



**NEW STANDARD
ENERGY
LIMITED**

ACN 119 323 385

**Financial Report for the Half-Year Ended
31 December 2019**

www.newstandard.com.au

CORPORATE DIRECTORY

Board of Directors

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

Company Secretary

Ming Li

Place of Business

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Auditors

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38 Station Street
Subiaco WA 6008

Legal Advisors

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

Share Registry

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

ASX Code | NSE

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DIRECTORS' REPORT

The Directors of New Standard Energy Ltd (**New Standard or Company**) submit herewith the financial report for the half-year ended 31 December 2019. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows:

BOARD OF DIRECTORS

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

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

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

REVIEW OF OPERATIONS

During the period New Standard continued to review its Western Australian assets while working with the Department of Mines, Industry Regulation and Safety (**DMIRS**) to settle new work programs for its remaining permits and meet rehabilitation obligations that relate to historic exploration activities.

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

CORPORATE AND FINANCE

New Standard ended the six months to 31 December 2019 with a cash position of \$401,855. The Company has no debt.

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

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

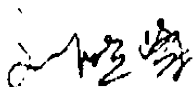
EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance that have arisen since 31 December 2019 that may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s.307C of the *Corporations Act 2001* in relation to the review of the half-year is included on page 3.

Signed in accordance with a resolution of the Directors.



Xiaofeng Liu
Managing Director
13 March 2020

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

As lead auditor for the review of New Standard Energy Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 13 March 2020

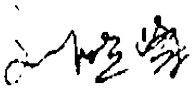
DIRECTORS' DECLARATION

The Directors of the Company declare that:

The financial statements and notes set out on pages 7 to 15 are in accordance with the *Corporations Act 2001* and:

- (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*, Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (iii) in the Directors' opinion, there are reasonable grounds to believe that New Standard Energy Limited will be able to pay its debts as and when they become due and payable.

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



Xiaofeng Liu
Managing Director
13 March 2020



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of New Standard Energy Limited

Report on the Half-Year Financial Report

Qualified conclusion

We have reviewed the half-year financial report of New Standard Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for qualified conclusion

As disclosed in note 11 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 perform sufficient appropriate review procedures to determine the amount of adjustment required to the liability balance as at 31 December 2019. Our audit report for the year ended 30 June 2019 was also qualified as a result of the same matter discussed above.

Emphasis of matter - Material uncertainty relating to going concern

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

Directors' responsibility for the Half-Year Financial Report

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



Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

BDO Audit (WA) Pty Ltd

BDO


Jarrad Prue

Director

Perth, 13 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2019

	Note	Half-year ended 31 Dec 2019 \$	Half-year ended 31 Dec 2018 \$
Revenue and other income		142	184
Depreciation expenses		(1,748)	–
Administrative expenses		(104,303)	(175,467)
Employment expenses		(14,636)	(37,215)
Impairment of exploration and evaluation expenditure	5	(42,066)	(42,485)
Fair value loss on other financial assets		(404)	(85,120)
Loss before income tax expense		(163,015)	(340,103)
Income tax expense		–	–
Loss after income tax for the period		(163,015)	(340,103)
Other comprehensive income for the period		–	–
Total comprehensive loss for the period		(163,015)	(340,103)
Total comprehensive loss for the period is attributable to:			
Owners of the Company		(163,015)	(340,103)
		Cents Per Share	Cents Per Share
Loss per share for loss from			
Continuing operations attributable to the ordinary shareholders of the Company			
Basic loss per share (cents per share)	9	(0.02)	(0.04)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Note	31 Dec 19 \$	30 Jun 19 \$
Current Assets			
Cash and cash equivalents		401,855	210,623
Trade and other receivables	2	27,625	18,764
Other financial assets at fair value through profit and loss	3	16,386	16,500
Total Current Assets		445,866	245,887
Non-Current Assets			
Other financial assets at fair value through profit and loss	3	41,730	42,020
Right-of-use asset	4	20,096	–
Exploration and evaluation expenditure	5	–	–
Total Non-Current Assets		61,826	42,020
Total Assets		507,692	287,907
Current Liabilities			
Trade and other payables	6	202,939	236,758
Lease payable	7	10,290	–
Total Current Liabilities		213,229	236,758
Non-Current Liabilities			
Lease payable	7	9,878	–
Total Non-Current Liabilities		9,878	–
Total Liabilities		223,107	236,758
Net Assets		284,585	51,149
Equity			
Issued capital	8	69,762,264	69,365,813
Reserves		29,792	29,792
Accumulated losses		(69,507,471)	(69,344,456)
Total Equity		284,585	51,149

