regularly and at least annually.

Internal control processes are designed to allow management to operate within the parameters approved by the Board and the Managing Director cannot commit the Company to additional activities or obligations in excess of these delegated authorities without specific approval of the Board.

Election of Directors

The Board is responsible for overseeing the selection process of new directors, and will undertake appropriate checks before appointing a new director, or putting forward a candidate for election as a director. All relevant information is to be provided in the Notice of Meeting seeking the election or re-election of a director including:

- biographical details including qualifications and experience;
- other directorships and material interests;
- term of office;
- statement by the board on independence of the director;
- statement by the board as to whether it supports the election or re-election; and
- any other material information.

Terms of appointment

Non-Executive Directors

To facilitate a clear understanding of roles and responsibilities all non-executive directors have signed letter of appointment. This letter of appointment letter includes acknowledgement of:

- director responsibilities under the Corporations Act, Listing Rules, the Company's Constitution and other applicable laws;
- corporate governance processes and Company policies;
- board and board committee meeting obligations;
- conflicts and confidentiality procedures;
- securities trading and required disclosures;
- access to independent advice and employees;
- confidentiality obligations;
- directors fees;
- expenses reimbursement;
- directors and officers insurance arrangements;
- other directorships and time commitments; and
- board performance review.

Managing Director

The Managing Director has a signed executive services agreement. For further information refer to the audited Remuneration Report.

Role of Company Secretary

The Company Secretary is accountable to the Board for:

- advising the Board and committees on corporate governance matters;
- the completion and distribution of board and committee papers;
- completion of board and committee minutes; and
- the facilitation of director induction processes and ongoing professional development of directors.

All directors have access to the Company Secretary who has a direct reporting line to the Chairman.

Principle 1: Lay solid foundations for management and oversight (cont'd)

Diversity

The Board values diversity in all aspects of its business and is committed to creating a working environment that recognises and utilizes the contribution of its employees. The purpose of this is to provide diversity and equality relating to all employment matters. The Company's policy is to recruit and manage on the basis of ability and qualification for the position and performance, irrespective of gender, age, marital status, sexuality, nationality, race/cultural background, religious or political opinions, family responsibilities or disability. The company opposes all forms of unlawful and unfair discrimination.

The Board acknowledges the absence of female participation on the Board of Directors. However, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Company has not set or disclosed measurable objectives for achieving gender diversity. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

The Company currently only has two full-time employee, being the Managing Director and a finance manager who are males. The Company contracts consultants who consists of both female and male.

Performance review

Board and board committees

A review of the Board's performance and effectiveness is conducted annually and the performance of individual directors is undertaken regularly. The Board has the discretion for these reviews to be conducted either independently or on a self-assessment basis.

The review focuses on:

- strategic alignment and engagement;
- board composition and structure;
- processes and practices;
- culture and dynamics; Relationship with management; and
- personal effectiveness.

A formal review of the Board's performance and effectiveness in respect of the financial year ended 30 June 2019 did not occur.

Managing Director and senior executives

Performance evaluation of the Managing Director, senior executives and employees is undertaken annually through a performance appraisal process which involves reviewing and assessment of performance against agreed corporate and individual key performance indicators and deliverables.

For further information refer to the audited Remuneration Report.

Retirement and rotation of directors

Retirement and rotation of directors are governed by the *Corporations Act 2001* and the Constitution of the Company. Each year, one third of directors must retire and may offer themselves for re-election. Any casual vacancy filled will be subject to shareholder vote at the next Annual General Meeting.

Four directors were elected in the 2018 Annual General Meeting. It is intended for all current directors appointed during the year to stand for election and for two directors to be re-elected at the Company's 2019 Annual General Meeting.

Independent Professional Advice

Each director of the Company or a controlled entity has the right to seek independent professional advice at the expense of the Company or the controlled entity; however prior approval of the Chairman is required which will not be unreasonably withheld.

Access to employees

Directors have the right of access to any employee. Any employee shall report any breach of corporate governance principles or Company policies to the Managing Director who shall remedy the breach. If the breach is not rectified to the satisfaction of the employee, they shall have the right to report any breach to an independent director without further reference to senior executives of the Company.

Directors' and officers' liability insurance

The Company is responsible for maintaining the Directors' and officers' liability insurance for the Directors and senior executives at the Company's expense. The directors' and officers' liability insurance lapsed in prior years and the Company is committed to ensure the insurance policy is organised as soon as practical.

Board meetings

The frequency of board meetings and the extent of reporting from management at board meetings are as follows:

- scheduled meetings are to be held per year;
- other meetings will be held as required;
- meetings can be held where practicable by electronic means;
- information provided to the Board includes all material information related to the operations of the Company including exploration, development and production operations, budgets, forecasts, cash flows, funding requirements, investment and divestment proposals, business development activities, investor relations,
- financial accounts, taxation, external audits, internal controls, risk assessments, people and health, safety and environmental reports and statistics;
- the Chairman of the appropriate board committee reports to the next subsequent board meeting the outcomes of that meeting and the minutes of those committee meetings are also tabled.

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are set out in the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

Principle 2: Structure the Board to add value

Composition of the Board

The names of the directors of the Company and their qualifications are set out in the section headed "Information on Directors" in the current financial year's Directors' Report.

The composition of the Board has been structured so as to provide New Standard with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives of the Company and its stakeholders. The Board is directed on the principles of transparency, accountability and responsibility.

The ASX Corporate Governance Council guidelines recommend that the Board should constitute of a majority of independent directors and that the Chairperson should be independent. The Board currently consists of five (5) directors of whom three (3) are considered independent, Messrs Kunfang Liu, Peng Zhang and Ms Xiaoning Lin. Mr Ming Li holds ordinary securities in the Company and does not meet the criteria for an independent director. Mr Xiaofeng Liu serves in an executive roles from 27 November 2017 and therefore does not meet the criteria for an independent director.

