



NEW STANDARD
ENERGY

ANNUAL REPORT
2015

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CORPORATE DIRECTORY

Board of Directors

Arthur Dixon AM	Non-Executive Chairman
Phil Thick	Managing Director
Sam Willis	Executive Director
H.C. Kip Ferguson III	Non-Executive Director
Jeffrey Swanson	Non-Executive Director

Company Secretary

Mark Clements

ASX Code

NSE

OTCQX Code

NWSTF

Place of Business

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West Perth, Western Australia 6005
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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

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

The 2014/15 year was a dramatic one for New Standard Energy, as it has been for nearly all companies in the oil and gas sector in Australia and internationally. It started out positively with a decision to transform the business early in 2014 from a pure explorer to one with several tiers of opportunity – production, development and exploration – in three regions – US Eagle Ford, Cooper Basin in South Australia and the Canning and Carnarvon Basins in Western Australia.

This decision was soundly based, and initially proved a success as we brought into production the first two wells that we drilled in the Eagle Ford shale, ahead of target and under budget. These were in addition to the five producing wells we had bought, and our primary focus quickly became the US assets, delivering immediately, for the first time, revenue from production. Capital was carefully managed with additional funding supplied under a Reserves Based Loan (where the available drawdown was a function of the certified reserves) and under which we were able to increase 1P reserves by 133%. Our business model was starting to deliver growth and value and the equity value returning to New Standard shares.

However OPEC's decision to hold production levels steady in November 2014 led to a precipitous fall in oil prices globally and by January the WTI price had dropped to US\$45 per barrel – down from as high as US\$106 in early 2014. Unfortunately this delivered a large systemic shock to the energy sector globally and completely undermined our growth strategy.

The Company had to make quick and decisive changes, cutting staff numbers significantly and reducing overheads. We drilled our next two wells in November and December, again ahead of target and under budget, taking advantage of the falling costs for contractors and service providers. We made a decision not to complete these wells, but rather defer the fracture stimulations into CY2015 in the hope that oil prices would turn around. Unfortunately this did not happen.

It became clear in late CY2014 that New Standard's ability to raise equity in the new oil price reality had significantly diminished and we did not have the balance sheet to develop our three tier asset portfolio. We were not willing to go into further debt and had limited access to other sources of capital. So we embarked on a process of looking for partners or buyers for our Western Australian assets and our newly acquired share of PEL570 in the Cooper Basin in South Australia.

In October 2014 New Standard announced a substantial upgrade of reserves for the Eagle Ford leases and also finalised a deal for Santos to farm-in to the Company's Cooper assets. This was an excellent deal that injected much needed cash for our US drilling programme and brought Santos's substantial experience into the Cooper JV as Operator. It also substantially reduced our capital commitments in PEL570.

By the end of 2014 it had become obvious that oil prices were likely to continue to decline and remain at low levels. New Standard entered into discussions with the Company's lenders, Credit Suisse, who agreed to continue to support the Company but on the understanding that we look for buyers or partners for our US assets and committed to a plan to pay out or largely reduce our debt. We therefore had no alternative but to market our US assets and we commenced this in earnest in January 2015. At the same time we were in discussions with Sundance Energy Australia about a potential corporate transaction or a sale of our US and part of our Australian assets and sought independent advice from reconstruction specialists to ensure the Board was well supported and advised.

In February we made further substantial cuts to cost and overheads and reduced staff numbers to a bare minimum. The Directors agreed to suspend all Director fees and the Managing Director agreed to a 50 per cent salary cut. We reduced staff count to just two staff in Perth and two in Houston.

By the end of March it was clear that we were unlikely to be able to find the right partner for our US business at the right price given the difficult environment and Credit Suisse agreed to lend the Company up to another US\$3 million to keep New Standard sound whilst we further pursued the opportunity with Sundance. This deal was finally agreed at the end of June when documents were executed and was completed in early August.

The Sundance agreement included the sale of all of the Company's US assets and its 17.5% stake in PEL570 in the Cooper Basin. In return for this Sundance paid out New Standard's debt in full and took over all US creditors and New Standard received 6 million SEA shares. The transaction was worth approximately A\$24 million and importantly eliminated all New Standard debt and provided sufficient ongoing liquidity to allow the Company to survive and explore options for progression of its Western Australian onshore assets. We had secured a vital lifeline.

The Company is now undertaking a strategic review to thoroughly assess the status of the remaining portfolio, the energy market outlook, the equity market for small oil and gas explorers and the best path for rebuilding shareholder wealth. Part of this review is likely to include the relinquishment and rationalisation of some of our larger permits areas. This process is designed to reduce our acreage to a more manageable size and cut holding costs while still retaining the most prospective areas for future exploration.

It has certainly been a tough period for shareholders but despite the magnitude of the global oil crisis we have survived and can now focus on recovery.

I thank the team for their considerable and tireless efforts through a very trying twelve month period and we look forward to rebuilding the Company over the next year or more.

The staff and our directors have worked tirelessly throughout the past financial year. Reducing staff numbers is never easy but our staff have been accepting of the issues confronting the Company.

As a company, our focus has shifted, but our core intention to create shareholder value has not changed. We have embarked on a journey to re-assess our Western Australia portfolio and seek opportunities to progress those projects in addition to remaining open to assessing other alternatives for rebuilding shareholder value.

I look forward to providing updates to investors as those opportunities are progressed.

Yours sincerely



Arthur Dixon AM
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 2015.

OPERATIONAL AND FINANCIAL REVIEW

PROJECTS

US EAGLE FORD

New Standard made its newly acquired Atascosa Project the core focus of its operations throughout the 2014/15 year. The Peeler Ranch-5H and 6H wells were drilled, fracture stimulated, completed and brought into production on time and under budget.

The Peeler Ranch-5H and 6H wells recorded 24-hour Initial Production (24IP) of 705 and 758 BOEPD respectively, incorporating 656 and 716 barrels of oil. In comparison, the previous well drilled on the acreage, the Peeler Ranch-4H, which was drilled in August 2013, delivered 24IP of 735 BOEPD (615 barrels of oil).

Following on from the 24IP results, the 30-day Initial Production (30IP) rates for the Peeler Ranch-5H and 6H wells were 417 and 374 BOEPD respectively, with oil cuts in excess of 90 per cent, which was in line with the Company's expectations for the wells.

These positive results from the Peeler Ranch-5H and 6H supported New Standard's strategy to increase its reserves base and they provided a major contribution to the upgraded reserves report announced to the market on October 28, 2014. These wells contributed to an 83 per cent increase in net 2P reserves to 4.89 million BOE.

The upgraded independent reserves report from Netherland, Sewell & Associates Inc (NSAI) increased 1P, 2P and 3P reserves by 133 per cent, 83 per cent and 33 per cent respectively.

Peeler Ranch-7H spudded on 25 October and the Lagunillas Camp-3H well in the Allright Project area followed immediately after. Peeler Ranch-7H was completed on 12 November 2014 and reached a total depth (TD) of 4,603 metres with a total vertical depth (TVD) of 2,950 metres. Lagunillas Camp-3H was completed on 10 December 2014 reaching a TD of 4,312 metres with TVD of 2,593 metres. The laterals for both wells were successfully drilled centrally within the target zones. The wells were drilled much quicker than planned which resulted in actual costs being lower than planned.

Both wells were drilled and designed to be completed as Type III wells, which are based on attractive offset wells by other operators that use longer laterals and higher proppant concentrations during hydraulic fracture stimulation to target significant increases in Initial Production rates and Estimated Ultimate Recovery.

In response to the decline in global oil prices, hydraulic fracturing operations for these two wells were deferred pending recovery of the market and to take advantage of significant cost reductions from service providers.

In late March 2015 New Standard reached agreement with the owners of the Eppright lease to extend that lease for twelve months through until March 2016. This secured the Company's tenure while pushing back all drilling commitments into 2016 including the requirement to fracture stimulate and complete the Lagunillas-3H well.

Minimal operations required to maintain the Peeler leases continued until the assets were sold to Sundance Energy Australia post year end as announced in June 2015.

COOPER BASIN, SOUTH AUSTRALIA

New Standard commenced the year with a 52.5 per cent position in PEL570 in the Cooper Basin in South Australia. Ambassador Oil and Gas owned the remaining 47.5 per cent and New Standard was the operator.

During the year Drillsearch Energy Limited (ASX:DLS) acquired 100 per cent of Ambassador and took over its 47.5 per cent non-operated interest in PEL570. New Standard remained committed for up to \$42.5 million to earn its 52.5 per cent stake and retained its intention to farm-out or farm-down that commitment during 2015.

In alignment with its strategy to mitigate capital commitment and risk within its Australian portfolio, New Standard reached agreement in October 2014 to divest a portion of its interest in PEL 570 to Santos Limited (ASX:STO), significantly reducing its exploration expenditure commitments while retaining exposure to the development of the large and prospective permit. Santos farmed into New Standard's share of PEL570 and took over the operatorship.

The Santos deal closed in November 2014, following which New Standard retained a 17.5 per cent working interest in PEL 570 in return for a cash consideration of \$7.5 million coupled with a commitment from Santos to meet 75 per cent of New Standard's remaining expenditure commitments associated with its \$42.5 million earn-in obligations.

Towards the end of the year Santos put in place detailed plans and budgets for an extensive 3D seismic programme and for the drilling of the first well, the Washington-1 exploration well, which was spudded in August 2015.

New Standard sold its remaining interest in PEL570 post year end to Sundance Energy Australia as announced in June 2015.

CANNING AND CARNARVON BASINS, WESTERN AUSTRALIA

In June 2014 New Standard advised that the Southern Canning Joint Venture (SCJV) had agreed to delay drilling of the Brooke North-1 well until late 2015. In line with this, the Company deferred all of its Canning and Carnarvon Basin drilling activity.

As announced, delays in receiving various stakeholder approvals required for the drilling of the Brooke North-1 well made it impossible to drill the well prior to the wet season. New Standard, with the support of its SCJV partners (ConocoPhillips Australia and PetroChina Company Limited), held discussions with the Western Australian State Government and the Department of Mines and Petroleum (DMP) to ensure these delays were understood and that it retained tenure of the SCJV permits.

Alongside the decision to transition to producer and developer in early 2014, New Standard engaged Miro Advisors to commence a formal process for the farm-out of its Western Australian exploration acreage.

Included in the farm-out process was the Merlinleigh Project, located in the onshore Carnarvon Basin, the Laurel Project and the Southern Canning Project (SCP), located in the Canning Basin.

The inclusion of the SCP in the farm-out process was enabled after New Standard negotiated agreement with its SCJV partners ConocoPhillips and PetroChina to resume 100 per cent ownership of the SCP.

The restructure removed the requirement for New Standard to spend more than \$10 million to drill a third well to complete Phase 1 of the SCJV agreement with ConocoPhillips and PetroChina. The terms of the restructure also stipulated that no claims would be made by the SCJV partners for any monies spent to date or any outstanding work that was yet to be performed pursuant to the Farm-Out Agreement.

The farm-out process with Miro was significantly impacted by the unexpected crash in the global oil price which resulted in many companies retreating away from early exploration investment and concentrating on development and production assets. Discussions with some parties are ongoing.

As part of the strategic review that is currently underway, New Standard continues to work closely alongside the Department of Mines and Petroleum to manage its commitments and maintain its permits where appropriate.

CORPORATE

In May 2014 New Standard finalised an agreement to establish an enhanced debt facility, with Credit Suisse's middle market direct lending group in New York, to fund the Company's production development at its Atascosa Project, Texas, USA. This was to be underpinned by additional reserves growth to be delivered from future drilling and supplemented by equity capital to be contributed along the way.

In October 2014 New Standard announced a substantial upgrade to reserves following an independent reserves report by NSAI. This gave the Company the capacity to make additional draws from its debt facility with Credit Suisse as and when required to support the cost of the planned drilling programme.

The two well drilling campaign commenced in October 2014 was funded by a combination of cashflow from producing wells, an additional debt draw down, existing capital and cash receipts from the farm-out of PEL 570 to Santos. It was contemplated that additional equity capital would be sourced in Q4, 2014 and plans were well advanced to do so upon closing of the PEL570 deal with Santos, when OPEC's decision to hold production rates steady in November 2014 caused a precipitous collapse in global oil prices and in the process destroyed investor appetite for energy sector capital raisings.

New Standard continued to prudently manage its capital and commitments to ensure the most efficient use of company funds and to keep debt as low as possible. This included mitigating capital expenditure in Australia, particularly with respect to its West Australian and South Australian assets, with the PEL570 programme altered and deferred to minimise expenditure.

In the fourth quarter of 2014 New Standard completed a major restructure of the Australian business to significantly reduce overheads and align resources with the new business direction. This restructure saw the reduction of more than 60 per cent of staff in order to keep costs and overheads down in line with the US focused strategy.

In November 2014 the Company successfully applied for the trading of its securities to commence on the OTCQX market under the ticker code NWSTF.

Also in November, New Standard locked in additional hedging that put the Company in the position of having 80 per cent of its oil production hedged at an average price of US\$78 per barrel. As the global oil price continued to fall this strategy proved to be critical for the Company's cash-flow.

In March 2015 New Standard's lenders made available US\$3 million of additional debt funding for operational needs if required and the company drew down part of this over the following months. In light of the difficult environment, the New Standard board engaged with expert independent restructuring specialists to ensure appropriate advice and guidance through very challenging corporate and market conditions.

Corporately, New Standard continued to aggressively manage administration costs by further cutting its workforce to a total of just four employees across Australia and the United States. The Company's directors also agreed to suspend all directors' fees until market conditions improve and the Managing Director agreed to reduce his salary by 50 per cent in line with these changes.

In March and April 2015 respectively Non-Executive Directors Chris Sadler and Greg Channon resigned from the Board and were not replaced.

DIVESTMENTS

New Standard's strategy at the beginning of the financial year was focussed on growing value through accelerating the Eagle Ford drilling programme, looking for opportunities to expand acreage in the US and drive reserves up, funded by revenue and the reserves based-lending facility. At the same time it was minimising expenditure on the Cooper Basin assets and looking to mitigate the capital commitments there by finding a farm-in partner or selling part of the Company's interest. The Western Australian assets were put on hold whilst partners were sought for their further development.

As the global oil price started to decline rapidly, from US\$95 per barrel in October 2014 to US\$45 per barrel in January 2015, New Standard had to make quick and decisive changes to its strategy. This was reinforced by the Company's lenders as it became clear that there was significant risk of going into default on its loan.

In January 2015 the Company commenced a process of looking at all options for farm-out or divestment of all assets, separately or jointly. Unfortunately this occurred, as with many other companies, at a time when buyers and investors were remaining cautious waiting to see what happened with the oil price. As a result the Company was unable to secure the right deal on any of its individual assets.

At the same time New Standard was in discussions with Sundance Energy around purchase of its US and Cooper Basin assets. This deal, which was effectively for a total consideration of A\$24 million, was finalised at the end of June 2015 and completed following shareholder approval in early August. The closing of the deal saw New Standard divest all of its US interests and the remainder of its interest in PEL570 in the Cooper Basin alongside extinguishment of all New Standard debt.

The New Standard Board strongly believed that under the circumstances and broader market environment (both global oil and equity markets) the transaction with Sundance Energy was in the best interests of both the Company and shareholders. The Board was also of the view that should the transaction not proceed, there was a significant risk that the Company would be unable to continue in its current corporate capacity. This was fully supported by expert independent restructuring advice that drew identical conclusions.

Under the terms of the transaction, Sundance issued New Standard six million of its shares, the majority of which are freely tradable. Based on the 5 day VWAP of Sundance shares of 53 cents on 25th June, 2015, which was the day the transaction was announced, the scrip component of the consideration was valued at A\$3.18 million.

In conjunction with this transaction, Sundance also purchased the Company's shareholding in Elixir Petroleum Limited (ASX: EXR) for approximately \$243,000.