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2019

	Issued Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
Equity as at 1 July 2019	69,365,813	(69,344,456)	29,792	51,149
Loss for the period	–	(163,015)	–	(163,015)
Total comprehensive expense	–	(163,015)	–	(163,015)
<i>Transactions with owners in their capacity as owners;</i>				
Issue of shares, net of transaction costs	396,451	–	–	396,451
Equity as at 31 December 2019	69,762,264	(69,507,471)	29,792	284,585
<hr/>				
Equity as at 1 July 2018	69,164,123	(68,840,762)	29,792	353,153
Loss for the period	–	(340,103)	–	(340,103)
Total comprehensive expense	–	(340,103)	–	(340,103)
<i>Transactions with owners in their capacity as owners;</i>				
Issue of shares, net of transaction costs	–	–	–	–
Equity as at 31 December 2018	69,164,123	(69,180,865)	29,792	13,050

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 December 2019

Note	Half-year ended 31 Dec 2019	Half-year ended 31 Dec 2018
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(161,477)	(224,111)
Interest received	142	184
Finance cost	(143)	–
Net cash used in operating activities	(161,478)	(223,927)
Cash flows from investing activities		
Payment for exploration, evaluation and development	(42,066)	(40,244)
Net cash used in investing activities	(42,066)	(40,244)
Cash flows from financing activities		
Payments for right-of-use asset	(1,675)	–
Proceeds from issue of shares	400,020	–
Payments for share issue costs	(3,569)	–
Net cash flows provided by financing activities	394,776	–
Net increase/(decrease) in cash and cash equivalents	191,232	(264,171)
Cash and cash equivalents at beginning of the financial period	210,623	383,515
Cash and cash equivalents at the end of the financial period	401,855	119,344

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 December 2019

1. Statement of compliance

The half-year financial statements are general purpose financial statements prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. These half-year financial statements do not include notes of the type normally included in annual financial statements and shall be read in conjunction with the most recent annual financial statements for the year ended 30 June 2019 and any public announcements made by New Standard Energy Limited (**Company**) during the half-year reporting period with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Company's annual financial statements for the financial year ended 30 June 2019 except for the adoption of new and amended standards set out below. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by the Company and its controlled entities during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Going Concern

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

During the period the consolidated entity incurred a net loss after income tax of \$163,015 (2018: a net loss \$340,103) and incurred net cash outflows from operating and investing activities of \$203,544 (2018: - \$264,171).

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 including the rehabilitation obligation in the next 12 months. 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 600 freely tradable fully paid ordinary shares of Sundance Energy Inc. (NASDAQ:SNDE), which can be used by the Group as a future funding source. The Company holds another 1528 fully paid ordinary shares of Sundance Energy Inc. in escrow;;
- in response to preserve the Company's cash flow, the Non-Executive Chairman and all Non-Executive Directors have agreed to suspend their fees starting from 1 February 2015 and remain suspended to date and until the Group has the financial capacity to pay the Non-Executive Chairman and Non-Executive Directors' fees;
- the Company has received the financial support through a loan facility from its major shareholder if required;
- the Company completed a capital raising to sophisticated investors in December 2019 and has proven ability to raise capital as and when required; and
- should it be required the Directors are satisfied that they will be able to raise additional funds by either a form of equity raising, implementing strategic joint ventures or by asset sale to fund ongoing exploration commitments and for working capital.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 December 2019

1. Statement of compliance (cont'd)

Adoption of new and amended accounting standards

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies and make adjustments as a result of adopting AASB 16 Financial Instruments. During the financial year of 2019, the operating lease expense was charged to profit and loss accounts. Since 1 July 2019, under the new AASB 16, the company recognised \$21,844 right-of-use-asset and \$21,844 lease payable for its office lease (refer to Note 4). The right-of-use asset was depreciated over the lease period and the lease payable was reduced when the company made payment for its rent.

AASB 16 'Leases'

AASB introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. AASB16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (ie, all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments are split into a principal and interest portion which will be presented as financing and operating cashflows respectively.

Impact of standards issued but not yet applicable

AASB 2018-7 'Amendments to Australian Accounting Standards – Definition of Material', effective for annual reporting periods beginning on or after 1 January 2020, expected to be initially applied in the financial year ending 30 June 2021. The Group has not assessed the impact of this standard.

Critical accounting judgements and key source of estimation uncertainty

In the application of the consolidated entity's accounting policies, (which are described in Note 1 of the most recent annual financial statements for the year ended 30 June 2019), management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty and significant judgements

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

Carrying value of exploration and development expenditure

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The Company has taken a conservative view taking into consideration the market condition and that no exploration expenditure, other than rental and incidental land costs were incurred during the period with no expenditure budgeted for the financial period ended 31 December 2020 that the carrying amount of exploration and evaluation expenditure be fully impaired for all projects.