The detailed skills matrix of the Board for a company of New Standard's size and complexity is not considered necessary.

The principal business of the Company at present is exploration and new business opportunities, therefore requiring a skillset of geological and geophysical expertise, executive management, financial and commercial skills.

Given the significant transformation the Company has recently undergone the Board composition is under review to better align with the new direction of the Company.

Independence of Chair of the Board

The Current Chair of the Company, Mr Liu, is an independent director. The Board considers Mr Liu's role as Non-Executive Chairman essential to the success of the Group in its current stage, wherein the Group continues to refine its focus on the strategic development of the business.

Nomination of other Board Members

Membership of the Board of Directors is reviewed on an on-going basis by the Chairperson of the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's businesses and its objectives. The Board does not have a separate Nomination Committee and does believe it is necessary in a Company of New Standard's size.

Director induction and ongoing professional development

The Company does not have a formal induction program for Directors but does provide Directors with information pack detailing policies, corporate governance and various other corporate requirements of being a director of an ASX Listed company. Due to the size and nature of the business, Directors are expected to already possess a level of both industry and commercial expertise before being considered for a directorship of the Company. Directors are provided with the opportunity to access employees of the business and any information as they require about the business including being given access to regular news articles and publications where considered relevant.

Principle 3: Act ethically and responsibly

Code of Conduct

Directors, officers, employees and consultants to the Company are required to observe high standards of behavior and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

New Standard's ethical rules demands high standards of integrity, fairness, equity and honesty from all Directors and Key Management Personnel and Employees. New Standard expects its employees to understand that the Company acts morally and that the main goal of the Company is to maximise shareholders value.

The Code of Ethics and Conduct include the following issues:

- The avoidance of conflicts of interest;
- Employees behaviour towards the use of Company property;
- Confidentiality;
- Fair dealing with customers, suppliers, employees and competitors;
- Protection and proper use of the Company's assets;
- Compliance with laws and regulations;

- Encouraging the reporting of illegal and unethical behavior;
- Provide a framework for the Company to achieve a diverse and skilled workforce.

Conflicts of Interest

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Trading in Company Securities

Directors are required to make disclosure of any share trading. The Company policy in relation to share trading is that officers are prohibited to trade whilst in possession of unpublished price sensitive information concerning the Company or within a period of the release of results i.e. the blackout period. That is information which a reasonable person would expect to have a material affect on the price or value of the Company's shares. An officer must receive authority to acquire or sell shares with the directors or the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares must be notified to the ASX.

CORPORATE GOVERNANCE STATEMENT

Principle 4: Safeguard integrity in financial reporting

New Standard has a financial reporting process which includes half year and full-year results which are signed off by the Board before they are released to the market.

The whole Board of directors is tasked with fulfilling its corporate governance and oversight responsibilities, as well as advise on the modification and maintenance of the Company's financial reporting, internal control structure, external audit functions, and appropriate ethical standards for the management of the Company.

In discharging its oversight role, the Board is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The Managing Director reports on the propriety of compliance on internal controls and reporting systems and ensures that they are working efficiently and effectively in all material respects.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis.

The Company's external auditor attends each Annual General Meeting and is available to answer questions from shareholders relevant to the conduct of the external audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

Principle 5: Make timely and balanced disclosure

New Standard has adopted a formal policy dealing with its disclosure responsibilities. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The policy also addresses the Company's obligations to prevent the creation of a false market in its securities. New Standard ensures that all information necessary for investors to make an informed decision is available on its website.

The Managing Director has ultimate authority and responsibility for approving market disclosure which, in practice, is exercised in consultation with the Board and Company Secretary.

In addition, the Board will also consider whether there are any matters requiring continuous disclosure in respect of each and every item of business that it considers.

Principle 6: Respect the rights of shareholders

The Board's fundamental responsibility to shareholders is to work towards meeting the Company's objectives so as to add value for them. The Board maintains an investor relation program which will inform shareholders of all major developments affecting the Company by:

- preparing half yearly and yearly financial reports;
- preparing quarterly cash flow reports and reports as to activities;
- making announcement in accordance with the listing rules and the continuous disclosure obligations;
- posting all of the above on the Company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the annual report, if requested, together with notice of meeting and proxy form; and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Annual General Meeting enables shareholders to discuss the annual report and participate in the meetings either by attendance or by written communication. The Company provides all shareholders with a Notice of Meeting so they can be fully informed and be able to vote on all resolutions at the Annual General Meeting. Shareholders are able to discuss any matter with the directors and/or the auditor of the Company who is also invited to attend the Annual General Meeting.

Shareholders have the option to receive all Company and share registry communications electronically, and may also communicate with the Company by emailing the Company via its website. All shareholders have the ability to request copies of ASX releases, all of which are published and available on the Company's website immediately after they are released to ASX.

The Company regularly reviews its stakeholder communication policy and endeavours to maintain a program appropriate for a company of its size and complexity.

CORPORATE GOVERNANCE STATEMENT

Principle 7: Recognise and manage risk

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegate's day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board does not have a separate Risk Management Committee. The Board monitors and reviews the integrity of financial reporting and the Company's internal financial control systems. A report by management on the effectiveness of the internal financial control is provided to the Managing Director on an annual basis.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- Establishment of financial control procedures and authority limits for management;
- Approval of an annual budget;
- Adoption of a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- Adoption of a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.
- Maintenance and review of a risk register to identify the Company's material business risks and risk management strategies for these risks. The risk register is reviewed half yearly and updated as required. Management reports to the Board on material business risks at each Board meeting.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the material business risks of the Company. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Managing Director has provided a declaration to the Board in accordance with section 295A of the Corporations Act and has assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risks.

Internal Audit

The Company does not have an internal audit function as the Board believes the business is neither the size nor complexity that requires such a function. The whole Board is responsible for monitoring the effectiveness of internal controls, risk management procedures and governance.

