ASX Announcement (ASX: NSE)

NEW STANDARD ENERGY

Date: 30 September 2020

Extension of Lodgement and Unaudited Financial Accounts

New Standard Energy Limited ("NSE" or "the Company") wishes to advise that it will rely on the ASIC's guidance published on 13 May 2020 to extend the lodgement date for its audited annual accounts for the year ended 30 June 2020.

Given the restrictions due to COVID-19, the Company has taken extra time to arrange audit and other work arrangements.

The Company's unaudited financial accounts are attached with this announcement.

NSE will immediately announce to the market if it becomes aware that there is a material difference between its unaudited accounts and audited accounts.

For and on behalf of the Board,

Xiaofeng Liu

Managing Director

- ENDS -

NEW STANDARD ENERGY
LIMITED

ACN 119 323 385

Unaudited Financial Accounts for the Year Ended 30 June 2020

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

Unit 1, 117 Brisbane Street
Perth WA 6000
Ph: +61 (8) 9227 9280
Fax: +61 (8) 9227 9280
Web: www.newstandard.com.au

Auditors

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

Legal Advisors

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

Share Registry

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

ASX Code | NSE

CONTENTS

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2020

	Note	2020 (Unaudited) $	2019 (Restated)* $
Revenue and other income	2	**242**	364
Depreciation expenses	3	**(6,990)**	–
Administrative expenses	3	**(261,056)**	(350,446)
Impairment of exploration and evaluation expenditure		**(44,424)**	(50,404)
Provision for rehabilitation	16	**-**	(1,045,480)
Fair value loss on other financial assets		**(49,604)**	(103,208)
Loss before income tax expense		**(361,832)**	(1,549,538)
Income tax expense	4	–	–
Loss after income tax for the year		**(361,832)**	(1,549,174)
Other comprehensive income for the year		–	–
Total comprehensive loss for the year		**(361,832)**	(1,549,174)
Total comprehensive loss for the year is attributable to:			
Owners of the Company		**(361,832)**	(1,549,174)
		Cents Per Share	**Cents Per Share**
Basic loss per share attributable to the ordinary equity holders of the Company	14	**(0.04)**	(0.20)

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

*: Comparative figures are restated as a result of the recognition of a rehabilitation provision for the previous year. Refer to Note 1 for details.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 (Unaudited)	2019 (Restated)*
		$	$
Current Assets			
Cash and cash equivalents	18(a)	**292,424**	210,623
Trade and other receivables	6	**1,909**	18,764
Financial assets at fair value through profit and loss	7	**2,514**	16,500
Total Current Assets		**296,847**	245,887
Non-Current Assets			
Financial assets at fair value through profit and loss	7	**6,402**	42,020
Exploration and evaluation expenditure	8	–	–
Right-of-use assets	9	**14,854**	–
Total Non-Current Assets		**21,256**	42,020
Total Assets		**318,103**	287,907
Current Liabilities			
Trade and other payables	10	**217,260**	236,758
Rehabilitation provision	16	**1,045,480**	1,045,480
Lease liabilities	17	**10,497**	–
Total Current Liabilities		**1,273,237**	1,282,238
Non-Current Liabilities			
Lease liabilities	17	**4,578**	–
Total Non-Current Liabilities		**4,578**	–
Total Liabilities		**1,277,815**	1,282,238
Net Liabilities		**(959,712)**	(994,331)
Equity			
Issued capital	11	**69,762,264**	69,365,813
Reserves	12	**29,792**	29,792
Accumulated losses	13	**(70,751,768)**	(70,389,936)
Total Deficit		**(959,712)**	(994,331)

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

*： Comparative figures are restated as a result of the recognition of a rehabilitation provision for the previous year. Refer to Note 1 for details.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Note	Issued Capital	Accumulated Losses	Reserves	Total
		$	$	$	$
Equity as at 1 July 2019 (Restated)*		**69,365,813**	**(70,389,936)**	**29,792**	**(994,331)**
Loss for the year		**–**	**(361,832)**	**–**	**(361,832)**
Total comprehensive expense		**–**	**(361,832)**	**–**	**(361,832)**
Transactions with owners in their capacity as owners;					
Issue of shares, net of transaction costs	11	**396,451**	**–**	**–**	**396,451**
Equity as at 30 June 2020 (Unaudited)		**69,762,264**	**(70,751,768)**	**29,792**	**(959,712)**
Equity as at 1 July 2018		69,164,123	(68,840,762)	29,792	353,153
Loss for the year (Restated)		–	(1,549,174)	–	(1,549,174)
Total comprehensive expense (Restated)		–	(1,549,174)	–	(1,549,174)
Transactions with owners in their capacity as owners;					
Issue of shares, net of transaction costs	11	201,690	–	–	201,690
Equity as at 30 June 2019 (Restated)		69,365,813	(70,389,936)	29,792	(994,331)