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 Arthur Dixon AM

Non-Executive Chairman
(Appointed 1 May 2011)

Age 73

Qualifications

B.E. (Chem)

Experience

Arthur Dixon graduated from Melbourne University as a Chemical Engineer. Arthur is a 40 year oil and gas veteran with Shell and of that, more than 20 years in the LNG business. He has served on the boards of Australia LNG Ship Operating Company (ALSOC), Brunei LNG, Brunei Shell Tankers and Shell International Gas and has considerable experience working with joint venture partners.

Arthur was also formerly Chairman of the Board of the Australian Centre for Natural Gas Management, a joint venture between the University of Western Australia and Curtin University of Technology. Arthur was made a Member of the Order of Australia in January 2008.

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

Nil

Relevant interests in shares and options

Fully paid ordinary shares	389,212
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Options over fully paid ordinary shares	Nil
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Mr Phil Thick

Managing Director
(Appointed 2 April 2013)
(Originally appointed Non-Executive Director on 16 July 2012)

Age 56

Qualifications

B.E. (Hons), FAICD

Experience

Phil has extensive experience in the downstream oil sector and particularly in the areas of logistics, terminals and transport through his experience at Coogee Chemicals and Shell. Phil also brings a valuable understanding of the WA energy market as a result of his most recent role as Managing Director at Coogee Chemicals – a company that remains a significant end user of energy in the WA market.

Phil is a Civil Engineer from the University of Western Australia and a Fellow of the Australian Institute of Company Directors. He commenced his career in Perth with Alcoa before joining Shell in 1986. A 20-year career with Shell saw stints in London and in most cities around Australia, culminating in 8 years in Melbourne, where Phil was on the Board of Shell Australia Limited. He was also Chairman of Shell Fiji Limited and a Director of the Australian Institute of Petroleum.

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

Discovery Africa Ltd (ASX:DAF)
(until April 2014)

Argosy Minerals Ltd (ASX:AGY)
(until April 2014)

MHM Metals Ltd (ASX:MHM)
(until December 2013)

Relevant interests in shares and options

Fully paid ordinary shares	2,690,000
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Options over fully paid ordinary shares	150,000 exercisable at \$0.39 expiring 12 December 2015
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	150,000 exercisable at \$0.44 expiring 12 December 2015
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	1,000,000 exercisable at \$0.40 expiring 2 April 2016
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	1,000,000 exercisable at \$0.50 expiring 2 April 2016
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Incentive rights	1,800,000 performance rights with vesting based on absolute TSR and measurement date 14 September 2016
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	3,700,000 performance rights with vesting based on absolute TSR and measurement date 14 September 2017
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DIRECTORS' REPORT

Mr Sam Willis

Executive Director
(10 December 2013)
(Originally appointed
Managing Director
on 28 July 2008, became
Non-Executive Director
on 1 July 2013)

Age 43

Qualifications

B.Com

Experience

Mr Willis is an experienced company director in the resources and energy sectors and previously served as Managing Director of New Standard for 7 years as part of his 10 year involvement with the company.

Mr Willis provides New Standard with in excess of 15 years' experience and expertise in capital markets, corporate finance and executive board involvement with emerging small and mid-cap companies.

Mr Willis has also held previous roles as a private client advisor with Hartleys and investment analyst at both Deutsche Bank and Schroders Investment Management in London.

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

Base Resources Ltd (ASX:BSE)

Elixir Petroleum Ltd (ASX:EXR)

Relevant interests in shares and options

Fully paid ordinary shares	10,700,000
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Options over fully paid ordinary shares	Nil
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Incentive rights	1,000,000 performance rights with vesting based on absolute TSR and measurement date 14 September 2016
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	1,200,000 performance rights with vesting based on absolute TSR and measurement date 14 September 2017
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Mr H.C. Kip Ferguson III

Non-Executive Director
(Appointed 11 February 2014)

Age 50

Qualifications

University of Texas at Austin
– Bachelor degree in Geology

Experience

Kip currently serves as the Executive Vice President of Exploration for strategic alliance partner Magnum Hunter Resources Corporation (NYSE: MHR). Kip brings more than 26 years of exploration and development experience in several major U.S. basins to New Standard. As a third-generation geologist and earning his degree in Geology from the University of Texas at Austin, Kip has an excellent foundation of technical background and experience in the oil and gas sector. Kip was also formerly the President of Sharon Resources, Inc.

Kip's practical experience in the development of oil and gas fields will be critical to New Standard as it seeks to unlock the value across its Australian acreage positions. Kip has published case studies and papers on the study and analysis of using advanced drilling and completion technology for unconventional resources.

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

Nil

Relevant interests in shares and options

Fully paid ordinary shares	Nil
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Options over fully paid ordinary shares	Nil
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Mr Jeffrey Swanson

Non-Executive Director
(Appointed 24 June 2014)

Age 59

Qualifications

Southern Methodist University
– BBA – Cox School of Business

Experience

Jeffrey Swanson has more than 34 years of oil and gas experience, with strong commercial and operational experience in both conventional and shale oil and gas exploration and production in the US, as well as extensive knowledge of the service provider sector.

Jeffrey is a leader in the development and application of innovation and technology to the exploration and production businesses of the oil and gas industry. He founded, and is Chairman, CEO and President of GrailQuest Corp, a company set up in 2002 as a software and service provider to meet various needs in the oil and gas industry.

As a consultant, Jeffrey has broad experience internationally, primarily in South and Latin America where he consulted for Petroleos De Venezuela, Pemex, Exxon, Mobil, Kerr McGee, Pennzoil and others. He is also Chairman, CEO and President of Durango Resources Corp, an oil and gas operator and producer predominantly in Texas, and a Non-Executive Director at Magnum Hunter Resources Corporation (NYSE: MHR).

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

Magnum Hunter Resources Corporation
(NYSE:MHR)

Relevant interests in shares and options

Fully paid ordinary shares	Nil
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Options over fully paid ordinary shares	Nil
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Mr Greg Channon

Non-Executive Director
(Appointed 24 June 2014,
resigned 10 April 2015)

Age 52

Qualifications

BSc (Hons)

Experience

Mr Channon is a geologist with more than 29 years of experience in the oil and gas industry and provides New Standard with vast technical and operational knowledge and experience, particularly in the Cooper Basin.

Greg worked for Santos Ltd for 13 years with geological responsibility for its Cooper Basin program. He has since held a number of senior roles with oil and gas listed companies, including at CEO and Managing Director level.

Greg brings extensive experience in both onshore and offshore exploration and production management, leasing, mergers and acquisitions and farm-in/farm-out agreements and is currently the Vice President of New Business at Pathfinder Energy Pty Ltd.

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

Sirocco Energy Ltd (ASX:SCY)

Statesman Resources (TSX:SRR)

Relevant interests in shares and options

Fully paid ordinary shares	Nil
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Options over fully paid ordinary shares	Nil
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Mr Chris Sadler

Non-Executive Director
(Appointed 23 April 2012,
resigned 3 March 2015)

Age 53

Qualifications

BCA, MBA

Experience

Chris has considerable experience in both the corporate finance and energy sectors, through his role on the Eastern Star Gas board prior to the takeover by Santos, and involvement in various mergers and acquisitions as a non-executive director at Gloucester Coal, Mitre 10 and Austock.

With approximately 20 years' experience in investment banking, working for Deutsche Bank, JP Morgan, SG Warburg and Salomon Brothers in Melbourne, London, New York and Sydney, Chris brings extensive experience in mergers and acquisitions, corporate restructurings, equity and debt financings.

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

Austock Group Limited (ASX: ACK)
(resigned February, 2012)

Eastern Star Gas Ltd (ASX:ESG)
(resigned November 2011)

Relevant interests in shares and options

Fully paid ordinary shares	100,000
Options over fully paid ordinary shares	150,000 exercisable at \$0.39 expiring 12 December 2015
	150,000 exercisable at \$0.44 expiring 12 December 2015

Mr Mark Clements

Company Secretary
(Appointed 28 July 2008)

Qualifications

B.Com, FCA, MAICD

Experience

Mark has a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants of Australia. Mark is also a member of the Australian Institute of Company Directors and an affiliated member of the Institute of Chartered Secretaries in Australia. He has over 20 years' management, corporate administration, finance and accounting experience working for a number of listed and unlisted public companies for which he has held the role of Company Secretary. Mark previously worked for an international accounting firm.

Mr David Hansen-Knarhoi

Chief Financial Officer and Joint Company Secretary
(Appointed 7 September 2011,
resigned 5 May 2015)

Qualifications

B.Com, CA, CSA (Cert)

Experience

David has a Bachelor of Commerce degree from the University of Western Australia. David is a member of the Institute of Chartered Accountants of Australia, an affiliated member of the Governance Institute of Australia and a member of the Institute of Directors of the United Kingdom. He has over 19 years' management, corporate administration, finance and accounting experience working for a number of listed and unlisted public companies both in Australia and the United Kingdom.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the year were the management, operation and development of oil and gas producing and prospective properties in the Eagle Ford Shale in Texas, USA, and the exploration for oil and gas in the Cooper Basin in South Australia and the Carnarvon Basin and Canning Basin in Western Australia.

OPERATING RESULTS

The consolidated entity's net loss attributable to members of New Standard for the year ended 30 June 2015 after applicable income tax was \$79.7 million (2014: loss of \$2 million).

FUTURE DEVELOPMENTS

The Company will complete a strategic review to thoroughly assess the potential value in the onshore Canning and Carnarvon Basins, through the Southern Canning, Laurel and Merlinleigh Projects in Western Australia, to underpin additional corporate activity.

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 \$79.7 million for the year ended 30 June 2015. Whilst this is significantly higher than the \$2 million loss after tax for the previous year, an impairment assessment was carried out during the year with a total \$34.3 million capitalised exploration and development expenditure impaired and the discontinued operations for the year with a total of \$46.9 million.

The Group's net revenue from continuing operations was nil (2014: nil) for the year ended 30 June 2015 due to the disposal of the Atascosa Project in the Eagle Ford Shale, Texas to Sundance Energy Australia Ltd (**Sundance**). As these assets were held for sale at the end of the 2015, the comparative amounts have been recalculated so that comparisons can be made to the prior financial year.

Finance costs for the year of \$0.5 million related to the establishment of a US\$45 million reserves based lending facility to support growth of the Atascosa Project. At reporting date US\$14.9 million had been drawn down against this facility. On 10 August 2015 the Company announced the completion of transaction with Sundance and the satisfaction of all the remaining conditions precedent. Under the agreement Sundance has directly acquired New Standard's Colorado County Project in the US and indirectly acquired its Atascosa Project and interest in Cooper Basin permit PEL 570 through the purchase of NSE Texas LLC and New Standard Energy PEL 570 Pty Ltd, inclusive of the associated assets and liabilities which includes the lending facility of US\$14.9 million.

A total of \$6.1 million (2014: \$13.2 million) exploration, evaluation and development costs were invested in the year ended 30 June 2015 relating to New Standard's Australian assets. This was offset by \$1.9 million (2014: \$6 million) research and development claim relating to activities undertaken in the Canning and Carnarvon Basins during the 2013/14 financial year. During the year the disposal of Outback Energy Hunter Pty Ltd, NSE PEL570 Pty Ltd, NSE Texas LLC and the Colorado Asset resulted in an offset of \$19.7 million.

The net assets of the Group have decreased by \$73.3 million from \$80.3 million at 30 June 2014 to \$7 million as at 30 June 2015. This net decrease is substantially due to the impairment of capitalised exploration and development expenses and the sale of Eagle Ford and Cooper Basin assets to Sundance.

Year ended 30 June from continuing and discontinued operations	2015	2014
Revenue	93,454	991,553
Depletion, depreciation & impairment	(288,893)	(393,518)
Operating loss before tax from continuing operations	(38,793,185)	(5,722,577)
Operating loss after tax from continuing operations	(32,760,954)	(1,647,543)
Operating loss after tax from discontinued operations	(46,955,903)	(394,075)
Net assets	7,045,633	80,268,735

SHARES UNDER OPTION

Details of unissued ordinary shares in the Company under option at the date of this report are as follows:

Item	Number of Shares under Option	Date of Issue	Exercise Price of Options	Expiry Date of Options
Unlisted Options	300,000	12-Dec-12	\$0.390	12-Dec-15
Unlisted Options	300,000	12-Dec-12	\$0.440	12-Dec-15
Unlisted Options	500,000	12-Dec-13	\$0.400	01-Apr-16
Unlisted Options	500,000	12-Dec-13	\$0.400	01-Apr-16
Unlisted Options	500,000	12-Dec-13	\$0.500	01-Apr-16
Unlisted Options	500,000	12-Dec-13	\$0.500	01-Apr-16
Unlisted Options	100,000	13-Feb-14	\$0.519	12-Dec-17
Unlisted Options	100,000	13-Feb-14	\$0.581	12-Dec-17
Unlisted Options	75,000	27-May-14	\$0.224	26-May-17
Unlisted Options	75,000	27-May-14	\$0.248	26-May-17
Unlisted Options	500,000	06-Aug-14	\$0.167	05-Aug-17
Unlisted Options	500,000	06-Aug-14	\$0.187	05-Aug-17

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. During the year and up to the date of the report no options were exercised prior to expiry.

Refer to the note 30 to the financial statements for details of options granted during the period.

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 and Petroleum, the Western Australian Department of Environment and Conservation, and Department of State Development in South Australia. 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.

GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

Given the nature and location of the Group's operations in Australia and the USA, both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007 are not expected to have a material impact.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any proceedings during the year.

EVENTS SUBSEQUENT TO YEAR END

On 10 August 2015 the Company announced the completion of transaction with Sundance Energy Ltd (Sundance) and the satisfaction of all the remaining conditions precedent. Under the agreement Sundance has directly acquired New Standard's Colorado County Project in the US and indirectly acquired its Atascosa Project and interest in Cooper Basin permit PEL 570 through the purchase of NSE Texas LLC and New Standard Energy PEL 570 Pty Ltd, inclusive of the associated assets and liabilities. The transaction has eliminated all of the Group's debt and provides sufficient ongoing liquidity to allow the Company to complete a strategic review to assess the status of the remaining portfolio.

Sundance has issued 6 million ordinary shares of which a portion will be escrowed for up to 6 months to meet potential warranty claims post-completion. As at the completion on 10 August 2015 the market value of 6 million Sundance ordinary shares was \$2,850,000.

Since 6 August 2015 to 29 September 2015 1,102,000 Sundance shares have been sold on the market for a total of \$378,644. Further sale may occur dependent on the parameters for sale of shares as agreed by the Board.

Other than the above, there has been no other matter or circumstance that has arisen since the end of the year that requires disclosure.

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. During the financial year, thirteen Board meetings were held. There were three audit committee meetings and one remuneration committee meeting.

Directors	Board of Directors		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Mr A Dixon AM	13	13	3	3	1	1
Mr P Thick	13	13	3	3*	n/a	–
Mr S Willis	13	13	n/a	–	n/a	–
Mr. H.C. Ferguson	13	12	n/a	–	n/a	–
Mr J Swanson	13	12	n/a	–	n/a	–
Mr G Channon ⁽ⁱ⁾	10	9	n/a	–	n/a	–
Mr C Sadler ⁽ⁱ⁾	8	8	2	2	1	1

(i) Mr Channon and Mr Sadler resigned as Non-executive Directors on 10 April 2015 and 3 March 2015 respectively.

*attended by invitation

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 has paid premiums 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. This cover has also been extended to cover the Group's activities in the USA.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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.

Details of the amounts paid or payable to the auditor BDO Audit (WA) Pty Ltd for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee 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 have been reviewed by the Audit Committee to ensure they 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 29.