Sustainability Risks

The Company has a detailed risk matrix which it regularly reviews and which highlights critical risk factors the Company faces at any particular time. The principal risks highlighted are what would typically be expected for a small listed exploration company and include:

- Reliance on key executives
- Inability to access new exploration capital
- Volatility in oil prices and applicable exchange rates (mainly USD)
- Unsuccessful exploration results
- Exposure to other operators, be it through Joint Venture agreements or actions of those operators in an operational sense
- Legislature changes in jurisdictions the Company operates in (e.g. hydraulic fracturing ban in France)

As the Company expands its activities either within existing projects or with the addition of new projects, it is expected that the sustainability risks will change accordingly. These Board reviews the overall sustainability of both the oil and gas exploration business and more specifically, the Company, in its normal course of business and therefore does not produce a separate sustainability report.

Principle 8: Remunerate fairly and responsibly

The whole Board forms the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. The Company's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time-to-time the Company may grant options to non-executive directors. The grant of options is designed to recognise and reward efforts as well as to provide non-executive directors with additional incentive to continue those efforts for the benefit of the Company. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by the shareholders at general meeting.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options and/or performance rights granted at the discretion of the Remuneration Committee and subject to obtaining

the relevant approvals. The grant of options and/or performance rights is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement regarding the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested elements under any equity based remuneration schemes.

New Standard is committed in providing the right remuneration structure so that Board and Key Management Personnel are not unaware to shareholder value. The structure provides long and short term incentives designed to retain and motivate Board and Key Management Personnel in bringing more value to the Company.

AUDITORS' INDEPENDENCE DECLARATION



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor of New Standard Energy Limited for the year ended 30 June 2019, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'J Prue', is written above the printed name.

Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 27 September 2019

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of New Standard Energy Limited

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of New Standard Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for qualified opinion

As disclosed in note 24 to the financial statements, the Group has rehabilitation obligations with respect to its historic drilling activities on EP450, EP451, EP456 and EP481. Despite the Group receiving the direction from DMIR to rehabilitate the respective exploration permit areas by November 2019 and August 2022, the Group has not recognised a liability in respect of these obligations, but has stated that the likely amount of the outflow of resources is currently not clear and consequently the matter has been disclosed as a contingent liability. We were unable to obtain sufficient appropriate audit evidence to determine the amount of adjustment required to the liability balance as at 30 June 2019.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Material uncertainty related 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for qualified opinion* and *Material uncertainty related to going concern* sections, we have determined there are no key audit matters to be communicated in our report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of New Standard Energy Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'J Prue', is written over a faint, larger 'BDO' logo.

Jarrad Prue

Director

Perth, 27 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2019

	Note	2019 \$	2018 \$
Continuing operations			
Other revenue	2	364	3,543
Total revenue and other income		364	3,543
Depreciation expenses	3	–	(112,034)
Administrative expenses	3	(350,446)	(379,313)
Impairment of exploration and evaluation expenditure	8	(50,404)	(79,177)
Fair value loss on other financial assets	7	(103,208)	–
Loss before income tax expense		(503,694)	(566,981)
Income tax benefit	4	–	–
Loss after income tax for the year from continuing operations		(503,694)	(566,981)
Discontinued operations			
Loss on sale of subsidiary	16	–	(394,326)
Loss attributable to owners of the Parent entity		(503,694)	(961,307)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of financial assets	12	–	29,792
Exchange differences on translation of foreign operations	12	–	388,338
Other comprehensive income for the year		–	418,130
Total comprehensive loss for the year		(503,694)	(543,177)
Total comprehensive loss for the year is attributable to:			
Owners of the Company		(503,694)	(543,177)
		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)	14	(0.06)	(0.08)
Diluted loss per share (cents per share)	14	(0.06)	(0.08)
Discontinued operations attributable to the ordinary shareholders of the Company			
Basic loss per share (cents per share)	14	–	(0.05)
Diluted loss per share (cents per share)	14	–	(0.05)

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 30 June 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	20(a)	210,623	383,515
Trade and other receivables	6	18,764	22,754
Other financial assets at fair value through profit or loss	7	16,500	45,600
Total Current Assets		245,887	451,869
Non-Current Assets			
Other financial assets at fair value through profit or loss	7	42,020	116,128
Exploration and evaluation expenditure	8	–	–
Property, plant and equipment	9	–	–
Total Non-Current Assets		42,020	116,128
Total Assets		287,907	567,997
Current Liabilities			
Trade and other payables	10	236,758	214,844
Total Current Liabilities		236,758	214,844
Non-Current Liabilities			
Total Non-Current Liabilities		–	–
Total Liabilities		236,758	214,844
Net Assets		51,149	353,153
Equity			
Issued capital	11	69,365,813	69,164,123
Reserves	12	29,792	29,792
Accumulated losses	13	(69,344,456)	(68,840,762)
Total Equity		51,149	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 year ended 30 June 2019

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Available for Sale Financial Assets Reserve	Total
	\$	\$	\$	\$	\$	\$
2019						
Equity as at 1 July 2018	69,164,123	(68,840,762)	–	–	29,792	353,153
Loss for the year	–	(503,694)	–	–	–	(503,694)
Realised profit on translation of foreign operations	–	–	–	–	–	–
Unrealised gain on available for sale financial assets	–	–	–	–	–	–
Total comprehensive loss	–	(503,694)	–	–	–	(503,694)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares, net of transaction costs	201,690	–	–	–	–	201,690
Other comprehensive loss	–	–	–	–	–	–
Share based payments	–	–	–	–	–	–
Equity as at 30 June 2019	69,365,813	(69,344,456)	–	–	29,792	51,149