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

Contingencies

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 December 2019

1. Statement of compliance (cont'd)

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

Deferred tax balances

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

Impairment

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

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

2. Trade and other receivables

Other receivables

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

3. Other financial assets at fair value through profit and loss

Listed securities

Current

Sundance Energy Inc. (i)

Sundance Energy Australia Ltd (i)

Non-current

Sundance Energy Inc. (i)

Sundance Energy Australia Ltd (i)

(i) During the period Sundance Energy Australia Ltd announced scheme of arrangement in relation to re-domiciliation from Australia to the United States. After the implementation of the scheme, the Group converted its 212,800 ordinary shares to 2,128 units of Sundance Energy Inc (NASDAQ: SNDE). 600 units among them were freely tradable as at 31 December 2019.

4. Right-of-use-asset

At cost

Accumulated depreciation

Reconciliation of the carrying amount of fixed assets:

Carrying amount at 1 July 2019

Additions

Depreciation expense

	31 Dec 2019	30 Jun 2019
	\$	\$
	27,625	18,764
	27,625	18,764
	16,386	-
	-	16,500
	16,386	16,500
	41,730	-
	-	42,020
	41,730	42,020
	21,844	-
	(1,748)	-
	20,096	-
	-	-
	21,844	-
	(1,748)	-
	20,096	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 December 2019

5. Exploration and evaluation expenditure

	31 Dec 2019	30 Jun 2019
	\$	\$
Balance at beginning of period	–	–
Expenditure incurred	42,066	50,404
Expenditure impaired (i)	(42,066)	(50,404)
Balance at end of period	–	–

(i) During the half year period the Company recognised a non-cash impairment charge of \$42,066 relating to the capitalised exploration expenditure associated with its exploration assets based in Western Australia. The impairment of the exploration, evaluation and development expenditure has arisen as a result of the relinquishment of licences and applications for exemptions of minimum expenditure requirements that have yet to be approved.

The 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.

On 14 October 2019, the Company announced that the Department of Mines, Industry, Regulation and Safety had refused its application for a renewal of Permit EP482. The Company has taken a conservative view and have fully impaired the capitalised exploration and evaluation expenditure of the carrying value for the projects at 31 December 2019 considering no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ended 30 June 2020.

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

6. Trade and other payables

Current

	31 Dec 2019	30 Jun 2019
	\$	\$
Trade payables	5,393	11,299
Other payables and accrued expenses	197,546	225,459
	202,939	236,758

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.

7. Lease payable

Current	10,290	–
Non-current	9,878	–
	20,168	–

Lease payable related to the Group's lease of its office premises. During the 2019 financial year, lease of office was recognised as an operating expense and charged to profit or loss accounts. From 1 July 2019, under the new accounting standard, the Group has recognised its lease as a right-of-use asset and a corresponding liability at the date when the leased asset is available for use by the Group.

8. Issued capital

888,748,864 fully paid ordinary shares (30 Jun 2019: 822,082,197)	69,762,264	69,365,813
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Fully paid ordinary shares

	No.	\$
Balance at 1 July 2019	822,082,197	69,365,813
On 9 December 2019, issue of shares to sophisticated investors	66,666,667	400,020
Less: Transaction costs	–	(3,569)
Balance at 31 December 2019	888,748,864	69,762,264

There was no movement for issued of capital for the period ended 31 December 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 December 2019

9. (Loss)/earnings per share

	31 Dec 2019 Cents per share	31 Dec 2018 Cents per share
Basic loss per share	(0.02)	(0.04)
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Loss for the period	(163,015)	(340,103)
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic EPS	830,115,530	788,059,805

10. Commitments and contingent liabilities

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

The Company continues to assess the Company's rehabilitation obligations and associated costs with respect to its historic drilling activities on EP 450, EP 451, EP 456 and EP 481. The likely amount of outflow of economic benefits is currently not clear and as such a provision has not been recognised in relation to the rehabilitation obligations. The Company has submitted a rehabilitation proposal to DMIRS for approval. Subsequently the Company has received directions from DMIRS to rehabilitate the well at EP 481 by 15 August 2020 and at EP 450, EP 451 and EP 456 by 30 November 2019. The Company is currently under negotiation with DMIRS for an extension and is in the process of obtaining reliable estimates for the rehabilitation work to be completed.

There were no other material contingent liabilities or contingent assets for the Group as at 31 December 2019 or as at the date of the report other than the above.

11. Fair value measurement

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

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 Dec 2019				
Other financial assets fair value through profit and loss (i)	58,116	–	–	58,116
	58,116	–	–	58,116
30 Jun 2019				
Other financial assets (i)	58,520	–	–	58,520
	58,520	–	–	58,520

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

12. Related party transactions

The transactions with related parties are consistent with those disclosed in the 30 June 2019 financial report.

13. Events occurring after reporting date

There has been no other matter or circumstance that have arisen since 31 December 2019 that may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years other than the above.