REMUNERATION REPORT (AUDITED)

This remuneration report sets out the remuneration arrangements for New Standard Energy Limited (**New Standard**) for the year ended 30 June 2015. 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.

The Company's remuneration policy and structure reflects the following broad remuneration practices to ensure policy target remuneration package positioning:

- a performance based remuneration system;
- a Short-Term Incentive Plan (STIP) with performance criteria assigned for both individual and Company performance; and
- a Long-Term Incentive Plan (LTIP) utilising Quantum Rights consisting of Performance Rights with performance hurdles linked to absolute total shareholder return (TSR) and Retention Rights linked to tenure.

REMUNERATION COMMITTEE

New Standard has adopted a Remuneration Committee as a sub-committee of the Board and does not include Directors that are either Executive or not Independent. 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, upon recommendation of the Remuneration Committee, 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.

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.

KEY PRINCIPLES OF EXECUTIVE REMUNERATION

Remuneration for the executive management team comprises fixed remuneration, and variable (or 'at-risk') remuneration, which is determined by individual and Company performance. The Company targets total fixed remuneration (TFR) at the 50th market percentile and total remuneration package (TRP), including 'at target' variable remuneration, at the 75th market percentile, for the executive management team. As a consequence, the Company's executives have a higher proportion of remuneration at risk than industry averages. If target at-risk remuneration is earned, the proportion of total remuneration represented by fixed and at-risk remuneration would be:

Role	Fixed remuneration (TFR)	Variable remuneration (at risk)	Total
Managing Director	50%	50%	100%
Direct Reports	59%	41%	100%

DIRECTORS' REPORT

TFR is reviewed annually. Any adjustments to the TFR for the Executive Directors must be approved by the Board after recommendation by the Remuneration Committee. Any adjustments to the TFR for other senior executives must be approved by the Remuneration Committee after recommendation by the Managing Director within guidelines approved by the Board. The Company seeks to position the fixed remuneration at the 50th percentile of salaries for comparable companies within the energy industry, utilising datasets and specific advice provided by independent remuneration consultants.

SHORT TERM INCENTIVE PLAN (STIP)

The STIP is the cash component of the at-risk remuneration, payable based on a mix of Company and individual annual performance standards. At-risk remuneration strengthens the link between pay and executive performance. The purpose of these programs is to reward executives for annual performance relative to expectations of their role accountabilities, required behaviours and KPI's as well as the delivery of annual business plans. A reward structure that provides at-risk remuneration is also necessary as a competitive remuneration package in the Australian and global marketplace for executives.

Performance criteria are assigned for both individual and Company performance and may vary from year to year.

Reflecting the importance attached to role clarity within New Standard, individual performance criteria will be drawn directly from the role accountabilities in the participant's role description and demonstrated adherence to New Standard's values. The performance criteria for the Managing Director are set by the Board and for other executives are set by the Managing Director and reviewed by the Board.

Corporate performance criteria are set by the Board at the commencement of each financial year and may vary from time to time to include other aspects of performance for which there is shared accountability and which the Company wishes to emphasise.

Each performance criterion may be allocated a weighting for each year that reflects the relative importance of each performance criterion for the year.

LONG TERM INCENTIVE PLAN (LTIP)

The LTIP is the equity component of at-risk remuneration and is linked to the Company's TSR performance over a 3 year period.

The LTIP aims to reward participants for New Standard's TSR performance in absolute terms such that LTI awards only become valuable to the recipient upon achievement of absolute TSR hurdles as set by the Remuneration Committee.

The proportion of Absolute TSR Performance Rights which vest will be determined on the basis of New Standard's TSR on the following scale:

Increase in TSR over 3 year period	Percentage of absolute TSR performance rights that vest
Less than 33%	Nil
33%	25%
Between 33% and 52%	Pro rata between 25% and 50%
52%	50%
Between 52% and 73%	Pro rata between 50% and 100%
73% or greater	100%

The LTIP operates on the basis of a series of cycles. Each cycle commences on 15 September and is followed by a 3 year performance period, with a test date on the 3rd anniversary of the commencement of the cycle. As a result, the LTIP awards may occur annually and the first cycle of the LTIP began on 15 September 2012.

Under the LTIP Performance Rights may be granted to the Managing Director and other key employees as a percentage of TFR. In addition key employees also may be granted Retention Rights as an encouragement to stay with the Company for the longer term, as it is viewed as important for a relatively new company to maintain continuity of key management personnel where possible. Details of Performance and Retention Rights are outlined in the table below.

Role	Target retention LTI (% of TFR)	Target performance LTI (% of TFR)	Total
Managing Director	0%	90%	90%
Direct Reports	20%	40%	60%

All rights are a right granted to acquire one share in New Standard, subject to satisfying either performance or retention criteria that will be established and agreed from time to time.

The Company uses absolute TSR as the sole LTIP performance criteria to determine the proportion of Performance Rights which vest.

The Board considers that absolute TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct and positive benefit to shareholders.

The Company uses a retention period of 3 years as the standard benchmark for vesting of Retention Rights.

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 2014 ANNUAL GENERAL MEETING

The Company received 93% of "yes" votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

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	Resigned/redundant* during the year
<i>Executives</i>		
P Thick	Managing Director	
S Willis	Executive Director	
D Hansen-Knarhoi	Chief Financial Officer and Joint Company Secretary	5 May 2015*
M Gracey	Business Development Manager & General Counsel	5 May 2015*
G Carlsen	Exploration and Operations Manager	5 May 2015*
P Achour	Health, Safety and Environment Manager	8 January 2015*
<i>Non-executives</i>		
A Dixon	Chairman	
J Swanson	Director	
K Ferguson III	Director	
G Channon	Director	10 April 2015
C Sadler	Director	3 March 2015

EXECUTIVE REMUNERATION OUTCOME FOR 2015

Overview

During the year, the Company's growth plans were severely impacted by the rapid decline in world oil prices and associated effect on the oil industry's commercial landscape. The size and pace of the macro shift in world oil markets largely caught the industry by surprise and the Company reacted quickly to this change by focussing on reducing operational and corporate costs and overheads.

There was a significant downsizing of employee numbers in 2015 such that the Company's workforce reduced to a total of two employees as at 30 June 2015 following several redundancies. During the year, the Company's directors agreed to suspend all director's fees until market conditions improve and the Managing Director agreed to reduce his salary by 50% in line with these changes.

The Company did not engage an independent remuneration consultant to review the structure of the Company's remuneration components in 2015. The Remuneration Committee considers the present policy remains appropriate for the financial year ended 30 June 2015.

Base Package Salaries

Given market conditions, increases in base salary packages for KMP were minimal in the 2014/15 financial year, and the Managing Director's base salary was reduced by half.

DIRECTORS' REPORT

Short Term Incentives

There have been no STIP entitlements earned or accrued for performance in the year ended 30 June 2015. The STIP entitlements earned in the year ended 30 June 2014 have been reflected in the remuneration table below.

For the year ended 30 June 2015, the KPIs linked to the STIP were based on capital management, partner, contractor and stakeholder relations, operational, environmental and safety performance in the field, resource base and asset management, office and employee operations, management of technical team and database and corporate governance, weighted depending on the accountabilities of the role and impact on the Group's performance.

The size of any payment is linked to the extent of achievement. Levels of performance required for target levels of STI are set such that they are challenging but achievable. Required performance levels for each performance criteria are set at three levels being:

- **Threshold** – a performance level that is below optimal but nevertheless acceptable. It is the minimum for which a small STIP award would be payable. The STIP is designed such that there is an 80% probability the executive will achieve or exceed this level of achievement.
- **Target** – a performance level that represents a challenging but achievable level of performance. The STIP is designed such that there is a 50% to 60% probability the executive will achieve or exceed this level of achievement.
- **Stretch** – a performance level that is clearly at the upper limit of what may be achievable. The STIP is designed such that there is a 10% to 20% probability the executive will achieve or exceed this level of achievement.

The Managing Director and other executives have a target STIP opportunity of 10% of TFR, with a minimum opportunity (if only threshold level is met) of 5% and a maximum opportunity (if the stretch targets are achieved) of 20% of TFR. These percentages are based on external advice to achieve the remuneration policy intent of 75% percentile total remuneration package market positioning.

The Remuneration Committee is responsible for assessing whether the KPIs are met. The STIP target annual payment is reviewed annually. The Remuneration Committee has the discretion to adjust STI's downwards in light of unexpected or unintended circumstances.

Long Term Incentives

The Incentive Rights granted under the LTIP have a 3 year measurement period. Performance Rights are measured against New Standard's share price performance and will vest on a sliding scale against pre-determined absolute TSR targets after a 3 year measurement period. Retention Rights are linked to tenure and will vest if a 3 year continuous period of service is completed. Any Performance Rights or Retention Rights that do not vest after the measurement period will immediately lapse.

Absolute TSR is calculated by reference to share price growth over the measurement period. New Standard believes that absolute TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct and positive benefit to shareholders.

Of the Incentive Rights that were tested against their vesting conditions during the year ended 30 June 2015, all Retention Rights vested and all Performance Rights lapsed.

Options are issued to provide long term incentives for KMP to deliver long term shareholder returns. KMP are granted options which only vest if certain tenure requirements are met.

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 2015:

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
	\$	\$	\$	\$	\$
Share price	0.012	0.140	0.120	0.535	0.190
Total assets	7,675,891	117,371,505	83,675,665	94,362,875	30,430,324
Net profit/(loss) before tax	(38,793,185)	(5,722,577)	30,308,167	(3,454,500)	(79,081)

Remuneration Tables

The remuneration for each Executive Director and KMP of the Company for the years ended 30 June 2015 and 30 June 2014 was as stated in the following page:

Short term employment benefits				Long term employment benefits		LTI – Share based payments		Proportion performance related
Salary	Cash bonus ⁽ⁱ⁾	Other ⁽ⁱⁱ⁾	Annual leave	Superannuation	Options ⁽ⁱⁱⁱ⁾	Incentive Rights ^(iv)	Total	
Name	\$	\$	\$	\$	\$	\$	\$	%
2015								
Executive Director								
Mr P Thick	384,632	–	–	19,535	19,134	67,446	490,747	14%
Mr S Willis	264,896	100,000	–	–	–	35,496	400,392	34%
Key Management Personnel								
Mr D Hansen-Knarhol ^(v)	240,326	33,960	35,799	–	21,410	–	36,852	19%
Mr M Gracey ^(v)	233,318	54,000	42,150	–	21,718	47,101	433,636	21%
Mr G Carlsen ^(v)	262,018	–	23,182	–	24,243	–	34,636	10%
Mr P Achour ^(v)	54,587	19,726	22,768	–	6,071	–	17,050	31%
Total	1,439,777	207,686	123,899	–	92,977	66,235	2,157,403	20%
2014								
Executive Director								
Mr P Thick	464,226	–	–	13,326	20,774	47,379	583,768	7%
Mr S Willis	193,045	57,600	–	–	–	23,093	273,738	29%
Dr M Hagan	16,527	–	–	–	–	–	16,527	0%
Key Management Personnel								
Mr D Hansen-Knarhol	259,955	27,597	–	8,200	25,000	–	344,404	15%
Mr M Gracey	247,140	48,574	–	14,209	24,579	–	356,186	21%
Mr P Achour	157,854	21,118	–	6,323	16,176	–	217,138	17%
Mr G Carlsen	268,477	40,300	–	–	24,834	–	347,013	15%
Mr K Aitken	307,645	–	–	–	20,833	(28,710)	309,135	3%
Total	1,914,869	195,189	–	42,058	132,196	18,669	2,447,909	14%

DIRECTORS' REPORT

Notes

- (i) The cash bonuses included for 2015 relate to amounts accrued at 30 June 2014 as STIP amounts resulting from KPI achievements for the year ended 30 June 2014 and were paid during 2015. Bonus payments are pro-rated for KMP who commenced part way through the year and a retention bonus was made to Mr Sam Willis. No STIP amounts have been earned or accrued for in 2015.
- (ii) Other benefits include redundancy termination benefits and outstanding annual leave paid to employees who were made redundant during the year.
- (iii) The amounts included under Share Based Payments for options are non-cash items that are subject to vesting conditions, are not freely tradeable and require exercising before they have any tangible value for KMP.
- (iv) Incentive rights were granted in the years ended 30 June 2014 and 30 June 2015, in accordance with the LTI Plan. The fair value of incentive rights is calculated at the date of grant using the Monte Carlo Simulation model and recognised over the measurement (vesting) period. The value disclosed is the pro-rata value of these incentive rights in the year ended 30 June 2015. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual may receive.
- (v) Mr Hansen-Knarhoi, Mr Gracey and Mr Carlsen were made redundant effective 5 May 2015 and Mr Achour was made redundant effective 8 January 2015. The redundancy payments associated are outlined in the 'Other' column.

NON-EXECUTIVE REMUNERATION 2015

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.

All directors have their indemnity insurance paid by the Company.

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:

	2015	2014
Base fee		
Chairman	66,000	92,011
Other non-executive directors	60,000	60,000
Additional fees		
Company secretarial services	36,000	48,000

In response to the falling oil price environment, Mr Dixon and the Non-Executive Directors have agreed to suspend all directors' fees until market conditions improved starting from 1 February 2015 to date and as a result the 2015 remuneration outlined below reflects an applicable pro-rata of the full fees.

Non-Executive remuneration for the year ended 30 June 2015 and comparative 2014 remuneration:

	Salary and fees \$	Superannuation \$	Options ⁽ⁱ⁾ \$	Total \$
2015				
Mr A Dixon	49,128	4,667	–	53,795
Mr K Ferguson III ⁽ⁱⁱ⁾	–	–	–	–
Mr J Swanson	35,000	–	–	35,000
Mr G Channon ⁽ⁱⁱⁱ⁾	33,059	3,141	–	36,200
Mr C Sadler ⁽ⁱⁱⁱ⁾	35,000	–	10,260	45,260
Total	152,187	7,808	10,260	170,255
2014				
Mr A Dixon	84,220	7,790	–	92,010
Mr C Sadler ⁽ⁱⁱⁱ⁾	57,523	2,546	21,932	82,001
Dr G Hagan	26,964	–	–	26,964
Mr S Willis	164,868	–	–	164,868
Mr K Ferguson III	–	–	–	–
Mr G Channon ⁽ⁱⁱ⁾	–	–	–	–
Mr J Swanson	–	–	–	–
Total	333,575	10,336	21,932	365,843

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.

Notes

- (i) The fair value of options is calculated at the date of grant using the Black-Scholes option pricing model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period).
- (ii) Mr Ferguson III is not paid by the Company for his Non-executive Director services to the Company because his executive role at Magnum Hunter Resources (MHR) includes fulfilling such a role, and therefore it is MHR policy that no additional remuneration should be provided.
- (iii) Mr Channon and Mr Sadler resigned as Non-executive Directors on 10 April 2015 and 3 March 2015 respectively and each received a pro-rata fixed remuneration of \$60,000 per annum.

EQUITY INSTRUMENTS

OPTIONS

The terms and conditions for each grant of options affecting remuneration in the current or future reporting periods are as follows. Options are exercisable on a one for one basis.

Grant date	Vesting date	Expiry date	Exercise price	Value per option at grant date	% vested
12 Dec 2012 ^(A)	12 Dec 2013	12 Dec 2015	\$0.39	\$0.156	100%
12 Dec 2012 ^(B)	12 Dec 2014	12 Dec 2015	\$0.43	\$0.147	100%
2 Apr 2013 ^(C)	2 Apr 2014	1 Apr 2016	\$0.40	\$0.064	100%
2 Apr 2013 ^(D)	2 Apr 2015	1 Apr 2016	\$0.40	\$0.064	100%
2 Apr 2013 ^(E)	2 Apr 2014	1 Apr 2016	\$0.50	\$0.055	100%
2 Apr 2013 ^(F)	2 Apr 2015	1 Apr 2016	\$0.50	\$0.055	100%
6 Aug 2014 ^(G)	6 Aug 2015	5 Aug 2017	\$0.12	\$0.054	0% ⁽ⁱ⁾
6 Aug 2014 ^(H)	6 Aug 2016	5 Aug 2017	\$0.12	\$0.051	0%

(i) 500,000 options on issue to M. Gracey vested on 6 August 2015

The number of options over ordinary shares in the company provided as remuneration to directors and key management personnel are shown below. The options carry no dividend or voting rights.