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Available for Sale Financial Assets Reserve	Total
	\$	\$	\$	\$	\$	\$
2018						
Equity as at 1 July 2017	68,737,842	(68,167,882)	288,427	(388,338)	–	470,049
Loss for the year	–	(572,969)	–	–	–	(572,969)
Realised profit on translation of foreign operations	–	(388,338)	–	388,338	–	–
Unrealised gain on available for sale financial assets	–	–	–	–	29,792	29,792
Total comprehensive loss	–	(961,307)	–	388,338	29,792	(543,177)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares, net of transaction costs	426,281	–	–	–	–	426,281
Other comprehensive loss	–	288,427	(288,427)	–	–	–
Share based payments	–	–	–	–	–	–
Equity as at 30 June 2018	69,164,123	(68,840,762)	–	–	29,792	353,153

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash Flows From Operating Activities			
Payments to suppliers and employees		(324,465)	(387,543)
Interest received		364	3,543
Interest paid		—	—
Net cash (used in) operating activities	20(b)	(324,101)	(384,000)
Cash Flows From Investing Activities			
Payment for exploration, evaluation and development		(50,481)	(80,714)
Net cash provided by/(used in) investing activities		(50,481)	(80,714)
Cash Flows From Financing Activities			
Proceeds from issue of shares		204,134	426,281
Payment for share issue cost to related party for prior period capital raising		(2,444)	(38,209)
Net cash flows provided by/(used in) financing activities		201,690	388,072
Net increase/(decrease) in cash and cash equivalents		(172,892)	(76,642)
Cash and cash equivalents at beginning of the financial year		383,515	460,157
Cash and cash equivalents at the end of the financial year	20(a)	210,623	383,515

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

1. Summary of accounting policies

CORPORATE INFORMATION

New Standard Energy Limited (**New Standard or Company**) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The address of the Company's registered office and principal place of business is 6 Outram Street, West Perth WA 6005.

STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations and complies with other requirements of the law.

The financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 27 September 2019.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on the basis of historical cost convention, as modified by the fair value of financial assets in subsequent period. New Standard Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019.

GOING CONCERN

During the year the consolidated entity incurred a net loss after income tax from continuing operations for the year ended 30 June 2019 of \$503,694 (2018: \$566,981), incurred net cash outflows from operating and investing activities of \$374,582 (2018: outflow \$464,714) for continuing operations, and had net working capital of \$9,129 at 30 June 2019. The Company is required by to rehabilitate its exploration assets in the next 12 month by DMIRS. The Group is yet to determine the quantum of the rehabilitation obligation as disclosed in note 24.

The ability of the consolidated entity to continue as a going concern is dependent on the financial support received from the major shareholder and directors and its ability to secure 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 (ASX:SEA) shares, including escrowed shares, which can be used by the Group as a future funding source;
- In response to preserve the Company's cash flow, the Non-Executive Chairman and all Non-Executive Directors have agreed to suspend the Non-Executive Chairman and all Non-Executive Directors' fees until market conditions improve starting from 1 February 2015 and remain suspended to date and until the consolidated entity 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 has recently completed a capital raising to sophisticated investors in May 2019 and has the 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.

PRINCIPALS OF CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

1. Summary of accounting policies (cont'd)

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(c) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivable are not discounted if the effect of discounting is immaterial.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) 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.

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 profit or loss.

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.

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

1. Summary of accounting policies (cont'd)

(f) Income tax (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

(g) Exploration and evaluation expenditure

Exploration for and evaluation of hydrocarbon resources is the search for hydrocarbon resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the hydrocarbon resources. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Company in connection with the exploration for and evaluation of hydrocarbon resources before the technical feasibility and commercial viability of extracting a hydrocarbon resource is demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a hydrocarbon resource or has been proved to contain such a resource.

Expenditure incurred on activities that precede exploration of hydrocarbon resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

(a) The rights to tenure of the area of interest are current; and

(b) At least one of the following conditions is also met:

- i. The expenditure is expected to be recouped through the successful development and commercial exploitation of an area of interest, or alternatively by its sale; and
- ii. Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of 'economically recoverable reserves' and active and significant operations in, or in relation to, the area of interest are continuing. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, logging and coring; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the hydrocarbon resource.

(h) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

1. Summary of accounting policies (cont'd)

(i) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, the financial assets are initially measured at fair value adjusted for transaction costs or amortised cost (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- the contractual cash flow characteristics of the financial assets; and
- the entities business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (Equity instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

1. Summary of accounting policies (cont'd)

(i) Financial instruments (cont'd)

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value that are recognised in profit or loss.

Impairment

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Comparative information

The Group has applied AASB 9 *Financial Instruments* retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's Group's previous accounting policy.

Classification

Until 30 June 2018, the group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available for sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

(j) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date and recognised over the vesting period with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The above policy is applied to all equity-settled share-based payments.

(k) Trade and other payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are normally settled within 30 days of recognition.

(l) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

1. Summary of accounting policies (cont'd)

(m) Segment reporting

The Group has applied AASB 8 Operating Segments. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported geographical segments have been disaggregated into separate segments within the Group.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Managing Director that makes strategic decisions.

(n) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(o) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is New Standard Energy Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available for sale financial assets are recognised in other comprehensive income.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at reporting date
- (ii) income and expenses for each item in the statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

1. Summary of accounting policies (cont'd)

(q) Adoption of new and revised accounting standards

The accounting policies adopted in the preparation of the 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 2018.

The Group has adopted AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments which became effective for financial reporting periods commencing on or after 1 July 2018.

AASB 15 Revenue from contracts with customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of AASB 15 does not have a significant impact on the Group as the Group does not currently have any revenue from customers.

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.

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 (**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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

1. Summary of accounting policies (cont'd)

(r) Standards and interpretations issued not yet effective

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

Reference / Title	Application date of standard	Application date for Group
AASB 16 <i>Leases</i>	1 January 2019	1 July 2019
Summary	<p>This Standard supersedes AASB 117 <i>Leases</i>, Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>, AASB interpretation 115 <i>Operating Leases-Incentives</i> and AASB interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of lease</i>. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.</p> <p>The key features of AASB 16 are as follows:</p> <ul style="list-style-type: none"> • lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; • 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 the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease; and • AASB 16 contains disclosure requirements for leases. <p>The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.</p> <p>The directors anticipate that the adoption of AASB 16 will have a non-material impact the Group's financial statements.</p>	

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 1, 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.

