



Date: 25 November 2015

2015 Annual General Meeting - Chairman's address

Good morning. My name is Arthur Dixon and I am the Chairman of New Standard Energy. I would like to welcome you to our Annual General Meeting and thank you for your attendance today. Following my address, we will move to the formal business of today's meeting, after which Managing Director Phil Thick will provide a corporate update.

The past year has been dramatic for New Standard Energy, as it has been for nearly all companies in the oil and gas sector. 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.

Following the collapse in global oil prices, the company's operating conditions completely shifted. As a Company, we had to make quick and decisive changes, cutting staff numbers significantly and reducing overheads.

It became clear in late CY2014 that we did not have the balance sheet to develop our three tier asset portfolio and the Company's ability to raise equity in the new oil price reality had significantly diminished. 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 Australian assets.

In October 2014 we finalised a deal for Santos to farm-in to the Company's Cooper assets. This was an excellent deal that injected much needed funding for our US operation, which had already seen an increase in the reserves, and brought Santos's substantial experience into the Cooper JV as Cooper Operator. It also substantially reduced our capital commitments in PEL570.

By the end of 2014 it had become obvious that oil prices were not likely to recover in the short term. We therefore had no alternative but to market our US assets and we commenced this in earnest in January 2015.

We entered into discussions with the Company's lenders, Credit Suisse, who agreed to continue to support the Company but they required that we look for buyers or partners for our US assets and committed to a plan to pay out or largely reduce our debt. 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. The Board 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.

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 while 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 Sundance 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 and the best path for rebuilding shareholder wealth. Part of this review will 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.

Yesterday, we announced a Share Subscription Agreement with Huizhou Energy Investment (Beijing) Co, Ltd to raise up to \$2.5 million while we secured a farm-in partner for our retained Western Australian assets; this is the first major step in progressing our revised corporate strategy. But, I will let Phil detail this further in his corporate presentation.

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.

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.

Thank you.

- ENDS -

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About New Standard: New Standard Energy is an onshore hydrocarbon explorer with a large high risk, high reward Western Australian portfolio located in the Canning and Carnarvon basins.

Western Australia

Southern Canning Project

- 100% operated interest in exploration permits (EPs 443, 450, 451, 456), Southern Canning Basin, Western Australia
- 100% operated interest in exploration permit application areas (STP-EPA-006, STP-EPA-007 and STP-EPA-010), Southern Canning Basin, Western Australia

Laurel Project

- 100% operated interest in exploration permit EP 417, Northern Canning Basin, Western Australia
- 100% operated interest in exploration permit application areas (STP-EPA-0092 and STP-EPA-0109), Northern Canning Basin, Western Australia

Merlinleigh Project

- 100% operated interest in exploration permits (EPs 481 and 482), onshore Carnarvon Basin, Western Australia