Name and Grant date	Balance at start of year		During the year				Balance at end of year	
	Vested	Unvested	Granted	Vested	Exercised	Lapsed	Vested	Unvested
Mr P Thick								
12 Dec 2012 ^(A)	150,000	–	–	–	–	–	150,000	–
12 Dec 2012 ^(B)	–	150,000	–	150,000	–	–	150,000	–
2 Apr 2013 ^(C)	500,000	–	–	–	–	–	500,000	–
2 Apr 2013 ^(D)	–	500,000	–	500,000	–	–	500,000	–
2 Apr 2013 ^(E)	500,000	–	–	–	–	–	500,000	–
2 Apr 2013 ^(F)	–	500,000	–	500,000	–	–	500,000	–
Mr C Sadler ⁽ⁱ⁾								
12 Dec 2012 ^(A)	150,000	–	–	–	–	–	150,000	–
12 Dec 2012 ^(B)	–	150,000	–	150,000	–	–	150,000	–
Mr M Gracey ⁽ⁱⁱ⁾								
6 Aug 2014 ^(G)	–	–	500,000	–	–	–	–	500,000
6 Aug 2014 ^(H)	–	–	500,000	–	–	–	–	500,000
TOTAL	1,300,000	1,300,000	1,000,000	1,300,000	–	–	2,600,000	1,000,000

Notes

- (i) Mr Sadler resigned on 3 March 2015.
- (ii) Mr Gracey was made redundant effective 5 May 2015 and 500,000 options vested on 6 August 2015.

All options were issued for nil consideration. No options were exercised during the year.

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Refer to note 30 to the Consolidated Financial Statements for further details.

Value at exercise date is calculated as the underlying share price at the exercise date less the exercise price of the option, multiplied by the number of options exercised. There were no options issued as remuneration that were exercised in the current financial year.

DIRECTORS' REPORT

INCENTIVE RIGHTS

During the year ended 30 June 2015, Performance Rights and Retention Rights were granted to executives as part of their remuneration packages.

The fair value of the rights is determined based on the market price of the company's shares at the grant date, with an adjustment made to take into account the vesting conditions and expected dividends during that period that will not be received by the directors and key management personnel.

Type of incentive rights	Grant date	Minimum vesting hurdles ⁽ⁱ⁾	Vesting date ⁽ⁱⁱ⁾	Fair value of each incentive rights
Performance rights ^{(A) (iii)}	28 Jun 2013	\$0.6651	14 Sep 2015	\$0.014
Performance rights ^(B)	14 Feb 2014	\$0.2920	14 Sep 2016	\$0.076
Performance rights ^(C)	14 Feb 2014	\$0.2920	14 Sep 2016	\$0.077
Performance rights ^(D)	14 Feb 2014	\$0.2920	14 Sep 2016	\$0.080
Performance rights ^(E)	14 Feb 2014	\$0.2920	14 Sep 2016	\$0.081
Performance rights ^(F)	14 Feb 2014	\$0.2920	14 Sep 2016	\$0.088
Performance rights ^(G)	16 Dec 2014	\$0.1820	14 Sep 2017	\$0.050
Retention rights ^{(H) (iii)}	28 Jun 2013	3 years tenure	14 Sep 2015	\$0.120
Retention rights ⁽ⁱ⁾	14 Feb 2014	3 years tenure	14 Sep 2016	\$0.105
Retention rights ^(j)	14 Feb 2014	3 years tenure	14 Sep 2016	\$0.101
Retention rights ^(k)	16 Dec 2014	3 years tenure	14 Sep 2017	\$0.050

Note

- (i) On the vesting date the performance rights will be tested against the absolute TSR criteria, and the retention rights tested against tenure criteria. Only those rights that satisfy the criteria will vest, and the remainder will immediately lapse.
- (ii) The minimum vesting hurdle for Performance Rights is 10% compound average growth rate (CAGR) in the NSE share price, which represents 33% absolute total shareholder return (TSR) over a 3 year measurement period. Should this minimum hurdle be achieved only 25% of the Performance Rights will vest.
- (iii) Performance rights and retention rights lapsed without exercise on 14 September 2015.

The table below outlines movements in Incentive Rights during the year and the balance held by each executive as at 30 June 2015.

Name and Grant date	Type of incentive rights	Balance at start of year No.	During the year			Balance at end of year No.	Maximum value yet to vest \$
			Granted	Vested	Lapsed		
Mr P Thick							
14 Feb 2014	Performance rights ^(D)	1,800,000	–	–	–	1,800,000	58,417
16 Dec 2014	Performance rights ^(G)	–	3,700,000	–	–	3,700,000	88,094
Mr S Willis							
14 Feb 2014	Performance rights ^(F)	1,000,000	–	–	–	1,000,000	35,441
16 Dec 2014	Performance rights ^(G)	–	1,200,000	–	–	1,200,000	28,571
Mr D Hansen-Knarhoi ^(I)							
28 Jun 2013	Performance rights ^(A)	220,000	–	–	–	220,000	290
28 Jun 2013	Retention rights ^(H)	55,000	–	–	–	55,000	–
14 Feb 2014	Performance rights ^(B)	460,000	–	–	–	460,000	14,167
14 Feb 2014	Retention rights ^(J)	115,000	–	–	–	115,000	–
16 Dec 2014	Performance rights ^(G)	–	960,000	–	–	960,000	11,822
16 Dec 2014	Retention rights ^(K)	–	240,000	–	–	240,000	–
Mr M Gracey ^(I)							
28 Jun 2013	Performance rights ^(A)	192,000	–	–	–	192,000	253
28 Jun 2013	Retention rights ^(H)	48,000	–	–	–	48,000	–
14 Feb 2014	Performance rights ^(B)	440,000	–	–	–	440,000	13,569
14 Feb 2014	Retention rights ^(J)	110,000	–	–	–	110,000	–
16 Dec 2014	Performance rights ^(G)	–	960,000	–	–	960,000	11,822
16 Dec 2014	Retention rights ^(K)	–	240,000	–	–	240,000	–

INCENTIVE RIGHTS (cont'd)

Name and Grant date	Type of incentive rights	Balance at start of year No.	During the year			Balance at end of year No.	Maximum value yet to vest \$
			Granted	Vested	Lapsed		
Mr G Carlsen ⁽ⁱ⁾							
14 Feb 2014	Performance rights ^(C)	500,000	–	–	–	500,000	15,460
14 Feb 2014	Retention rights ^(J)	125,000	–	–	–	125,000	–
16 Dec 2014	Performance rights ^(G)	–	1,040,000	–	–	1,040,000	12,808
16 Dec 2014	Retention rights ^(K)	–	260,000	–	–	260,000	–
Mr P Achour ⁽ⁱ⁾							
28 Jun 2013	Performance rights ^(A)	140,000	–	–	–	140,000	184
28 Jun 2013	Retention rights ^(H)	35,000	–	–	–	35,000	–
14 Feb 2014	Performance rights ^(E)	300,000	–	–	–	300,000	9,772
14 Feb 2014	Retention rights ^(I)	75,000	–	–	–	75,000	–
TOTAL		5,615,000	8,600,000	–	–	14,215,000	300,670

Notes (i) Mr Hansen-Knarhoi, Mr Gracey and Mr Carlsen were made redundant effective 5 May 2015 and Mr Achour was made redundant effective 8 January 2015.

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.

	Balance at start of year	During the year				Balance at end of year		
Name		Granted	Vested	Lapsed	Others	TOTAL	Vested	Unvested
Mr A Dixon								
Unlisted options	750,000	–	–	(750,000)	–	–	–	–
Performance rights	–	–	–	–	–	–	–	–
Retention rights	–	–	–	–	–	–	–	–
Ordinary shares	389,212	–	n/a	n/a	–	389,212	n/a	n/a
Mr P Thick								
Unlisted options	2,300,000	–	–	–	–	2,300,000	2,300,000	–
Performance rights	1,800,000	3,700,000	–	–	–	5,500,000	–	5,500,000
Retention rights	–	–	–	–	–	–	–	–
Ordinary shares	2,500,000	–	n/a	n/a	190,000	2,690,000	n/a	n/a
Mr S Willis								
Unlisted options	4,000,000	–	–	(4,000,000)	–	–	–	–
Performance rights	1,000,000	1,200,000	–	–	–	2,200,000	–	2,200,000
Retention rights	–	–	–	–	–	–	–	–
Ordinary shares	10,700,000	–	n/a	n/a	–	10,700,000	n/a	n/a
Mr C Sadler ⁽ⁱ⁾								
Unlisted options	300,000	–	–	–	–	300,000	300,000	–
Performance rights	–	–	–	–	–	–	–	–
Retention rights	–	–	–	–	–	–	–	–
Ordinary shares	100,000	–	n/a	n/a	–	100,000	n/a	n/a

DIRECTORS' REPORT

EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL (cont'd)

	Balance at start of year	During the year				Balance at end of year		
Name		Granted	Vested	Lapsed	Others	TOTAL	Vested	Unvested
Mr D Hansen-Knarhoi ⁽ⁱⁱ⁾								
Unlisted options	750,000	–	–	(750,000)	–	–	–	–
Performance rights	680,000	960,000	–	–	–	1,640,000	–	1,640,000
Retention rights	170,000	240,000	–	–	–	410,000	–	410,000
Ordinary shares	296,124	–	n/a	n/a	81,662	377,786	n/a	n/a
Mr M Gracey ⁽ⁱⁱ⁾								
Unlisted options	2,750,000	1,000,000	–	(2,750,000)	–	1,000,000	–	1,000,000
Performance rights	632,000	960,000	–	–	–	1,592,000	–	1,592,000
Retention rights	158,000	240,000	–	–	–	398,000	–	398,000
Ordinary shares	273,640	–	n/a	n/a	–	273,640	n/a	n/a
Mr G Carlsen ⁽ⁱⁱ⁾								
Unlisted options	–	–	–	–	–	–	–	–
Performance rights	500,000	1,040,000	–	–	–	1,540,000	–	1,540,000
Retention rights	125,000	260,000	–	–	–	385,000	–	385,000
Ordinary shares	140,000	–	n/a	n/a	–	140,000	n/a	n/a
Mr P Achour ⁽ⁱⁱ⁾								
Unlisted options	300,000	–	–	–	(300,000)	–	–	–
Performance rights	440,000	–	–	–	–	440,000	–	440,000
Retention rights	110,000	–	–	–	–	110,000	–	110,000
Ordinary shares	69,349	–	n/a	n/a	–	69,349	n/a	n/a

Notes (i) Mr Sadler resigned on 3 March 2015.

(ii) Mr Hansen-Knarhoi, Mr Gracey and Mr Carlsen were made redundant effective 5 May 2015 and Mr Achour was made redundant effective 8 January 2015.

LOANS TO KEY MANAGEMENT PERSONNEL

On 15 August 2012, the Company issued the following fully paid ordinary shares, funded via non-recourse loans, pursuant to the Employee Share Plan to Key Management Personnel (KMP). The fair values were calculated using the Black-Scholes pricing model that took into account the term, the underlying value of the shares, the exercise price, the expected dividend yield, the impact of dilution and the risk-free interest rate.

Name	Title	No. of shares	Non-recourse loan value	Fair value at grant date	Interest
Mr Gracey	Business Development Manager & General Counsel	123,601	\$67,500	\$27,514	Interest not charged
Mr Hansen-Knarhoi	CFO and Joint Company Secretary	89,399	\$48,822	\$19,900	Interest not charged
Mr Achour	HSE Manager	40,410	\$22,069	\$8,995	Interest not charged
		253,410	\$138,391	\$56,409	100%

On 31 December 2014 the non-recourse loans expired and the fully paid ordinary shares were returned to the Company pursuant to the agreement.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with key management personnel during the year ended 30 June 2015.

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 2015 are provided below.

Name	Engagement	Term of contract	Notice period by either party	Termination benefit
Mr P Thick	Employee	Ongoing	12 weeks	9 months
Mr S Willis	Consultancy	Ongoing	No notice required for termination by Company for cause	None
Mr A Dixon	Employee	Ongoing	30 days	None
Mr K Ferguson III	Employee	Ongoing	No notice required for termination by Company for cause	None
Mr J Swanson	Employee	Ongoing	None	None

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.



Arthur Dixon AM
Chairman

30 September 2015

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 2015 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company 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 Thick 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.



Arthur Dixon AM
Chairman

30 September 2015

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 30 September 2015.

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
- Audit Committee
- Nominee Committee
- Remuneration Committee

POLICIES AND PROCEDURES

- Board Performance Evaluation
- Code of Conduct
- Shareholder Communications
- Continuous Disclosure Policy
- Securities Trading Policy
- Diversity Policy
- Donation and Sponsorship 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 regular Board 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.

CORPORATE GOVERNANCE STATEMENT

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 one full-time employee, being the Managing Director who is male. The Company contracts four consultants, two of whom are female and two of whom are 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 2015 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 of the Company. It is intended that Mr Willis will stand for re-election by rotation at the Company's 2015 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

Directors' and officers' liability insurance is maintained by the Company for the Directors and senior executives at the Company's expense.

Board meetings

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

- a minimum of nine 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 Director's 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 fulfill 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 directors of whom one is considered independent, being Mr Arthur Dixon (Independent Chairman – appointed 1 May 2011). During the financial year ended 30 June 2015, the Board was comprised of two additional independent directors, Mr Craig Sadler and Mr Greg Channon, until their resignations in March and April respectively. Mr Kip Ferguson III and Mr Jeff Swanson are not considered independent due to their association with Magnum Hunter Resources Corporation (NYSE:MHR), the largest shareholder of New Standard (17%). Mr Phil Thick and Mr Sam Willis serve in executive roles and therefore do 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.

Composition of the Board (cont'd)

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.

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 Audit Committee has been developed as per the guidelines of good corporate governance and its responsibilities are delineated in the Audit Committee Charter.

The Audit Committee provides assistance to the Board of directors in 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 Committee 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 in writing 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, as recommended by the Audit Committee. 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 by the Audit Committee and any recommendations are made to the Board.

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 but has mandated the Audit Committee to monitor and review 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 Audit Committee 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 Audit Committee meets at least twice a year and 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 Company has a Remuneration Committee that is currently made up of two members, Mr Arthur Dixon, independent Chairman and Mr Mark Clements (Company Secretary). Mr Clements is in an executive role and therefore is not considered independent. During the period Mr Craig Sandler and Mr Greg Channon were also independent directors who were members of the Committee and Mr David Hansen-Knarhoi as an executive was not considered independent.

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.

AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF NEW STANDARD ENERGY LIMITED

As lead auditor of New Standard Energy Limited for the year ended 30 June 2015, 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 'P Murdoch', is written over a horizontal line.