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 30 June 2019.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

1. Summary of accounting policies (cont'd)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

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 tax losses which will not be 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.

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.

Impairment assessment of all exploration expenditure are performed 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.

	2019 \$	2018 \$
2. Revenue		
Revenue:		
Interest revenue	364	3,543
Total Revenue	364	3,543
3. Expenses		
Depreciation expenses	—	112,034
Administrative expenses		
Employee benefit expenses	25,963	35,942
Professional fees	197,554	182,142
Occupancy expenses	30,979	34,687
Other administrative expenses	95,950	126,542
Total administrative expenses	350,446	379,313

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

	2019 \$	2018 \$
4. Income tax expenses		
(a) The components of tax expense comprise:		
Current tax	–	–
Deferred tax	–	–
	–	–
Deferred tax expense/(benefit) included in income tax expense comprises:		
Decrease in deferred tax assets	–	–
Increase in deferred tax liabilities	–	–
	–	–
(b) The prima facie tax from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Loss before tax	(503,694)	(961,307)
Tax benefit calculated at 30% (2018: 30%)	(151,108)	(288,392)
Tax effect of amount which are not deductible/(taxable) in calculating taxable income:		
Other permanent difference	–	6,866
Entertainment	–	–
Permanent differences arising for discontinued operations	–	–
	(151,108)	(281,526)
Tax losses and timing differences not recognised	151,108	281,526
Income tax benefit	–	–
The Company will have no tax payable due to prior year losses carried forward and tax deductible exploration expenditure.		
New Standard Energy Limited and its wholly owned Australian controlled entities elected to enter into the tax consolidation legislation from 1 July 2008. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, New Standard Energy Limited.		
(c) Unrecognised temporary differences		
The following deferred tax assets and (liabilities) have not been brought to account:		
Tax losses – revenue	20,258,894	19,303,744
Tax losses capital	–	–
Net other temporary differences	2,218,398	2,355,506
	22,477,292	21,659,250
At tax rate of 30% (2018: 30%)	6,743,188	6,497,775

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

	2019 \$	2018 \$
5. Auditors' remuneration		
Auditor of the parent entity		
BDO Audit (WA) Pty Ltd	31,000	30,000
	31,000	30,000
6. Trade and other receivables		
Current		
Trade receivables	–	–
Other receivables	18,764	22,754
	18,764	22,754
The average credit period on trade and other receivables is 30 days. No interest is charged on prepayments and receivables. The Consolidated Entity 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. Refer to note 21 for the Group's risk management objectives and policies.		
7. Financial assets at fair value through profit or loss		
Listed securities		
Current		
Sundance Energy Australia Ltd ⁽ⁱ⁾	16,500	–
Carrying amount at the end of period	16,500	–
Non-current		
Sundance Energy Australia Ltd ⁽ⁱ⁾	42,020	–
Carrying amount at the end of period	42,020	–
(i) The Company held 60,000 freely tradable fully paid ordinary SEA shares and 153,000 SEA shares on escrow pursuant to the share sale agreement as at 30 June 2019. Refer to note 24 for further details.		
Available for sale financial asset		
Listed securities		
Current		
Sundance Energy Australia Ltd ⁽ⁱ⁾	–	45,600
Carrying amount at the end of period	–	45,600
Non-current		
Sundance Energy Australia Ltd ⁽ⁱ⁾	–	116,128
Carrying amount at the end of period	–	116,128
(i) The Company held 60,000 freely tradable fully paid ordinary SEA shares and 153,000 SEA shares on escrow pursuant to the share sale agreement as at 30 June 2019. Refer to note 24 for further details.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

8. Exploration and evaluation expenditure

	2019 \$	2018 \$
Balance at beginning of the year	—	—
Expenditure incurred	50,404	79,177
Expenditure impaired ⁽ⁱ⁾	(50,404)	(79,177)
Balance at end of the year	—	—

(i) During the year the Company recognised a full non-cash impairment charge of \$50,404 relating to the carried forward 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 30 June 2019 considering no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ended 30 June 2020. 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.

In September 2018, the Company received a permit extension from DMIRS for EP 481. In May 2018 the Company submitted an application for renewal for EP 482. The tenure of EP 482 remain in full force and effect until the renewal is determined. 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.

Should the Company be unsuccessful in its renegotiation with the DMP on the above matter, there is material uncertainty which casts significant doubt on the recoverability of the exploration and evaluation asset. The ultimate recoupment of exploration expenditure carried forward is dependent on successful development and exploitation, or alternatively sale, of the respective area of interest.

The Consolidated Entity has interests in the following wholly-owned and non-wholly owned oil and gas exploration and development assets:

Operator: New Standard Onshore Pty Ltd Principal activity: Exploration, of hydrocarbons Country: Australia

Area	Asset	Percentage Interest	Area	Asset	Percentage Interest
Carnarvon Basin	EP481	100%	Carnarvon Basin	EP482	100%

9. Property, plant and equipment

	2019 \$	2018 \$
Property, plant and equipment	341,582	341,582
Accumulated depreciation	(341,582)	(341,582)
Closing net book amount	—	—

	Furniture and equipment \$	Total \$
2018		
Balance at 1 July 2017	112,034	112,034
Additions	—	—
Disposals	—	—
Depreciation expense	(112,034)	(112,034)
Balance at 30 June 2018	—	—
2019		
Additions	—	—
Disposals	—	—
Depreciation expense	—	—
Balance at 30 June 2019	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

10. Trade and other payables

	2019 \$	2018 \$
Current		
Trade payables	11,299	6,101
Sundry payables and accrued expenses	225,459	208,743
	236,758	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. Refer to note 21 for the Group's risk management objectives and policies.