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

*：Comparative figures are restated as a result of the recognition of a rehabilitation provision for the previous year. Refer to Note 1 for details.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Note	2020 (Unaudited) $	2019 $
Cash flows from operating activities			
Payments to suppliers and employees		**(263,195)**	(324,465)
Interest received		**242**	364
Finance cost		**(504)**	–
Net cash used in operating activities	**19**	**(263,457)**	(324,101)
Cash flows from investing activities			
Payment for exploration, evaluation and development		**(44,424)**	(50,481)
Net cash used in investing activities		**(44,424)**	(50,481)
Cash flows from financing activities			
Payments for right-of-use assets		**(6,769)**	–
Proceeds from issue of shares		**400,020**	204,134
Payments for share issue costs		**(3,569)**	(2,444)
Net cash flows provided by financing activities		**389,682**	201,690
Net increase/(decrease) in cash and cash equivalents		**81,801**	(172,892)
Cash and cash equivalents at beginning of the financial year		**210,623**	383,515
Cash and cash equivalents at the end of the financial year	**20**	**292,424**	210,623

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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 Unit 1, 117 Brisbane Street, Perth WA6000.

BASIS OF PREPARATION

The unaudited 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 unaudited financial statements for the year ended 30 June 2020.

RESTATEMENT OF COMPARATIVE FIGURES

The Group received directions from the Department of Mines, Industry Regulation and Safety ("DMIRS") to rehabilitate its respective exploration permit areas by November 2019 and August 2022. Previously, the Group did not recognise a liability in respect of these obligations but disclosed the matter as contingent liabilities in its annual accounts for the year ended 30 June 2019.

During the year the Group received additional information which allowed it to make a reliable estimate of its obligations as at 30 June 2019. The Group conducted an assessment and retrospectively adjusted its 2019 consolidated financial statements. An expense of $1,045,480 for the rehabilitation provision was charged to its profit or loss accounts for the year ended 30 June 2019 and a liability was correspondingly recognised as at 30 June 2019.

The relevant comparative figures in its unaudited financial accounts for the year ended 30 June 2020 have been restated.

GOING CONCERN

During the year the consolidated entity incurred a net loss after income tax for the year ended 30 June 2020 of $361,832 (2019: $1,549,174), incurred net cash outflows from operating and investing activities of $307,881 (2019: outflow $374,582), and had net working capital of $69,090 at 30 June 2020. The Group had net liabilities of 959,712 at 30 June 2020 (2019: net liabilities of 994,331).

The financial statements have been prepared by the Directors on a going concern basis. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID19 pandemic on the position of the Group at 30 June 2020 and its operations in future periods. 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:

- 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 recently completed a capital raising to sophisticated investors in December 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

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.

1. Summary of accounting policies (cont'd)

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

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 environmental 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) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(i) 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.

1. Summary of accounting policies (cont'd)

(j) Non-current assets (or disposal groups) held for sale and discontinued operations (cont'd)

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.

(k) 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.

1. Summary of accounting policies (cont'd)

(l) Financial instruments (cont'd)

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.

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.

(m) 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.

(n) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments are comprised of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(o) 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.

1. Summary of accounting policies (cont'd)

(p) 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.

(q) 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.

Rehabilitation costs may be incurred by the Group resulted from its exploration activities. The Group assesses its rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

(r) 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.

(s) 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.

1. Summary of accounting policies (cont'd)

(t) Adoption of new and revised accounting standards

The Group has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for the current year. The adoption of AASB16 did not have significant impact on the Group's financial positions and did not require retrospective adjustments as the Group did not have operating leases with terms over 12 months as at 1 July 2019. 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 16). 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.

The other standards did not have any impact on the entity's accounting policies and did not require retrospective adjustments.

Standards and interpretations issued not yet effective

At the date of authorisation of the Financial Statements, any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The potential effect of the revised Standards on the Company's financial statements has not yet been determined.

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.

Rehabilitation Provision

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, inflation and other factors. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

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. The carrying amounts of exploration and evaluation expenditure were fully impaired for all projects at 30 June 2020.

Contingencies

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the business operation, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

	2020 (Unaudited) $	2019 (Restated) $
2. Revenue and other income		
Other income: Interest income	242	364
Total Revenue and other income	242	364
3. Expenses		
Depreciation expenses	6,990	–
Provision for rehabilitation	–	1,045,480
Administrative expenses:		
Employee benefit expenses	28,816	25,963
Professional fees	153,649	197,554
Occupancy expenses	8,899	30,979
Other administrative expenses	69,692	95,950
Total administrative expenses	261,056	350,446
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	(361,832)	(1,549,174)
Tax benefit calculated at 30% (2019: 30%)	(108,550)	(464,752)
Tax effect of amount which are not deductible/(taxable) in calculating taxable income:		
Other permanent difference	–	–
	(108,550)	(464,752)
Tax losses and timing differences not recognised	108,550	464,752
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:

	2020 (Unaudited) $	2019 (Restated) $
Tax losses – revenue	21,179,790	20,258,894
Net other temporary differences	1,701,861	2,218,398
	22,881,651	22,477,292
At tax rate of 30% (2019: 30%)	6,864,495	6,743,188

	2020 (Unaudited) $	2019 $
5. Auditors' remuneration		
Auditor of the group		
BDO Audit (WA) Pty Ltd	34,000	31,000
	34,000	31,000
6. Trade and other receivables		
Other receivables	1,909	18,764
	1,909	18,764

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

	2020 (Unaudited) $	2019 $
Listed securities		
Current		
Sundance Energy Inc.	2,514	–
Sundance Energy Australia Ltd	–	16,500
Carrying amount at the end of year	2,514	16,500
Non-current		
Sundance Energy Inc.	6,402	–
Sundance Energy Australia Ltd	–	42,020
Carrying amount at the end of year	6,402	42,020

During the year 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 30 June 2020.

8. Exploration and evaluation expenditure

	2020 (Unaudited) $	2019 $
Balance at beginning of the year	–	–
Expenditure incurred	44,424	50,404
Expenditure impaired (i)	(44,424)	(50,404)
Balance at end of the year	–	–

During the year the Company recognised a full non-cash impairment charge of $44,424 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 and expiry of licences.

The Consolidated Entity had interests in the following wholly-owned oil and gas exploration and development assets as at 30 June 2020. The permit has expired on 18 August 2020.

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

Area	Asset	Percentage Interest
Carnarvon Basin	EP481	100%

	2020 (Unaudited) $	2019 $

9. Right-of-use assets

	2020 (Unaudited) $	2019 $
Right-of-use assets	21,844	–
Accumulated depreciation	(6,990)	–
Closing net book amount	14,854	–

	Right-of-use assets $	Total $
2020		
1 July 2019	–	–
Additions	21,844	–
Depreciation expense	(6,990)	–
Balance at 30 June 2020	14,854	–

10. Trade and other payables

	2020 (Unaudited) $	2019 $
Current		
Trade payables	8,781	11,299
Sundry payables and accrued expenses	208,479	225,459
	217,260	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. Refer to note 21 for the Group's risk management objectives and policies.

11. Issued capital

	2020 (Unaudited) $	2019 $
888,748,864 fully paid ordinary shares (2019: 822,082,197)	69,762,264	69,365,813

(a) Fully paid ordinary shares

	No.	$
2019		
Balance at 1 July 2018	788,059,805	69,164,123
On 9 May 2019, issue of shares to sophisticated investors	34,022,392	204,134
Less: Transaction costs arising from issue of shares	–	(2,444)
Balance at 30 June 2019	822,082,197	69,365,813
2020		
On 9 December 2019, issue of shares to sophisticated investors	66,666,667	400,020
Less: Transaction costs arising from issue of shares	–	(3,569)
Balance at 30 June 2020	888,748,864	69,762,264

(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.

	2020 (Unaudited) $	2019 (Restated) $

12. Reserves

Financial asset reserve	29,792	29,792
	29,792	29,792
Movements in financial asset		
Balance at the beginning of the year	29,792	29,792
Fair value of financial assets	–	–
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	(70,389,936)	(68,840,762)
Net loss attributable to members of the Company	(361,832)	(1,549,174)
Balance at the end of the year	(70,751,768)	(70,389,936)

14. Loss per share

	Cents per share	Cents per share
Basic earnings/(loss) per share	(0.04)	(0.20)

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

	$	$
Loss for the year	(361,832)	(1,549,174)
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of basic EPS	859,342,197	792,906,831

15. Dividends

There have been no dividends paid or proposed in the 2020 or 2019 financial years.

	2020 (Unaudited) $	2019 (Restated) $

16. Rehabilitation provision

Beginning of the year	1,045,480	–
Arising during the year	–	1,045,480
End of the year	1,045,480	1,045,480

The rehabilitation provision represents the present value of rehabilitation costs as a result of its previous exploration activities. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

	2020 (Unaudited) $	2019 (Restated) $

17. Lease liabilities

Lease Payable		
Current	10,497	–
Non-current	4,578	–
	15,075	–

18. 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	292,424	210,623

(b) Reconciliation of net loss after tax to net cash flow from operating activities

Loss after income tax	(361,832)	(1,549,174)
Non-cash expenditure:		
Depreciation expense	6,990	–
Impairment of exploration and development expenditure	44,424	50,404
Fair value gain/(loss) on other sale financial assets through profit or loss	49,604	103,208
(Increase)/decrease in assets:		
Current receivables	16,855	3,990
Increase/(decrease) in liabilities:		
Current payables	(19,498)	1,067,471
Net cash used in operating activities	(263,457)	(324,101)

(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 2020 and 30 June 2019.