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 30 September 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of New Standard Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of New Standard Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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

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has been given to the directors of New Standard Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of New Standard Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon decisions around acreage retention or relinquishment, renegotiation of work commitments with the regulators and future capital raisings to fund ongoing exploration commitments and for working capital. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of New Standard Energy Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

Phillip Murdoch

Director

Perth, 30 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2015

	Note	2015 \$	Restated 2014 \$
Continuing operations			
Revenue from continuing operations	2	–	–
Gain on investments	2	–	41,768
Other revenue	2	93,454	949,785
Total revenue and other income		93,454	991,553
Production and lease operating expenses	3	–	–
Depletion, depreciation and accretion expenses	3	(288,893)	(393,518)
Administrative expenses	3	(6,028,552)	(4,939,883)
Share based payments	30	(346,447)	(198,479)
Foreign exchange gain		2,237,772	10,763
Impairment of exploration and evaluation and development expenditure	8	(34,314,456)	–
Loss on investment in available-for-sale	28	(146,063)	–
Loss on investment in associate	10	–	(1,193,013)
Loss before income tax expense		(38,793,185)	(5,722,577)
Income tax benefit	4	6,032,231	4,075,034
Loss for the year from continuing operations		(32,760,954)	(1,647,543)
Discontinued operations			
Gain on sale of subsidiary	26	264,081	–
Loss for the year from discontinued operations	27(a)	(47,219,984)	(394,075)
Loss attributable to owners of the Parent entity		(79,716,857)	(2,041,618)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		6,147,308	(2,398,729)
Other comprehensive income/(loss) for the year		6,147,308	(2,398,729)
Total comprehensive loss for the year		(73,569,549)	(4,440,347)
Total comprehensive loss for the year is attributable to:			
Owners of the Company		(73,569,549)	(4,440,347)
		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)	18	(8.48)	(0.49)
Diluted loss per share (cents per share)	18	(8.48)	(0.49)
Discontinued operations attributable to the ordinary shareholders of the Company			
Basic loss per share (cents per share)	18	(12.16)	(0.11)
Diluted loss per share (cents per share)	18	(12.16)	(0.11)

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 2015

	Note	2015 \$	2014 \$
Current Assets			
Cash and cash equivalents	23(a)	440,894	8,625,765
Trade and other receivables	6	64,370	2,862,295
Derivative financial instruments	7	–	48,157
Assets classified as held for sale	27(b)	2,367,890	–
Other assets		–	203,797
Total Current Assets		2,873,154	11,740,014
Non-Current Assets			
Derivative financial instruments	7	–	119,961
Exploration and evaluation and development expenditure	8	4,500,000	54,408,596
Oil and Gas properties	9	–	36,891,767
Investment in associate	10	–	389,531
Property, plant and equipment	11	302,737	708,984
Deferred tax asset	14	–	12,931,384
Other assets		–	181,268
Total Non-Current Assets		4,802,737	105,631,491
Total Assets		7,675,891	117,371,505
Current Liabilities			
Trade and other payables	12	630,258	8,132,416
Borrowings	13	–	138,700
Total Current Liabilities		630,258	8,271,116
Non-Current Liabilities			
Borrowings	13	–	9,186,312
Deferred tax liability	14	–	19,645,342
Total Non-Current Liabilities		–	28,831,654
Total Liabilities		630,258	37,102,770
Net Assets		7,045,633	80,268,735
Equity			
Issued capital	15	67,011,182	67,011,182
Reserves	16	3,428,661	839,916
(Accumulated losses)/Retained earnings	17	(63,394,210)	12,417,637
Total Equity		7,045,633	80,268,735

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 2015

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
2015					
Equity as at 1 July 2014	67,011,182	12,417,637	4,162,865	(3,322,949)	80,268,735
Loss for the year	–	(79,716,857)	–	–	(79,716,857)
Unrealised profit on translation of foreign operations	–	–	–	6,147,308	6,147,308
Total comprehensive (loss)/income	–	(79,716,857)	–	6,147,308	(73,569,549)
<i>Transactions with owners in their capacity as owners:</i>					
Other comprehensive loss	–	3,905,010	(3,905,010)	–	–
Share based payments	–	–	346,447	–	346,447
Equity as at 30 June 2015	67,011,182	(63,394,210)	604,302	2,824,359	7,045,633

	Issued Capital	Retained Earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
2014					
Equity as at 1 July 2013	53,626,937	14,459,255	3,964,386	(924,220)	71,126,358
Loss for the year	–	(2,041,618)	–	–	(2,041,618)
Unrealised profit on translation of foreign operations	–	–	–	(2,398,729)	(2,398,729)
Total comprehensive loss	–	(2,041,618)	–	(2,398,729)	(4,440,347)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares, net of transaction costs	13,384,245	–	–	–	13,384,245
Share based payments	–	–	198,479	–	198,479
Equity as at 30 June 2014	67,011,182	12,417,637	4,162,865	(3,322,949)	80,268,735

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 2015

	Note	2015 \$	2014 \$
Cash Flows From Operating Activities			
Oil & Gas sales		7,768,433	1,820,022
Payments to suppliers and employees		(10,351,152)	(6,857,843)
Interest received		67,267	1,105,594
Interest Paid		(2,376,755)	(15,498)
Cash flows from operating activities of discontinued operations	27(c)	(1,005,446)	-
Net cash used in operating activities	23(b)	(5,897,653)	(3,947,725)
Cash Flows From Investing Activities			
Payments for oil and gas properties		(15,827,341)	(14,958,808)
Reimbursement of exploration expenditure		1,889,670	6,030,755
Cash receipts offset against development expenditure		-	580,092
Payment for exploration, evaluation and development		(4,299,814)	(10,044,617)
Payments for acquisition of subsidiary net of cash acquired		-	(18,476,419)
Payments for purchase of equity investments		-	(1,003,860)
Payments for plant and equipment		-	(75,320)
Proceeds from sale of plant and equipment		116,639	-
Proceeds from sale of subsidiary		6,972,955	-
Proceeds from sale of available-for-sale financial instrument	28	243,468	-
Cash flows from investing activities of discontinued operations	27(c)	10,202,901	-
Net cash used in investing activities		(701,522)	(37,948,177)
Cash Flows From Financing Activities			
Proceeds from borrowings		7,106,446	9,135,234
Repayment of borrowings		(352,850)	(73,667)
Proceeds from issue of shares		-	151,999
Cash flows from financing activities of discontinued operations	27(c)	(7,970,155)	-
Net cash flows (used in)/provided by financing activities		(1,216,559)	9,213,566
Net decrease in cash and cash equivalents		(7,815,734)	(32,682,336)
Cash and cash equivalents at beginning of the financial period		8,625,765	41,536,690
Exchange rate adjustments		(369,137)	(228,589)
Cash and cash equivalents at the end of the financial period	23(a)	440,894	8,625,765

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 2015

1. Summary of accounting policies

CORPORATE INFORMATION

New Standard Energy Limited (New Standard) 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 30 September 2015.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on the basis of historical cost convention, as modified by the revaluation of available-for-sale financial assets. 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 2015.

GOING CONCERN

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 year the consolidated entity incurred a net loss after income tax from continuing and discontinued operations for the year ended of \$79,716,857 and incurred net cash outflows from operating and investing activities of \$6,599,175 for continuing operations.

The ability of the consolidated entity to continue as a going concern is dependent upon decisions around acreage retention or relinquishment, renegotiation of work commitments with the regulators and future capital raisings to fund ongoing exploration commitments and for working capital. The Directors believe that they will be able to raise additional capital as required and are in the process of evaluating the consolidated entity's cash requirements.

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. However, should the consolidated entity be unsuccessful in undertaking additional raisings, there is a material uncertainty that may cast significant doubt as to whether the consolidated entity will be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of 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.

(b) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

(c) Joint arrangements

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint operations.

Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

(c) Joint arrangements (cont'd)

Joint ventures

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated statement of financial position.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) 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.

(f) Trade 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.

(g) 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.

(h) 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 profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

(i) 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.

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.

(j) 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.

(k) Development expenditure

Development expenditure is accumulated in respect of each separate area of interest. Development expenditure relates to costs incurred to access a hydrocarbon resource after the technical feasibility and commercial viability of extracting the hydrocarbon resource from the area of interest has been demonstrated. Development expenditure related to an area of interest is carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

(k) Development expenditure (cont'd)

When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated cost in respect of that area is written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated cost written off to the extent that they will not be recoverable in the future. Impairment of assets is discussed at note 1(h).

Capitalisation of development expenditure ceases once the production commences, at which point it is transferred into Property, Plant and Equipment, and amortised on a units of production basis over the life of economically recoverable reserves.

(l) Business combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the group on acquisition date. Consideration also include the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances, it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measure at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognized in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred.

Where the group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the group remeasures its previously held equity interest in the acquiree as its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value as the date of exchange using the entity's incremental borrowing rate as the discount rate.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the group's controlling shareholder's consolidated financial statements.

(m) 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 balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

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 income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

(n) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally of marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in current assets as management may dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the short term. Available for sale assets are subsequently carried at fair value with movements in fair value are recognised in equity.

Investments are recognised and derecognised on trade date where the purchase sale or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned; and are initially measured at fair value, net of the transaction costs.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets carried at amortised cost, the amount of the impairment 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 (if applicable).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Impairment of available for sale financial assets

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

If there is evidence of impairment for any of the group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

(o) 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.

(p) Revenue recognition

Revenue from the sale of oil and gas related products are recognised when the significant risks and rewards of ownership has transferred to the buyer and can be measured reliably. In the case of oil, this is usually at the time of lifting. Interest income is recognised in profit or loss as it accrues and takes into account the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

(q) Property, plant and equipment

Owned assets

Items of property, plant and equipment are recognised at cost less accumulated depreciation (see below) and impairment losses (see Impairment 1(h)).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation/Amortisation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful life of an item of property, plant and equipment. The useful life and depreciation method applied to an asset are reassessed at least annually. The estimated useful lives for each class of assets in the current and comparative periods are as follows:

Class of fixed asset	Estimated useful life
Motor Vehicles	4-5 years
Plant and equipment	1-15 years depending on the nature of the asset
Leasehold improvements	3-10 years depending on the nature of the asset

The useful life and depreciation method applied to an asset are reassessed at least annually.

(r) Oil and gas properties

These properties represent the accumulation of all exploration, evaluation and development expenditure, pre-production development costs and ongoing costs of continuing to develop reserves for production incurred by or on behalf of the entity in relation to areas of interest. When further development expenditure is incurred in respect of a property after the commencement of production, such expenditure is carried forward as part of the cost of that property only when expected future economic benefits are to be received, otherwise such expenditure is classified as part of the cost of production

Depletion / depreciation / amortisation

Oil and gas properties are depleted using the units of production method. Depletion is not charged until commencement of production. Changes in factors such as estimates of proved and probable reserves that effect unit of production calculations do not give rise to prior year financial period adjustments and are dealt with on a prospective basis

(s) 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.

(t) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method. Borrowings are classified as current liabilities, unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(u) Derivatives

Currently the Group uses certain hedging derivatives to mitigate commodity price risk. These derivatives are initially measured at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value monthly. The accounting treatment for subsequent changes in fair values is that the changes are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(v) Leases

The lease of a vehicle where the Group, as lessee, has substantially all the risks and rewards of ownership has been classified as a finance lease. The finance lease has been capitalised at the lease's inception at the fair value of the leased vehicle. The corresponding rental obligations, net of finance charges, have been included in other short-term payables and long-term borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The vehicle acquired under the finance lease is being depreciated over the asset's useful life.

(w) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

(w) Earnings per share (cont'd)

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.

(x) 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.

(y) 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.

(z) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

(aa) 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.

(bb) Adoption of new and revised accounting standards

The nature and effect of each new and revised standards on the Group's consolidated financial report at 30 June 2015 are described below.

AASB 132 Offsetting Financial Assets and Financial Liabilities and AASB 2012-3 Amendments to Australian Accounting Standards

AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. Adoption of AASB 2012-3 did not impact the Group financial statements.

Amendments AASB 2013-3 to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets

AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The Group have disclosed the required information on the significant assets or liabilities carried at recoverable amount.

AASB 1031 Materiality

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.

AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. Adoption of the amendment did not impact the Group financial statements.

AASB 2013-9 (Part B) Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

The Standard contains three main parts and makes amendments to a number Standards and Interpretations.

Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.

Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.

Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments. Adoption of AASB 2013-9 did not impact the Group financial statements.

AASB 2014-1 (Part A) Annual Improvements 2010-2012 Cycle

AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.

Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:

- AASB 2 – Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- AASB 3 – Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.
- AASB 8 – Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.
- AASB 116 & AASB 138 – Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.
- AASB 124 – Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

Adoption of AASB 2014-1 did not impact the Group financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

(bb) Adoption of new and revised accounting standards (cont'd)

AASB 2014-1 (Part A) Annual Improvements 2011-2013 Cycle

- AASB13 – Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.
- AASB 140 – Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.AASB 119 (Part B) Employee Benefits; and

Adoption of AASB 2014-1 did not impact the Group financial statements.

AASB 119 Defined Benefits Plans: Employee Contributions and Amendments to Australian Accounting Standards (Part B)

AASB 2014-Part B makes amendments in relation to the requirements for contributions from employees or third parties that are set out in the formal terms of the benefit plan and linked to service.

The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

Adoption of amendment did not impact the Group.

AASB 1053 Application of Tiers of Australian Accounting Standards.

The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to:

- clarify that AASB 1053 relates only to general purpose financial statements;
- make AASB 1053 consistent with the availability of the AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors option in AASB 1 First-time Adoption of Australian Accounting Standards;
- clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather than applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and
- specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.

Adoption of amendment did not impact the Group.

(cc) Standards and interpretations issued not yet effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2015. They have not been adopted in preparing the financial statements for the year ended 30 June 2015 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the table below.

Reference / Title	Summary	Application date of standard	Application date for Group
AASB 9 <i>Financial Instruments</i>	<p>AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p>	1 January 2018	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

(cc) Standards and interpretations issued not yet effective (cont'd)

Reference / Title	Summary	Application date of standard	Application date for Group
AASB 9 (cont'd)	<p>Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The main changes are described below.</p> <ol style="list-style-type: none"> Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. <p>Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and The remaining change is presented in profit or loss. <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.</p>		
AASB 2014-3 <i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</i> [AASB 1 & AASB 11]	<p>AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:</p> <ol style="list-style-type: none"> the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11 	1 January 2016	1 July 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

(cc) Standards and interpretations issued not yet effective (cont'd)

Reference / Title	Summary	Application date of standard	Application date for Group
AASB 2014-4 Amendments to AASB 16 and AASB 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 16 and AASB 38)</i>	<p>AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	1 July 2016
AASB 15 <i>Revenue from Contracts with Customers</i>	<p>In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services).</p> <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ol style="list-style-type: none"> Step 1: Identify the contract(s) with a customer Step 2: Identify the performance obligations in the contract Step 3: Determine the transaction price Step 4: Allocate the transaction price to the performance obligations in the contract Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p> <p>The International Accounting Standards Board (IASB) in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for the Group will move from 1 July 2018 to 1 July 2019.</p>	1 January 2018	1 July 2019
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	<p>AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <ol style="list-style-type: none"> a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. <p>AASB 2014-10 also makes an editorial correction to AASB 10.</p> <p>AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.</p>	1 January 2016	1 July 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

(cc) Standards and interpretations issued not yet effective (cont'd)

Reference / Title	Summary	Application date of standard	Application date for Group
AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle</i>	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p><u>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</u></p> <p>Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.</p> <p><u>AASB 7 Financial Instruments: Disclosures:</u></p> <ul style="list-style-type: none"> • Servicing contracts – clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements – clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. <p><u>AASB 119 Employee Benefits:</u></p> <p>Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.</p> <p><u>AASB 134 Interim Financial Reporting:</u></p> <p>Disclosure of information 'elsewhere in the interim financial report' –amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.</p>	1 January 2016	1 July 2016
AASB 2015-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i>	<p>The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.</p>	1 January 2016	1 July 2016
AASB 2015-3 <i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i>	<p>The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.</p>	1 July 2015	1 July 2015

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

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 carrying amount of exploration expenditure at the reporting date was \$4,500,000.

The ultimate recoupment of costs carried forward for development 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.