11. Issued capital

822,082,197 fully paid ordinary shares (2018: 788,059,805)	69,365,813	69,164,123
--	------------	------------

	No.	\$
(a) Fully paid ordinary shares		
2018		
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
		69,167,693
Less: Transaction costs arising from issue of shares		(3,570)
Balance at 30 June 2018	716,418,005	68,737,842
2019		
On 9 May 2019, issue of shares to sophisticated investors	34,022,392	204,134
		69,368,257
Less: Transaction costs arising from issue of shares		(2,444)
Balance at 30 June 2019	822,082,197	69,365,813

(b) Terms and conditions of Issue Capital

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Options and incentive rights

Information on options and incentive rights granted to Directors and employees as remuneration during the period are disclosed in note 19 of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

	2019 \$	2018 \$
12. Reserves		
Share based payments reserve	–	–
Foreign currency translation reserve	–	–
Financial asset reserve	29,792	29,792
	29,792	29,792
(a) Movements in share based payments reserve		
Balance at the beginning of the year	–	288,427
Add: Issue of options		
Directors	–	–
Employees	–	–
Less: Options and/or rights expired and lapsed	–	(288,427)
Balance at the end of year	–	–
Nature and purpose of reserve		
The share based payments reserve represents the value of shares and options issued to employees and directors.		
(b) Movements in foreign currency translation reserve		
Balance at the beginning of the year	–	(388,338)
Unrealised profit on translation of foreign operation	–	–
Realised profit from discontinued operations	–	388,338
Balance at the end of the year	–	–
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.		
(c) Movements in financial asset		
Balance at the beginning of the year	29,792	–
Fair value of financial assets	–	29,792
Balance at the end of the year	29,792	29,792
Nature and purpose of reserve		
The financial asset revaluation reserve represents the unrealised gain or loss on the market value of financial asset valued through profit or loss.		
13. Accumulated losses		
Balance at the beginning of the year	(68,840,762)	(68,167,882)
Net loss attributable to members of the Company	(503,694)	(961,307)
Items of other comprehensive income recognised directly in retained earnings		
Expired options / rights in prior periods	–	288,427
Realised foreign exchange gain from discontinued operations in prior periods	–	–
Balance at the end of the year	(69,344,456)	(68,840,762)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

14. Loss per share

	2019 Cents per share	2018 Cents per share
Basic earnings/(loss) per share		
Continuing operations	(0.06)	(0.08)
Discontinued operations	–	(0.05)
Diluted earnings/(loss) per share		
Continuing operations	(0.06)	(0.08)
Discontinued operations	–	(0.05)
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 year		
Continuing operations	(503,694)	(566,981)
Discontinued operations	–	(394,326)
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic EPS	792,906,831	717,988,236
Weighted average number of ordinary shares used in the calculation of diluted EPS	792,906,831	717,988,236

15. Dividends

There have been no dividends paid or proposed in the 2019 or 2018 financial years.

16. Discontinued operations

During the year ended 30 June 2018 the Group initiated a voluntary dissolution of the US entities, New Standard Energy Inc, New Standard Energy Colorado LLC and New Standard Energy Ventures LLC.

In prior year, a loss of \$394,326 which includes realised foreign exchange loss of \$388,338 (refer note 12(b) for further information) was recognised on the disposal of the US entities, no tax charge or credit arose on the transaction.

17. Commitments for expenditure

Exploration Permits and Oil and Gas Leases – Commitments for Expenditure

Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be mitigated or reduced by sale, farm out or relinquishment. These work commitments or obligations are not provided for in the accounts but are to be incurred as outlined below:

	2019 \$	2018 \$
Not longer than 1 year	9,361,485	9,441,130
Longer than 1 year and not longer than 5 year	–	–
Longer than 5 years	–	–
	9,361,485	9,441,130

In order to maintain current rights of tenure to Australian exploration permits and tenements, the Group is required to meet the minimum expenditure requirements established with the Western Australian Department of Mines and Petroleum (DMP). The above commitments reflect the minimum work programs and costs as required by the DMP and total \$11.3 million. The rights of tenure to the exploration permits and tenements may be reduced by sale, farm-out, renegotiation or relinquishment. In the event the Company does not meet the minimum expenditure requirements the rights to tenure will be relinquished and the Company will have no further obligation to the DMP to meet the minimum expenditure requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

17. Commitments for expenditure (cont'd)

	2019 \$	2018 \$
Leases		
The Company entered into an operating lease agreement effective 13 July 2015 for the corporate head offices at 6 Outram Street, West Perth. The lease obligation is not provided for in the Consolidated Statement of Financial Position but is to be incurred as outlined below.		
Not longer than 1 year	8,226	8,226
Longer than 1 year and not longer than 5 year	–	–
Longer than 5 years	–	–
	8,226	8,226

18. Segment reporting

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June 2019 are as follows:

Australia

The Group currently operates within the Carnarvon geological basins.

United States

In prior year, the Group ended all operations in the US.

	Australia		United States		Total	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Administration and employment expenses	(350,206)	(351,250)	–	(22,933)	(350,206)	(374,183)
Depreciation	–	(112,034)	–	–	–	(112,034)
Impairment expenses	(50,404)	(79,177)	–	–	(50,404)	(79,177)
Fair value adjustment	(103,208)	–	–	–	(103,208)	–
Reportable loss	(503,818)	(542,461)	–	(22,933)	(503,818)	(565,394)
Other income	364	3,543	–	–	364	3,543
Other expenses	(240)	(5,130)	–	–	(240)	(5,130)
Net loss before tax	(503,694)	(544,048)	–	(22,933)	(503,694)	(566,981)
Segment assets						
Exploration assets	–	–	–	–	–	–
Other financial assets at fair value through profit or loss	58,520	161,728	–	–	58,520	161,728
Other assets	229,387	406,269	–	–	229,387	406,269
Total assets	287,907	567,997	–	–	287,907	567,997
Segment liabilities						
Other liabilities	236,758	214,844	–	–	236,758	214,844
Total liabilities	236,758	214,844	–	–	236,758	214,844
Net assets	51,149	353,153	–	–	51,149	353,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