Determination of hydrocarbon reserves

Estimates of recoverable quantities of proven, probable and possible reserves reported include judgemental assumptions regarding commodity prices, exchange rates, discount rates, capital costs and production and operating costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values and the recognition of deferred tax assets due to changes in expected future cash flows. Reserves are integral to the amount of amortisation charged to the profit or loss.

Determination of fair values on intangible assets acquired in business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their fair values. In measuring fair value management uses estimates about expected future cash flows generated from the use or eventual sale (less costs) of the asset. Details of acquired assets and liabilities are given in note 29.

Units of production depletion of oil and gas assets

Oil and gas properties are depleted using the method units of production over the total provided and undeveloped reserves. This results in a depletion charge proportional to the depletion of the anticipated remaining production.

The economic life of the well, which is assessed annually, has regard to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the depletion rate could be impacted to the extent that actual production in the future is different from the current forecast production based on total proved reserves, or future capital expenditure estimates.

Deferred tax balances

The Group has carried forward losses which have been recognised as deferred tax assets as it is probable that the company will derive future assessable income of a nature and amount sufficient to enable the benefit to be realised.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

Rehabilitation and decommissioning obligations

The Group estimates the future rehabilitation costs of production facilities, wells and pipelines at different stages of the development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of restoration activities, the future removal technology available and liability specific discount rates to determine the present value of these cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. Summary of accounting policies (cont'd)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Impairment

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

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

2. Revenue

Revenue:

Oil and Gas sales revenue (net of royalties) ⁽ⁱ⁾

Interest revenue

Other income consisted of the following items:

Gain on investments

Other income

Total Revenue

(i) On 29 June 2015, the Group announced the disposal of assets to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the revenue of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 27 for further information.

3. Expenses

Production and operating expense ⁽ⁱ⁾

Sales taxes ⁽ⁱ⁾

Lease operating expenses ⁽ⁱ⁾

Total production and operating expenses

Depletion, depreciation and accretion expenses

Depreciation

Depletion and accretion ⁽ⁱ⁾

Total depletion, depreciation and amortisation expense

Administrative expenses

Employee benefit expenses

Professional fees

Occupancy expenses

Other administrative expenses

Total administrative expenses

(i) On 29 June 2015, the Group announced the disposal of assets to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the expenses of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 27 for further information.

	2015 \$	Restated 2014 \$
Revenue:		
Oil and Gas sales revenue (net of royalties) ⁽ⁱ⁾	–	–
Interest revenue	76,604	934,785
Other income consisted of the following items:		
Gain on investments	–	41,768
Other income	16,850	15,000
Total Revenue	93,454	991,553
(i) On 29 June 2015, the Group announced the disposal of assets to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the revenue of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 27 for further information.		
Expenses		
Production and operating expense ⁽ⁱ⁾		
Sales taxes ⁽ⁱ⁾	–	–
Lease operating expenses ⁽ⁱ⁾	–	–
Total production and operating expenses	–	–
Depletion, depreciation and accretion expenses		
Depreciation	288,893	393,518
Depletion and accretion ⁽ⁱ⁾	–	–
Total depletion, depreciation and amortisation expense	288,893	393,518
Administrative expenses		
Employee benefit expenses	4,468,357	3,474,294
Professional fees	547,206	534,295
Occupancy expenses	668,190	568,506
Other administrative expenses	344,799	362,788
Total administrative expenses	6,028,552	4,939,883
(i) On 29 June 2015, the Group announced the disposal of assets to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the expenses of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 27 for further information.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

	2015 \$	Restated 2014 \$
4. Income tax expenses		
(a) The components of tax expense comprise:		
Current tax	–	–
Deferred tax	(6,713,958)	(4,075,034)
(Unders)/overs	681,727	–
	(6,032,231)	(4,075,034)
Deferred tax expense/(benefit) included in income tax expense comprises:		
Decrease in deferred tax assets	12,931,384	(12,931,384)
Increase in deferred tax liabilities	(19,645,342)	8,856,350
	(6,713,958)	(4,075,034)
(b) The prima facie tax from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Loss before tax	(38,793,185)	(6,116,652)
Tax benefit calculated at 30%	(11,637,956)	(1,834,996)
Tax effect of amount which are not deductible/(taxable) in calculating taxable income:		
Share based payments	103,934	59,544
Other permanent difference	33	37,265
Entertainment	3,609	8,636
Difference in overseas tax rate	(243,775)	(20,491)
Deferred tax asset not previously recognised	–	(2,670,366)
	(11,774,155)	(4,420,408)
Tax losses and timing differences not recognised	5,741,924	345,374
Income tax benefit	(6,032,231)	(4,075,034)
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		
Deferred tax assets (note 14)	22,524,918	–
Deferred tax liabilities (note 14)	16,413,880	–
Unrecognised net deferred tax asset	6,111,038	–
5. Auditors' remuneration		
Auditor of the parent entity		
BDO Audit (WA) Pty Ltd	87,796	61,760
BDO USA LLP	–	38,889
	87,796	100,649

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

	2015 \$	2014 \$
6. Trade and other receivables		
Current		
Trade receivables	718,587	2,282,212
Other receivables	64,370	580,083
Transfer to Asset held for sale ⁽ⁱ⁾	(718,587)	–
	64,370	2,862,295
(i) On 29 June 2015, the Group announced the disposal of assets to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the assets of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 27 for further information.		
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 24 for the Group's risk management objectives and policies.		
7. Derivative financial instruments		
Current		
Commodity put options	619,262	48,157
Transfer to Asset held for sale ⁽ⁱ⁾	(619,262)	–
Non Current		
Commodity put options	293,076	119,961
Transfer to Asset held for sale ⁽ⁱ⁾	(293,076)	–
	–	168,118
(i) On 29 June 2015, the Group announced the disposal of assets to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the assets of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 27 for further information.		
8. Exploration, evaluation and development expenditure		
Balance at beginning of the year	54,408,596	39,814,318
Acquisition from business combination (note 29)	–	8,129,391
Acquisition of exploration assets	–	6,400,000
Revenue offset	(142,270)	(287,347)
Expenditure incurred	3,560,779	6,789,699
Expenditure impaired ⁽ⁱ⁾	(34,314,456)	–
Foreign exchange movement	2,531,731	(406,710)
Expenditure recovered ⁽ⁱⁱ⁾	(1,889,670)	(6,030,755)
Disposal of exploration assets ⁽ⁱⁱⁱ⁾	(6,708,874)	–
Transfer to Asset held for sale ⁽ⁱⁱⁱ⁾	(12,945,836)	–
Balance at end of the year	4,500,000	54,408,596
(i) During the year the Company recognised a non-cash impairment charge of \$34.3 million 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 decrease in valuations being attributed to oil and gas companies globally and the potential 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 2015 considering no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ended 30 June 2016. This charge has been recognised in the consolidated statement of profit or loss and other comprehensive income.		
(ii) The Company received a Research & Development Tax Concession claim for \$1,889,670 (2014: \$6,030,755) relating to applicable works undertaken in the year ended 30 June 2014 in the Canning and Carnarvon Basins.		
(iii) During the year, the Group announced the disposed of Outback Energy Hunter Pty Ltd, NSE PEL570 Pty Ltd, NSE Texas LLC and the Colorado Asset. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the assets and liabilities of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 26 and 27 for further information.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

8. Exploration, evaluation and development expenditure (cont'd)

The Board assesses impairment of all exploration expenditure at each reporting date by evaluating the conditions specific to the Company and to 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 or by sale. 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
Canning Basin	EP443	100%	Carnarvon Basin	EP481	100%
	EP450	100%		EP482	100%
	EP451	100%			
	EP456	100%			
	STP-EPA-0006	100%			
	STP-EPA-0007	100%			
	STP-EPA-0010	100%			
	STP-EPA-0092	100%			
	EP417	100%			
	STP-EPA-0109	100%			

9. Oil and gas properties

	2015 \$	2014 \$
At cost	58,672,511	37,804,717
Accumulated depletion	(3,607,930)	(912,950)
Transfer to Asset Held for Sale ⁽ⁱ⁾	(55,064,581)	–
Net carrying value	–	36,891,767
A reconciliation of movements in oil and gas properties during the period is as follows:		
At cost		
Opening balance	37,804,717	–
Acquisitions from business combination	–	23,290,622
Additions	12,443,655	15,456,854
Foreign exchange movement	8,424,139	(942,759)
Closing balance	58,672,511	37,804,717
Accumulated depletion		
Opening balance	(912,950)	–
Depletion	(2,488,139)	(912,950)
Foreign exchange movement	(206,841)	–
Closing balance	(3,607,930)	(912,950)

(i) On 29 June 2015, the Group announced the disposal of assets to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the asset of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 27 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

10. Investment in associate

On 3 September 2014 New Standard Energy reduced their equity holding in Elixir Petroleum Limited to 11.78% (2014: 28.23%) resulting in the investment being classified as an available-for-sale investment.

	2015 \$	2014 \$
(a) Movement in carrying amount		
Carrying amount at the beginning of the period	389,531	–
Transfer (to)/from available-for-sale investment (refer to note 28)	(389,531)	1,582,544
Share of net loss in associate	–	(1,193,013)
Carrying amount at the end of period	–	389,531

(b) Summarised financial information of associates

On 3 September 2014 New Standard Energy did not recognise the equity investment in Elixir Petroleum Limited as an investment in associate and therefore there is no comparative data for the period.

2014	Ownership %	Assets \$	Liabilities \$	Revenues \$	Loss* \$
Elixir Petroleum	28.23	2,428,124	727,035	–	(1,193,013)

* Portion of losses recognised from the date of Elixir Petroleum Limited being recognised as an investment in associate

11. Property, plant and equipment

	2015 \$	2014 \$
Property, plant and equipment	844,943	1,403,933
Accumulated depreciation	(542,206)	(694,949)
Closing net book amount	302,737	708,984

	Furniture and equipment \$	Motor vehicles \$	Leasehold improvements \$	Total \$
2014				
Balance at 1 July 2013	513,833	189,871	368,420	1,072,124
Additions	30,378	–	–	30,378
Disposals	–	–	–	–
Depreciation expense	(184,038)	(61,939)	(147,541)	(393,518)
Balance at 30 June 2014	360,173	127,932	220,879	708,984
2015				
Additions	787	–	–	787
Disposals	(45,851)	(72,290)	–	(118,141)
Depreciation expense	(93,322)	(55,642)	(139,929)	(288,893)
Balance at 30 June 2015	221,787	–	80,950	302,737

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

	2015 \$	2014 \$
12. Trade and other payables		
Current		
Trade payables	3,658,761	5,124,799
Sundry payables and accrued expenses	660,867	3,007,617
Transfer to Asset Held for Sale ⁽ⁱ⁾	(3,689,370)	–
	630,258	8,132,416
(i) On 29 June 2015, the Group announced the disposal of assets to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the liabilities of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 27 for further information.		
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 24 for the Group's risk management objectives and policies.		
13. Borrowings		
Current		
Credit facility	–	77,550
Finance lease-vehicle ⁽ⁱ⁾	–	61,150
	–	138,700
Non-current		
Credit facility	19,394,449	9,125,162
Finance lease-vehicle ⁽ⁱ⁾	–	61,150
Transfer to Asset Held for Sale ⁽ⁱⁱ⁾	(19,394,449)	–
	–	9,186,312
(i) Finance leases were taken out on the purchase of four vehicles. The vehicles were sold during the year and the finance leases were fully repaid.		
(ii) On 29 June 2015, the Group announced the disposal of assets to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. Under the agreement Sundance has directly acquired NSE Texas LLC and New Standard Energy PEL 570 Pty Ltd, inclusive of the associated assets and liabilities. In accordance with AASB 5 the liabilities of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 27 for further information.		
14. Deferred tax balances		
Deferred tax assets		
Unused tax losses		
Australia	3,391,830	1,561,557
United States	15,248,819	8,634,418
Unexpired capital raising costs	146,813	222,921
US deductible temporary differences	3,390,329	687,066
Deductible temporary differences	347,127	1,825,422
Total deferred tax assets	22,524,918	12,931,384
Set-off of deferred tax liabilities pursuant to set-off provisions	(22,524,918)	–
Net deferred tax assets	–	12,931,384

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

	2015 \$	2014 \$
14. Deferred tax balances (cont'd)		
Reconciliation of movement in deferred tax assets:		
Opening balance	12,931,384	–
Credited to statement of profit or loss and other comprehensive income	(12,931,384)	12,931,384
Closing balance	–	12,931,384
Deferred tax liabilities		
Capitalised exploration expenditure – Australia	835,201	11,232,281
Capitalised exploration – US	15,578,679	7,573,539
Business combination	–	839,522
Total deferred tax liabilities	16,413,880	19,645,342
Set-off of deferred tax liabilities pursuant to set-off provisions	(16,413,880)	–
Net deferred tax liability	–	19,645,342
Reconciliation of movement in deferred tax liabilities:		
Opening balance	19,645,342	9,949,470
(Credited)/debited to statement of profit or loss and other comprehensive income	(19,645,342)	8,856,350
Debited to assets	–	839,522
Closing balance	–	19,645,342
15. Issued capital		
386,169,603 fully paid ordinary shares (2014: 386,169,603)	67,011,182	67,011,182

	No.	\$
(a) Fully paid ordinary shares		
2014		
Balance at 1 July 2013	305,331,847	53,626,937
On 8 January 2014, consideration on expiry of ESOP loans	–	151,995
On 21 January 2014, issue of shares to the previous owners of Outback Energy Hunter Pty Ltd	15,000,000	2,400,000
On 29 January 2014, issue of shares to Magnum Hunter Corporation	65,650,000	10,832,250
On 28 March 2014, issue of shares upon vesting of Retention Rights	187,756	–
Balance at 30 June 2014	386,169,603	67,011,182
2015		
Balance at 30 June 2015	386,169,603	67,011,182

- (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 including the Long Term Incentive Plan (LTIP) are disclosed in note 30 of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

	2015 \$	2014 \$
16. Reserves		
Share based payments reserve	604,302	4,162,865
Foreign currency translation reserve	2,824,359	(3,322,949)
	3,428,661	839,916
(a) Movements in available for sale financial assets reserve		
Balance at beginning of year	–	–
Balance at end of year	–	–
Nature and purpose of reserve		
The available for sale investments revaluation reserve represents the unrealised gain or loss on the market value of available for sale financial assets. On 26 June 2015 New Standard Energy sold their equity holding in Elixir Petroleum Limited to Sundance Resources Ltd and recognised a loss on available-for-sale investment of \$146,063.		
(b) Movements in share based payments reserve		
Balance at the beginning of the year	4,162,865	3,964,386
Add: Issue of options		
Directors	132,335	130,466
Employees	214,112	68,013
Less: Options and/or rights expired and lapsed	(3,905,010)	–
Balance at the end of year	604,302	4,162,865
Nature and purpose of reserve		
The share based payments reserve represents the value of shares and options issued to employees and directors.		
(c) Movements in foreign currency translation reserve		
Balance at the beginning of the year	(3,322,949)	(924,220)
Unrealised profit on translation of foreign operation	6,147,308	(2,398,729)
Balance at the end of the year	2,824,359	(3,322,949)
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.		
17. Accumulated losses		
Balance at the beginning of the year	12,417,637	14,459,255
Net loss attributable to members of the Company	(79,716,857)	(2,041,618)
Items of other comprehensive income recognised directly in retained earnings		
Expired options / rights in prior periods	3,905,010	–
Balance at the end of the year	(63,394,210)	12,417,637

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

18. Loss per share

	2015 Cents per share	Restated 2014 Cents per share
Basic earnings / loss per share		
Continuing operations	(8.48)	(0.49)
Discontinued operations	(12.16)	(0.11)
Diluted earnings / loss per share		
Continuing operations	(8.48)	(0.49)
Discontinued operations	(12.16)	(0.11)
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 year		
Continuing operations	(32,760,954)	(1,647,543)
Discontinued operations	(46,955,903)	(394,075)
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic EPS	386,169,603	339,504,547
Weighted average number of ordinary shares used in the calculation of diluted EPS	386,169,603	339,504,547

19. Dividends

There have been no dividends paid or proposed in the 2015 or 2014 financial years.

20. 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:

	2015 \$	2014 \$
Not longer than 1 year	27,000,000	47,500,000
Longer than 1 year and not longer than 5 year	22,000,000	134,380,000
Longer than 5 years	–	–
	49,000,000	181,880,000
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 \$49 million. The rights of tenure to the exploration permits and tenements may be reduced by sale, farm-out, renegotiation or relinquishment.		
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 above.		
Not longer than 1 year	75,000	237,705
Longer than 1 year and not longer than 5 year	34,073	574,454
Longer than 5 years	–	–
	109,073	812,159

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

21. Segment reporting

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June 2015 are as follows:

Australia

The Group currently operates within 3 geological basins, being the Canning, Carnarvon and Cooper Basins

United States

The Group operated within the Atascosa and Colorado counties in Texas during the year

	Australia		United States		Unallocated		Total	
	2015 \$	2014 \$	2015 \$	Restated 2014 \$	2015 \$	Restated 2014 \$	2015 \$	Restated 2014 \$
General and administration costs	(3,453,172)	-	(520,294)	-	-	-	(3,973,466)	-
Depreciation expenses	(288,893)	-	-	-	-	-	(288,893)	-
Impairment expenses	(34,314,456)	-	-	-	-	-	(34,314,456)	-
Reportable segment loss	(38,056,521)	-	(520,294)	(392,008)	-	-	(38,576,815)	-
Other income	93,454	-	-	-	-	991,553	93,454	991,553
Other costs	(306,013)	-	(3,811)	(120,447)	-	(6,593,683)	(309,824)	(6,714,130)
Net loss before tax	(38,269,080)	-	(524,105)	(512,455)	-	(5,602,130)	(38,793,185)	(5,722,577)
Segment assets								
Exploration assets	4,500,000	43,964,447	-	8,761,782	-	-	4,500,000	52,726,229
Development assets	-	-	-	1,682,367	-	-	-	1,682,367
Oil and gas assets	-	-	-	36,269,457	-	-	-	36,269,457
Assets held for sale ⁽ⁱ⁾	2,367,890	-	-	-	-	-	2,367,890	-
Other assets	803,465	-	4,536	4,822,259	-	21,871,193	808,001	26,693,452
Total assets	7,671,355	43,964,447	4,536	51,535,865	-	21,871,193	7,675,891	117,371,505
Segment liabilities								
Borrowings	-	-	-	9,605,970	-	-	-	9,605,970
Other liabilities	617,484	-	12,774	4,886,634	-	22,610,166	630,258	27,496,800
Total liabilities	617,484	-	12,774	14,492,604	-	22,610,166	630,258	37,102,770
Net assets	7,053,871	43,964,447	(8,238)	37,043,261	-	(738,973)	7,045,633	80,268,735

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

21. Segment reporting (cont'd)

- (i) On 23 October 2014, the Group disposed of Outback Energy Hunter Pty Ltd, which held exploration assets located in the Cooper Basin, South Australia. Refer to note 26 for further information.

On 29 June 2015, the Group announced 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 Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the revenue, expenses, assets and liabilities of New Standard Energy Texas LLC (United States) and New Standard Energy PEL 570 Pty Ltd (Australia) are disclosed as discontinued operations. Refer to note 27 for further information.

	2015 \$	2014 \$
22. Related party disclosure		
(a) Key Management Personnel compensation		
Short term employee benefits	1,923,549	2,485,692
Post-employment benefits	100,785	142,532
Share based payments	303,324	185,528
	2,327,658	2,813,752
Detailed remuneration disclosures are provided in the remuneration report included in the Directors' Report.		
(b) Transactions with related parties		
Revenue ⁽ⁱ⁾		
Rental of office space	18,800	15,000
Provision of accounting services	3,200	2,000
	22,000	17,000
(i) New Standard Energy ("NSE") entered in to a services contract with Elixir Petroleum Limited ("EXR"), to provide office space and accounting services from 1 February 2014. The contract was based on normal commercial terms and conditions. Mr Sam Willis, NSE director, is also the Chairman of EXR and does not receive any personal benefit from this services agreement. The contract was terminated on 28 February 2015.		
On 31 December 2014 the non-recourse loans, pursuant to the Employee Share Plan to Key Management Personnel (KMP), lapsed. All outstanding fully paid ordinary shares were reverted to the Company and the loans were cancelled.		
23. 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	440,894	8,625,765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

	2015 \$	2014 \$
23. Notes to the Statement of Cash Flow (cont'd)		
(b) Reconciliation of net loss after tax to net cash flow from operating activities		
Loss after income tax	(32,760,954)	(2,041,618)
Non-cash expenditure:		
Share based payments	346,447	198,479
Depletion, depreciation and amortisation expense	288,893	1,308,562
Impairment of exploration and development expenditure	34,314,456	–
R&D tax concession received classified as investment activities	(1,889,670)	–
Loss on disposal of property, plant and equipment	118,141	–
Loss on investment in available-for-sale asset	146,063	–
Gain on disposal of subsidiary	(264,081)	–
Loss on investment in associate	–	1,193,013
Gain on foreign exchange	(2,237,772)	(10,763)
Income tax benefit	(6,032,231)	(4,075,034)
Net effect from discontinued operations	3,904,091	–
(Increase)/decrease in assets:		
Receivables	515,713	(2,146,677)
Other current assets	–	(251,954)
Increase/(decrease) in liabilities:		
Current payables	(2,346,750)	1,878,267
Net cash used in operating activities	(5,897,653)	(3,947,725)
(c) Non-cash investing and financing activities		
Acquisition of exploration assets and oil and gas properties	–	10,832,250

24. 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. The Group's reserve based lending facility has a fixed interest rate in the US, so is not exposed to market interest rate fluctuations. 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.

	Note	Float interest rate		Total carrying amount	
		2015 \$	2014 \$	2015 \$	2014 \$
Financial assets					
Cash at bank	23(a)	440,894	8,625,765	440,894	8,625,765
		440,894	8,625,765	440,894	8,625,765

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through adequate credit facilities to meet obligations when due. The Group is primarily funded through on-going cash flow, debt funding and equity capital raisings, as and when required. Management also regularly monitors actual and forecast cash flows to manage liquidity risk.

On 29 June 2015, the Group announced the disposal of NSE Texas LLC to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with the sale agreement, Sundance Resources Ltd assumed the reserve based lending facility held in NSE Texas LLC. Refer to note 27 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

24. Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

	2015 \$	2014 \$
Fixed rate		
Expiring within one year	–	77,550
Expiring beyond one year	19,394,449	9,125,162
Transfer to Asset held for sale	(19,394,449)	–
	–	9,202,712

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities as at 30 June 2015. 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 \$
2015					
Trade payables	630,258	–	–	630,258	630,258
	630,258	–	–	630,258	630,258
2014					
Trade payables	8,132,416	–	–	8,132,416	8,132,416
Borrowings	1,263,248	1,603,294	9,777,074	12,643,616	9,202,712
Finance Lease	74,454	74,125	–	148,579	122,300
	9,470,118	1,677,419	9,777,074	20,924,611	17,457,428

(c) Currency risk

During the year the Group has operations located in the United States where both revenues and expenditures are recorded. The statement of financial position can be affected by movements in the USD/AUD exchange rates upon translation of the US operations into AUD.

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 ended the joint venture with Conoco Phillips (Canning Basin Pty Ltd (COP) and PetroChina International Investment (Australia) Pty Ltd with no further expenditure commitments or liabilities outstanding as at 30 June 2015.

The Group announced the disposal of Outback Energy Hunter Pty Ltd, NSE PEL570 Pty Ltd, NSE Texas LLC and the Colorado Asset. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the revenue of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 26 and 27 for further information.

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. As such, no sensitivity analysis is required or provided.

(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 7 as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

24. Financial risk management (cont'd)

(d) Fair value (cont'd)

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).

On 3 September 2014 New Standard Energy reduced their equity holding in Elixir Petroleum Limited to 11.78% (2014: 28.23%) resulting in the investment being classified as an available-for-sale investment (classified as investment in associate in 2014).

On 26 June 2015 New Standard Energy sold their equity holding in Elixir Petroleum Limited to Sundance Resources Ltd for \$243,468.

The Group does not hold available-for-sale financial assets at the end of 30 June 2015.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2015				
Capitalised exploration, evaluation and development ⁽ⁱ⁾	–	–	4,500,000	4,500,000
Total	–	–	4,500,000	4,500,000
2014				
Investment in Associate	389,531	–	–	389,531
Available for sale investments	–	–	–	–
Commodity Put Options	–	168,118	–	168,118
Total	389,531	168,118	–	557,649

(i) The valuation methodology undertaken by the Group was determined with ongoing discussions with interest parties. The estimated recoverable amount of the capitalised exploration and development expenditure is classified as level 3 and is sensitive to the movements in the oil and gas prices. Refer note 8 for further information.

(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. In the US, trade receivables (balances with oil and gas purchasers) have not exposed the Group to any bad debts to date, and all purchasers are major oil companies with a credit rating of "A" or higher.

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:

	2015 \$	2014 \$
Cash at Bank and short term bank deposits (AA-)	436,358	6,680,372
Cash at Bank and short term bank deposits (A)	4,536	316,097
Cash at Bank and short term bank deposits (A)	–	1,629,296
	440,894	8,625,765

(f) Price risk

The Group's revenues are exposed to commodity price fluctuations, in particular oil prices. The Group enters forward commodity hedges to manage its exposure to falling spot oil prices. The Group's commodity hedging program utilises financial instruments based on regional benchmarks including Nymex WTI.

On 26 June 2015 the Group announced the disposal of assets to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. Sundance Resources Ltd assumed all debt and liabilities associated with the asset. A sensitivity analysis is not included because based on the disposal of asset as at 30 June 2014 the sensitivity analysis is deemed not to have a material impact on the Consolidated Profit or Loss and other Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

25. Subsidiaries

Name of entity	Country of incorporation	Nature of activities	Ownership interest	
			2015	2014
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
New Standard Energy PEL570 Pty Ltd ⁽ⁱ⁾	Australia	Exploration of hydrocarbons	100	n/a
Outback Energy Hunter Pty Ltd ⁽ⁱⁱ⁾	Australia	Exploration of hydrocarbons	–	100
Pathfinder Onshore Energy Pty Ltd ⁽ⁱⁱ⁾	Australia	Exploration of hydrocarbons	–	100
New Standard Energy Inc	USA	Exploration, development of hydrocarbons	100	100
New Standard Energy Texas LLC ⁽ⁱ⁾	USA	Exploration, development & production of hydrocarbons	100	100
New Standard Energy Colorado LLC	USA	Exploration, development & production of hydrocarbons	100	100
New Standard Energy Ventures LLC	USA	Exploration, development & production of hydrocarbons	100	100

(i) On 29 June 2015, the Group announced the sale of assets including NSE Texas LLC, which held the producing Eagleford asset and NSE PEL 570 Pty Ltd to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. Refer to note 27 for further information.

(ii) On 23 October 2014, the Group disposed of Outback Energy Hunter Pty Ltd, which held exploration assets located in the Cooper Basin, South Australia.

26. Disposal of subsidiary – gain on sale of subsidiary

On 23 October 2014, the Group disposed of Outback Energy Hunter Pty Ltd, which held exploration assets located in the Cooper Basin, South Australia.

The following were the results of the business for the year.

	3 months ended 30 Sep 2014 \$	30 Jun 2014 \$
Revenue	–	–
Operating expenses	(1,463)	–
Loss before income tax	(1,463)	–
Income tax expense /(credit)	–	–
Loss after income tax	(1,463)	–

The net assets of Outback Energy Hunter Pty Ltd at the date of disposal were as follows:

	30 Sep 2014 \$
Net assets disposed	6,708,874
Costs associated with disposal	527,045
	7,235,919
Gain on disposal	264,081
Total Consideration	7,500,000
Satisfied by cash, and net cash inflow arising on disposal	6,972,955

A gain of \$264,081 was recognised on the disposal of Outback Energy Hunter Pty Ltd, no tax charge or credit arose on the transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

27. Discontinued operations and asset held for sale

Planned disposal of subsidiaries

On 29 June 2015, the Group announced the disposal of :

- (i) New Standard Energy Texas LLC (a wholly owned subsidiary of New Standard Energy Ltd which holds New Standard's Atascosa Project and associated liabilities;
- (ii) New Standard Energy Texas LLC's working interest in the Colorado County assets; and
- (iii) New Standard Energy PEL 570 Pty Ltd (a wholly owned subsidiary which holds New Standard's 17.5% share of the PEL 570 permit in the Cooper Basin).

The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. The results and net assets of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are included in the discontinued operations.

The sales proceed for the net assets above is the 6,000,000 Sundance Energy Australia Limited's (SEA) ordinary shares, the majority of which will be freely tradable. Based on the share price of 47.5 cents as at 10 August 2015, the scrip component of the consideration is valued at A\$2,850,000.

Analysis of the loss for the year from discontinued operations

The result of the discontinued operations (New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd.) included in the loss for the year are set out below. The comparative profit or loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	note	2015 \$	2014 \$
(a) Loss for the year from discontinued operations – planned disposal of subsidiaries			
Revenue		5,821,128	3,192,845
Operating expenses		(8,080,509)	(3,586,920)
Impairment of asset held for sale	27(b)	(44,960,603)	–
Loss before income tax		(47,219,984)	(394,075)
Income tax expense /(credit)		–	–
Loss after income tax		(47,219,984)	(394,075)
(b) Net assets classified as held for sale – planned disposal of subsidiaries			
The major classes of assets and liabilities of NSE Texas LLC and NSE PEL 570 Pty Ltd classified as held for sale as at 30 June 2015 are as follow:			
Assets			
Cash and cash equivalent		673,518	
Trade and other receivables	6	718,587	
Derivative financial instruments	7	912,338	
Exploration and evaluation and development expenditure	8	12,945,836	
Oil and Gas properties	9	55,064,581	
Other Assets		936,974	
Assets classified as held for sale		71,251,834	
Liabilities			
Trade and other payables	12	3,689,370	
Borrowings	13	19,394,449	
Deferred tax liabilities		839,522	
Liabilities classified as held for sale		23,923,341	
Net asset classified as held for sale		47,328,493	
Impairment of asset held for sale		(44,478,493)	
Less: Transaction costs directly associated with asset held for sale		(482,110)	
Fair value of asset classified as held for sale ⁽ⁱ⁾		2,367,890	

- (i) The fair value for the net assets above is the 6,000,000 Sundance Energy Australia Limited's ordinary shares based on the share price of 47.5 cents as at 10 August 2015, the scrip component of the consideration is valued at \$2,850,000 less cost to sell of \$482,110.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

	2015 \$
27. Discontinued operations and asset held for sale (cont'd)	
(c) Cash flows from discontinued operations – planned disposal of subsidiaries	
Net cash outflows from operating activities	(1,005,446)
Net cash inflows from investing activities	10,202,901
Net cash outflows from financing activities	(7,970,155)
Net cash inflows	1,227,300

28. Available-for-sale financial investments

	2015 \$	2014 \$
Listed securities		
Equity securities in Elixir Petroleum Ltd ⁽ⁱ⁾	389,531	–
Loss on investment in available-for-sale	(146,063)	–
Sale of available-for-sale asset ⁽ⁱⁱ⁾	(243,468)	–
Carrying amount at the end of period	–	–

(i) On 3 September 2014 New Standard Energy reduced their equity holding in Elixir Petroleum Limited (through dilution) to 11.78% (2014: 28.23%) resulting in the investment being classified as an available-for-sale investment (refer note 10).