	2019 \$	2018 \$
19. Related party disclosure		
(a) Key Management Personnel compensation		
Short term employee benefits	—	27,083
Post-employment benefits	—	2,573
Share based payments	—	—
	—	29,656
Detailed remuneration disclosures are provided in the remuneration report included in the Directors' Report.		
20. Notes to the Statement of Cash Flow		
For the purposes of the statement of cash flows, cash includes cash on hand and in banks less un-presented cheques and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statements are reconciled to the related items in the statement of financial position as follows:		
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents	210,623	383,515
(b) Reconciliation of net loss after tax to net cash flow from operating activities		
Loss after income tax	(503,694)	(961,307)
Non-cash expenditure:		
Depreciation expense	—	112,034
Impairment of exploration and development expenditure	50,404	79,177
Fair value gain/(loss) on other sale financial assets through profit or loss	103,208	—
Gain/(loss) on foreign exchange	—	394,326
(Increase)/decrease in assets:		
Current receivables	3,990	(655)
Increase/(decrease) in liabilities:		
Current payables	21,991	(7,575)
Net cash used in operating activities	(324,101)	(384,000)
(c) Reconciliation of net loss after tax to net cash flow from operating activities		
There were no non-cash investing and financing activities during the year ended 30 June 2019 and 30 June 2018.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

21. Financial risk management

(a) Cash flow interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the consolidated entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

A sensitivity analysis has not been disclosed in relation to variable rate instruments for Group as the results are immaterial to the statement of profit or loss and other comprehensive income.

Financial assets	Note	Float interest rate		Total carrying amount	
		2019 \$	2018 \$	2019 \$	2018 \$
Cash at bank	20(a)	210,623	383,515	210,623	383,515
		210,623	383,515	210,623	383,515

(b) Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities as at 30 June 2019. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Total contractual cash flow \$	Carrying amount of liabilities \$
2019					
Trade payables	236,758	—	—	236,758	236,758
	236,758	—	—	236,758	236,758
2018					
Trade payables	214,844	—	—	214,844	214,844
	214,844	—	—	214,844	214,844

(c) Currency risk

The Group dissolved all subsidiaries located in the United States in the year ended 30 June 2018. There were minimal affects by the movement in the USD/AUD upon translation of the US operations into AUD exchange rates on the Group's statement of financial position due to the minimal expenditure movement.

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group's exposure to foreign exchange risk at the reporting date is limited to the transfer of funding from the Australian head office to US operations that is provided in US dollars.

During the year, the Group was not involved in joint venture with third parties and has no expenditure commitments or liabilities outstanding as at 30 June 2019.

As operational activity has since decreased significantly in the United States, foreign exchange exposure was negligible, no foreign exchange hedge contracts were in place at year end. The Group has dissolved all its US entities. As such, no sensitivity analysis is required or provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

21. Financial risk management (cont'd)

(d) Fair value

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and represent fair value. The fair value of investment in associates is equal to the carrying value, and accounts for the Group's share in the net profit or loss of the associate. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group makes a number of assumptions based upon observable market data existing at each reporting period. The fair value of current financial assets and liabilities settled within 12 months approximate fair value due to their short term nature.

The following tables classify financial instruments recognised in the statement of financial position of the Group, according to the hierarchy stipulated in AASB 13 as follows:

Level 1: the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: a valuation technique is used using other than quoted prices within Level 1 that are observable for the financial instrument either directly (i.e. as prices) or indirectly (i.e. derived from prices); or

Level 3: a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2019				
Financial assets fair value through profit or loss ⁽ⁱ⁾	58,520	—	—	58,520
Total	58,520	—	—	58,520
2018				
Available for sale investments ⁽ⁱ⁾	161,728	—	—	161,728
Total	161,728	—	—	161,728

(i) The fair value of the financial assets value through profit or loss as well as the available for sale investments are derived from quoted market prices in an active market.

(e) Credit risk

Credit risk is the potential that the Group will suffer a financial loss due to the unwillingness or inability of counterparty to fully meet their contractual debts and obligations. Credit risk arises from trading activities and holding cash. The carrying amount of financial assets represents the maximum credit exposure. The Group trades only with recognised, credit worthy third parties.

The Group has apportioned cash reserves amongst several financial institutions and the credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings:

	2019 \$	2018 \$
Cash at Bank and short term bank deposits (AA-)	210,623	383,515
	210,623	383,515

(f) Capital risk management

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent, which at 30 June 2019 was \$6,936,581 (2018: \$6,788,307). The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

At 30 June 2019 the Group does not hold any external debt funding (2018: Nil) and is not subject to any externally imposed covenants in respect of capital management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

22. Subsidiaries

Name of entity	Country of incorporation	Nature of activities	Ownership interest	
			2019	2018
Parent entity				
New Standard Energy Limited	Australia	Exploration, development & production of hydrocarbons	100	100
Subsidiaries				
New Standard Onshore Pty Ltd	Australia	Exploration of hydrocarbons	100	100

23. Share based payments

Expenses arising from share-based payment transactions

	2019 \$	2018 \$
Options issued to directors	—	—
Incentive rights issued to directors	—	—
Options issued to employees	—	—
Incentive rights issued to employees	—	—
	—	—

Unlisted options

The Employee Share Option Plan (ESOP) was approved by shareholders at the 2011 annual general meeting. The ESOP is designed to provide long-term incentives for senior managers and executives to deliver long-term shareholder returns. Under the Plan, participants are granted Options which only vest if certain tenure requirements are met. Participation in the ESOP is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits. Options are granted under the Plan for no consideration, and carry no dividend or voting rights.

Grant date	Expiry date	Exercise price \$	Balance at start of year No.	During the year			Balance at end of year No.	Vested and exercisable at end of year No.
				Granted No.	Exercised No.	Lapsed No.		
2019								
		—	—	—	—	—	—	—
			—	—	—	—	—	—
Weighted average exercise price			—	—	—	—	—	—
2018								
6 Aug 14	5 Aug 17	0.167	500,000	—	—	(500,000)	—	—
6 Aug 14	5 Aug 17	0.187	500,000	—	—	(500,000)	—	—
			1,000,000	—	—	(1,000,000)	—	—
Weighted average exercise price			0.18	—	—	0.18	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

23. Share based payments (cont'd)

2019

There were no share options granted during the 2019 financial year.

2018

There were no share options granted during the 2018 financial year.

Incentive rights

The LTIP was introduced during the 2013 financial year with effect from 15 September 2012. Under the plan, the Board may offer Incentive Rights in the form of Performance Rights and Retention Rights. There were no Performance Rights and Retention Rights granted during the 2019 and 2018 financial year.

The table below outlines movements in Incentive Rights during the 2019 and 2018 financial year and the balance held as at 30 June 2019 and 30 June 2018.

Type of incentive rights	Date		FV of each rights \$	Balance at start of year No.	During the year			Balance at end of year No.
	Grant	Expiry			Granted No.	Vested No.	Lapsed No.	
2019			–	–	–	–	–	–
				–	–	–	–	–
2018								
Performance Rights	16 Dec 14	14 Sep 17	0.029	4,900,000	–	–	(4,900,000)	–
Performance Rights	16 Dec 14	14 Sep 17	0.015	2,960,000	–	–	(2,960,000)	–
Retention Rights	16 Dec 14	14 Sep 17	0.038	890,000	–	–	(890,000)	–
				8,750,000	–	–	(8,750,000)	–

24. Contingencies

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 7. 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.

The Group is required to rehabilitate the land within the next 12 months.

There were no other material contingent liabilities or contingent assets for the Group as at 30 June 2019 or as at the date of the report other than the above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

25. Parent entity information

The following details information related to the parent entity, New Standard Energy Limited, as at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	2019 \$	2018 \$
Current assets	276,152	558,783
Non-current assets	–	156,038
Total assets	276,152	714,821
Current liabilities	236,758	215,020
Non-current liabilities	–	–
Total liabilities	236,758	215,020
Contributed equity	78,525,655	78,323,965
(Accumulated losses)/retained earnings	(78,516,053)	(77,853,956)
Reserves	29,792	29,792
Total equity	39,394	499,801
Loss for the year	(662,097)	(1,319,151)
Other comprehensive income for the year	–	723,182
Total comprehensive loss for the year	(662,097)	(595,969)

26. Events occurring after the reporting date

No other matter or circumstances that has arisen since the end of the year.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 25 September 2019.

1. Distribution of shareholders

(a) Analysis of number of shareholder by size of holding.

Category of holding	Holders	Number of shares	% of capital
1 – 1,000	195	48,521	0.01
1,001 – 5,000	347	1,116,952	0.14
5,001 – 10,000	262	2,187,549	0.27
10,001 – 100,000	743	28,816,509	3.50
100,001 and over	303	789,912,666	96.08
Total	1,850	822,082,197	100.00

(b) There are 1,640 shareholders with less than a marketable parcel of ordinary shares (minimum \$500 parcel at \$0.003 per unit).

2. Twenty one largest shareholders

The names of the twenty one largest holders by account holding of quoted ordinary shares are listed below:

Rank	Name of shareholder	Holding	%
1	China International Economic Huizhou Energy Investment (Beijing) Co Ltd	291,197,025	35.42
2	Jara Resources Pty Ltd	65,650,000	7.99
3	Citicorp Nominees Pty Limited	33,238,659	4.04
4	Chembank Pty Limited <Philandron A/C>	19,000,000	2.31
5	J P Morgan Nominees Australia Limited	16,574,158	2.02
6	Mr Xijun Wang	16,000,000	1.95
7	Mr Huagen Gao	15,522,390	1.89
8	Mr Chi Zhang	15,491,658	1.88
9	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	14,058,834	1.71
10	Buru Energy Limited	13,057,930	1.59
11	Ms Sihol Marito Gultom	13,000,000	1.58
12	Mr Zhongming Hong	12,099,613	1.47
13	Ms Wei Lin	11,078,450	1.35
14	Mr Yuk Kuen Lo	10,833,333	1.32
15	Ms Rongxia Su	10,659,207	1.30
16	Mr Alan Young	9,405,252	1.14
17	Phoenix Properties Int Pty Ltd <The Wellington Property A/C>	8,508,453	1.03
18	Mr Scott Le	7,307,737	0.89
19	Mr Gan Li	7,164,180	0.87
19	Mr Jinge Ma	7,164,180	0.87
19	Ms Bingjie Wang	7,164,180	0.87
19	Ms Bifang Zhang	7,164,180	0.87
19	Ms Qian Zhang	7,164,180	0.87
Total		618,503,599	75.24

3. Substantial shareholders

As at 25 September 2019, the Company has received substantial notices from the following shareholders:

Name of shareholder	No of shares	% of issued capital
China International Economic Huizhou Energy Investment (Beijing) Co Ltd	291,197,025	35.42%
Jara Resources Pty Ltd	65,650,000	7.99%

4. Unquoted securities

There were no unquoted securities on issue as at 25 September 2019.

5. Voting rights

At a general meeting of shareholders:

- | | |
|---|--|
| (a) On a show of hands, each person who is a member or sole proxy has one vote. | (b) On a poll, each shareholder is entitled to one vote for each fully paid share. |
|---|--|



NEW STANDARD ENERGY

© 2019 New Standard Energy.

All rights reserved.

6 Outram Street

West Perth WA 6005

Tel: +61 8 9481 7477

Fax: +61 8 9324 3366

Email: info@newstandard.com.au

<http://www.newstandard.com.au>