(ii) On 26 June 2015 New Standard Energy sold their equity holding in Elixir Petroleum Limited to Sundance Resources Ltd for \$243,468.

29. Business combination

There was no business combination during the year ended 30 June 2015.

In prior year the Group announced that it had entered into an agreement to acquire oil and gas assets in the Eagle Ford, Texas, US from Magnum Hunter Resources. The transaction was settled by the issuance of 65,650,000 ordinary shares at an issue price of \$0.154 each, with further cash payments of US\$15,000,000 and AUD\$3,000,000. A further 45 million performance shares were also to be issued after approximately 18 months from completion, if certain conditions are met. At the reporting date no monetary value has been assigned to these shares as it is deemed too early for management to form an assessment. The Group completed the acquisition on the 28 January 2014 and has been accounted for using the guidelines as set out in IFRS/AASB 3 'Business Combinations'.

Details of the purchase consideration and assets acquired are as follows:

	Fair value as at 28 January 2014 \$
Net assets acquired	
Exploration assets	8,129,391
Oil and gas properties	23,290,622
Deferred tax liability	(900,000)
	30,520,013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

29. Business combination (cont'd)

Provisional FV as at
28 January 2014
\$

Purchase Consideration	
Net cash outflow on acquisition	19,687,763
Shares	10,832,250
Total consideration paid	30,520,013

30. Share based payments

Expenses arising from share-based payment transactions

	2015 \$	2014 \$
Options issued to directors	29,394	69,311
Incentive rights issued to directors	102,941	61,156
Options issued to key management personnel	47,101	(28,710)
Incentive rights issued to key management personnel	123,888	83,771
Options issued to employees	6,182	4,814
Incentive rights issued to employees	36,941	8,137
	346,447	198,479

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 2015	Expiry date	Exercise date \$	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.		
29/Mar/11	30/Jun/15	0.225	500,000	–	–	(500,000)	–	–
29/Mar/11	30/Jun/15	0.275	500,000	–	–	(500,000)	–	–
20/Dec/11	20/Dec/14	0.385	6,250,000	–	–	(6,250,000)	–	–
20/Dec/11	20/Dec/14	0.430	3,750,000	–	–	(3,750,000)	–	–
24/Apr/12	24/Apr/15	0.810	150,000	–	–	(150,000)	–	–
24/Apr/12	24/Apr/15	0.905	150,000	–	–	(150,000)	–	–
10/Aug/12	10/Aug/15	0.745	375,000	–	–	(375,000)	–	–
10/Aug/12	10/Aug/15	0.835	375,000	–	–	(375,000)	–	–
12/Dec/12	12/Dec/15	0.390	300,000	–	–	–	300,000	300,000
12/Dec/12	12/Dec/15	0.440	300,000	–	–	–	300,000	300,000
12/Dec/13	2/Apr/16	0.400	500,000	–	–	–	500,000	500,000
12/Dec/13	2/Apr/16	0.400	500,000	–	–	–	500,000	500,000
12/Dec/13	2/Apr/16	0.500	500,000	–	–	–	500,000	500,000
12/Dec/13	2/Apr/16	0.500	500,000	–	–	–	500,000	500,000
13/Feb/14	12/Dec/17	0.519	100,000	–	–	–	100,000	100,000
13/Feb/14	12/Dec/17	0.581	100,000	–	–	–	100,000	100,000
27/May/14	26/May/17	0.224	75,000	–	–	–	75,000	75,000
27/May/14	26/May/17	0.248	75,000	–	–	–	75,000	75,000
6/Aug/14	5/Aug/17	0.167	–	500,000	–	–	500,000	–
6/Aug/14	5/Aug/17	0.187	–	500,000	–	–	500,000	–
			15,000,000	1,000,000	–	(12,050,000)	3,950,000	2,950,000
Weighted average exercise price			0.43	0.18	–	0.42	0.37	0.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

30. Share based payments (cont'd)

Grant date 2014	Expiry date	Exercise date \$	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.		
29/Mar/11	30/Jun/15	0.225	500,000	–	–	–	500,000	500,000
29/Mar/11	30/Jun/15	0.275	500,000	–	–	–	500,000	500,000
20/Dec/11	20/Dec/14	0.385	6,250,000	–	–	–	6,250,000	6,250,000
20/Dec/11	20/Dec/14	0.430	3,750,000	–	–	–	3,750,000	3,750,000
24/Apr/12	24/Apr/15	0.810	300,000	–	–	(150,000)	150,000	150,000
24/Apr/12	24/Apr/15	0.905	300,000	–	–	(150,000)	150,000	150,000
9/May/12	9/May/15	0.535	300,000	–	–	(300,000)	–	–
9/May/12	9/May/15	0.600	300,000	–	–	(300,000)	–	–
10/Aug/12	10/Aug/15	0.745	375,000	–	–	–	375,000	375,000
10/Aug/12	10/Aug/15	0.835	375,000	–	–	–	375,000	–
12/Dec/12	12/Dec/15	0.390	300,000	–	–	–	300,000	300,000
12/Dec/12	12/Dec/15	0.440	300,000	–	–	–	300,000	–
12/Dec/13	2/Apr/16	0.400	–	500,000	–	–	500,000	500,000
12/Dec/13	2/Apr/16	0.400	–	500,000	–	–	500,000	–
12/Dec/13	2/Apr/16	0.500	–	500,000	–	–	500,000	500,000
12/Dec/13	2/Apr/16	0.500	–	500,000	–	–	500,000	–
13/Feb/14	12/Dec/17	0.519	–	100,000	–	–	100,000	100,000
13/Feb/14	12/Dec/17	0.581	–	100,000	–	–	100,000	100,000
27/May/14	26/May/17	0.224	–	75,000	–	–	75,000	–
27/May/14	26/May/17	0.248	–	75,000	–	–	75,000	–
			13,550,000	2,350,000	–	(900,000)	15,000,000	13,175,000
Weighted average exercise price			0.42	0.44	–	0.66	0.43	0.42

Options granted as part of remuneration have been valued using a Black-Scholes option pricing model, which takes into account various factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. The expected volatility has been based on the historic volatility (based upon the life of the option) adjusted for non-trading days and any expected changes to future volatility.

2015

Fair value of share options and assumptions for the year ended 30 June 2015

Fair value at grant date of \$0.167 and \$0.187 options	\$0.044 - \$0.047
Number of options	1,000,000
Share price	\$0.12
Exercise price	\$0.167 - \$0.187
Employment vesting conditions	36 months
Expected volatility (expressed as a weighted average volatility used in the modelling under Black Scholes model)	75%
Option life (expressed as weighted average life used in the modelling under Black Scholes model)	3 years
Expected dividends	0%
Risk-free interest rate (based on government bonds)	2.74%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

30. Share based payments (cont'd)

2014

Fair value of share options and assumptions for the year ended 30 June 2014

Fair value at grant date of \$0.400 and \$0.500 options	\$0.055 - \$0.064
Number of options	2,000,000
Share price	\$0.19
Exercise price	\$0.400 - \$0.500
Employment vesting conditions	12-24 months
Expected volatility (expressed as a weighted average volatility used in the modelling under Black Scholes model)	75%
Option life (expressed as weighted average life used in the modelling under Black Scholes model)	3 years
Expected dividends	0%
Risk-free interest rate (based on government bonds)	2.88%
Fair value at grant date of \$0.519 and \$0.581 options	\$0.200 - \$0.220
Number of options	200,000
Share price	\$0.12
Exercise price	\$0.519 - \$0.581
Employment vesting conditions	none
Expected volatility (expressed as a weighted average volatility used in the modelling under Black Scholes model)	80%
Option life (expressed as weighted average life used in the modelling under Black Scholes model)	3 years
Expected dividends	0%
Risk-free interest rate (based on government bonds)	2.98%
Fair value at grant date of \$0.224 and \$0.248 options	\$0.056 - \$0.060
Number of options	150,000
Share price	\$0.15
Exercise price	\$0.224 - \$0.248
Employment vesting conditions	12-24 months
Expected volatility (expressed as a weighted average volatility used in the modelling under Black Scholes model)	80%
Option life (expressed as weighted average life used in the modelling under Black Scholes model)	3 years
Expected dividends	0%
Risk-free interest rate (based on government bonds)	2.85%

The fair value of services received in return for share options have been fair valued based upon the fair value of equity securities granted, measured using a Black Scholes model. The fair value of the options issued has been used, as the fair value of the services cannot be reliably measured.

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. During the 2015 and 2014 financial year Performance Rights and Retention Rights were granted to executives as part of their remuneration packages. On the vesting date the performance rights will be tested against the absolute TSR criteria, and the retention rights tested against tenure criteria. Only those rights that satisfy the criteria will vest, and the remainder will immediately lapse. Refer to the Director's Report for further details on the structure of the LTIP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

30. Share based payments (cont'd)

The table below outlines movements in Incentive Rights during the 2015 and 2014 financial year and the balance held as at 30 June 2015 and 30 June 2014.

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.	
2015								
Performance Rights	28/Jun/13	14/Sep/15	0.014	848,000	–	–	(296,000)	552,000
Retention Rights	28/Jun/13	14/Sep/15	0.120	212,000	–	–	(74,000)	138,000
Performance Rights	14/Feb/14	14/Sep/16	0.080	1,800,000	–	–	–	1,800,000
Performance Rights	14/Feb/14	14/Sep/16	0.088	1,000,000	–	–	–	1,000,000
Performance Rights	14/Feb/14	14/Sep/16	0.081	920,000	–	–	(620,000)	300,000
Performance Rights	14/Feb/14	14/Sep/16	0.076	1,400,000	–	–	–	1,400,000
Retention Rights	14/Feb/14	14/Sep/16	0.105	380,000	–	–	(155,000)	225,000
Retention Rights	14/Feb/14	14/Sep/16	0.101	500,000	–	–	–	500,000
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
Performance Rights	9/Jan/15	31/Mar/15	0.039	–	750,000	–	(750,000)	–
Performance Rights	9/Jan/15	31/Dec/15	0.013	–	750,000	–	–	750,000
Retention Rights	9/Jan/15	31/Dec/15	0.032	–	500,000	–	–	500,000
				7,060,000	10,750,000	–	(1,895,000)	15,915,000
2014								
Performance Rights	28/Jun/13	14/Mar/14	0.002	848,000	–	–	(848,000)	–
Performance Rights	28/Jun/13	14/Sep/15	0.014	848,000	–	–	–	848,000
Retention Rights	28/Jun/13	14/Mar/14	0.120	212,000	–	(212,000)	–	–
Retention Rights	28/Jun/13	14/Sep/15	0.120	212,000	–	–	–	212,000
Performance Rights	14/Feb/14	14/Sep/16	0.080	–	1,800,000	–	–	1,800,000
Performance Rights	14/Feb/14	14/Sep/16	0.088	–	1,000,000	–	–	1,000,000
Performance Rights	14/Feb/14	14/Sep/16	0.081	–	920,000	–	–	920,000
Performance Rights	14/Feb/14	14/Sep/16	0.076	–	1,400,000	–	–	1,400,000
Retention Rights	14/Feb/14	14/Sep/16	0.105	–	380,000	–	–	380,000
Retention Rights	14/Feb/14	14/Sep/16	0.101	–	500,000	–	–	500,000
				2,120,000	6,000,000	(212,000)	(848,000)	7,060,000

31. Contingencies

There were no material contingent liabilities or contingent assets for the Group as at 30 June 2015 or as at the date of the report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

32. Parent entity information

The following details information related to the parent entity, New Standard Energy Limited, as at 30 June 2015. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	2015 \$	2014 \$
Current assets	463,894	13,997,699
Non-current assets	7,652,737	80,692,126
Total assets	8,116,631	94,689,825
Current liabilities	613,627	3,127,659
Non-current liabilities	–	11,293,431
Total liabilities	613,627	14,421,090
Contributed equity	76,171,014	76,171,014
(Accumulated losses)/retained earnings	(73,102,426)	2,333,100
Reserves	4,434,417	1,764,621
Total equity	7,503,005	80,268,735
Loss for the year	(80,272,491)	(1,705,897)
Other comprehensive income/(loss) for the year	3,923,530	(2,398,728)
Total comprehensive loss for the year	(76,348,961)	(4,104,625)

33. Events occurring after the reporting date

- (a) On 10 August 2015 the Company announced the completion of transaction with Sundance Energy Ltd (Sundance) and the satisfaction of all the remaining conditions precedent. Under the agreement Sundance has directly acquired New Standard's Colorado County Project in the US and indirectly acquired its Atascosa Project and interest in Cooper Basin permit PEL 570 through the purchase of NSE Texas LLC and New Standard Energy PEL 570 Pty Ltd, inclusive of the associated assets and liabilities.

Sundance has issued 6 million ordinary shares of which a portion will be escrowed for up to 6 months to meet potential warranty claims post-completion. As at the completion on 10 August 2015 the market value of 6 million Sundance ordinary shares was \$2,850,000.

The transaction has eliminated all of the Group's debt and provides sufficient ongoing liquidity to allow the Company to complete a strategic review to assess the status of the remaining portfolio.

- (b) Since 6 August 2015 1,102,000 Sundance shares have been sold on the market for a total of \$378,644. Further sale may occur dependent on the parameters for sale of shares as agreed by the Board.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 22 September 2015.

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	192	50,465	0.01
1,001 – 5,000	402	1,289,939	0.33
5,001 – 10,000	355	3,025,251	0.78
10,001 – 100,000	1,068	43,853,066	11.36
100,001 and over	387	337,950,882	87.51
Total	2,405	386,169,603	100.00

(b) There are 1,627 shareholders with less than a marketable parcel of ordinary shares.

2. Twenty largest shareholders

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

Rank	Name of shareholder	Holding	%
1	Magnum Hunter Resources Corporation	65,650,000	17.00
2	J P Morgan Nominees Australia Limited	22,488,156	5.82
3	Mr Chi Zhang	15,491,658	4.01
4	Citicorp Nominees Pty Limited	14,256,220	3.69
5	Buru Energy Limited	8,853,447	2.29
6	Phoenix Properties Int Pty Ltd <The Wellington Property A/C>	8,508,453	2.20
7	Mr Samuel John Corbin Willis + Mrs Catherine Meredith Willis <Willis Family Super Fund A/C>	7,125,000	1.85
8	Mr Alan Young	6,905,252	1.79
9	McNeil Nominees Pty Limited	6,850,566	1.77
10	TC Investments Pte Ltd	6,660,000	1.72
11	Mr Richard James Harris + Mrs Susan Elizabeth Harris <Harris Family Super Fund A/C>	5,560,834	1.44
12	USA Register Control A/C	4,960,905	1.28
13	HSBC Custody Nominees <Australia>	4,317,945	1.12
14	Buru Energy Limited	4,204,483	1.09
15	Kensington Capital Management Pty Ltd	4,000,000	1.04
16	Ice Cold Investments Pty Ltd <Browns Cheltenham RD S/F A/C>	3,500,000	0.91
17	Portdove Holdings Pty Ltd <Portdove Super Fund A/C>	3,000,000	0.78
18	Carossa Holdings Pty Ltd <Globetrotter Investment A/C>	2,850,000	0.74
19	UOB Kay Hian <Hong Kong>	2,731,490	0.71
20	Merrill Lynch (Australia) Nominees Pty Limited	2,447,465	0.63
Total		200,361,874	51.88

3. Substantial shareholders

As at 22 September 2015, the Company has received substantial notices from the following shareholders:

Name of shareholder	No of shares	% of issued capital
Magnum Hunter Resources Corporation	65,650,000	17.00

4. Unquoted securities

As at 22 September 2015 there were a total of 8 Performance Rights holders holding 13,110,000 Performance Rights, a total of 6 Retention Rights holders holding 2,115,000 Retention Rights, and a total of 5 Unlisted Option holders holding 3,950,000 Unlisted Options.

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

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