

Quarterly Activities Report

For the period ended 31 December 2015



NEW STANDARD
ENERGY

Date: 27 January 2016

Summary

- New Standard welcomed two major new shareholders onto the register during the quarter
 - Western Australian private company Jara Resources Pty Ltd purchased the 65.65 million shares owned by Magnum Hunter Resources Corporation
 - A placement of 91.4 million shares at 1c per share to Chinese company Huizhou Energy Investment (Beijing) Co, Ltd (**Huizhou Energy**) raised \$914,000 and took Huizhou Energy to a 19.15% ownership position
- The placement to Huizhou Energy to be followed by a fully underwritten Rights Issue to raise funds for the planning, development and commencement of a new exploration program
- A review of the Western Australian assets was completed in conjunction with Huizhou Energy and the Company's large acreage position has been rationalised to retain the most prospective permits
- Huizhou Energy to work closely with New Standard to secure a farm-in partner to fund the ongoing exploration and development of the Company's WA assets
- Cash position of \$634,000 at 31 December, 2015

Portfolio and activities overview

Western Australian Projects

New Standard, working with the Company's new largest shareholder Huizhou Energy, has completed a high level review of its Western Australian assets.

This review was necessary in the current environment due to the high cost of retaining the large acreage position (previously in excess of \$500,000 per annum before any exploration or development costs) and the associated work programs. Given the size of the Company and the current challenging market conditions it was considered sensible to relinquish some of the Company's over 15 million acres within the onshore Carnarvon and Canning Basins.

As a result New Standard has chosen not to extend or renew three of its Canning Basin permits, EP417, EP443 and EP450 and these have now lapsed. New Standard has retained 100% of EP481 and EP482 in the Carnarvon Basin and EP451 and EP456 in the Canning Basin. These are considered to be the most prospective permits in the portfolio.

New Standard's four remaining permits are under discussion with the Department of Mines and Petroleum (**DMP**) and the Company expects to have new work programs agreed and in place within the next few months.



Corporate and financial review

Financial position

New Standard ended the quarter with a cash position of approximately \$634,000. At 31 December, 2015 the Company held 2,778,000 shares in Sundance Energy Australia Limited (ASX: SEA), of which 1,528,000 are in escrow pending any warranty claims by Sundance. The Company has no debt and intends to raise additional funds via an underwritten Rights Issue.

During the quarter New Standard spent over \$350,000 in DMP fees and council/shire rates for the four permits retained following the review of the Western Australian assets. There were also one off costs associated with the Sundance transaction completed in August 2015 totalling approximately \$200,000 and a payment of approximately \$200,000 to exit the Company's previous office lease.

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

Corporate update

On 24 November, 2015 New Standard announced a placement of 91.4 million shares to Huizhou Energy at 1c per share, raising \$914,000 for the Company. As result of this placement Huizhou became New Standard's largest shareholder with 19.15% of the Company's issued capital. In conjunction with the placement, the parties committed to undertaking a Rights Issue, with Huizhou Energy agreeing to fully underwrite the issue. The Company is currently in discussions with Huizhou Energy around the most appropriate timing for the Rights Issue, given the current oil price and the negative market sentiment. Once complete, the Rights Issue should raise up to \$1 million based on a 25% discount to the current 30 day VWAP of New Standard shares,

In December 2015, 600,000 unlisted options and 1,250,000 unlisted rights at various prices expired without exercise.

During the quarter New Standard accepted the resignations of Directors Mr H C (Kip) Ferguson III and Mr Jeff Swanson in line with Magnum Hunter's sale of their stake in New Standard. The Company also appointed Mr Song Hui and Mr Liu Xiaofeng as Directors representing Huizhou Energy and Mr Ning Han representing Jara Resources.

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

NEW STANDARD ENERGY LIMITED

ABN

20 119 323 385

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
1.1 Receipts from product sales and related debtors	—	—
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(369) (675)	(450) (1,373)
1.3 Dividends received	—	—
1.4 Interest and other items of a similar nature received	5	5
1.5 Interest and other costs of finance paid	—	—
1.6 Income taxes paid	—	—
1.7 R&D claim received	—	—
Net Operating Cash Flows	(1,039)	(1,818)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	— — —	— — —
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	— 499 39	— 1,065 39
1.10 Loans to other entities	—	—
1.11 Loans repaid by other entities	—	—
1.12 Other (provide details if material)	—	—
Net investing cash flows	538	1,104
1.13 Total operating and investing cash flows (carried forward)	(501)	(714)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(501)	(714)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	907	907
1.15	Proceeds from sale of forfeited shares	–	–
1.16	Proceeds from borrowings	–	–
1.17	Repayment of borrowings	–	–
1.18	Dividends paid	–	–
1.19	Other (provide details if material)	–	–
	Net financing cash flows	907	907
	Net increase (decrease) in cash held	406	193
1.20	Cash at beginning of quarter/year to date	229	441
1.21	Exchange rate adjustments to item 1.20	(1)	0
1.22	Cash at end of quarter	634[^]	634

[^] In addition to cash as at 31 December 2015 NSE owned 2,778,000 shares in Sundance Energy Australia Ltd (ASX:SEA).

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	99
1.24 Aggregate amount of loans to the parties included in item 1.10	–
1.25 Explanation necessary for an understanding of the transactions	
Directors fees and salaries	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	N/A
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
	N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	–	–
3.2 Credit standby arrangements	–	–

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	25
4.2 Development	–
4.3 Production	–
4.4 Administration (net of recharges)	250
Total	275

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	634	229
5.2 Deposits at call	–	–
5.3 Bank overdraft	–	–
5.4 Other (provide details)	–	–
Total: cash at end of quarter (item 1.22)	634	229

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Canning Basin			
		EP417	Lapsed	100%	0%
		EP443	Lapsed	100%	0%
		EP450	Lapsed	100%	0%
		Application Area STP-EPA-0109	Relinquished	100%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	N/A			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	477,612,003	477,612,003	–	–
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	91,442,400 –	91,442,400 –	1.0 –	1.0 –
7.5	*Convertible debt securities <i>(description)</i>	N/A			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	1,000,000	—	<i>Exercise price</i> 40.0c	<i>Expiry date</i> 02 April 2016
		1,000,000	—	50.0c	02 April 2016
		100,000	—	51.9c	13 February 2017
		100,000	—	58.1c	13 February 2017
		75,000	—	22.4c	27 May 2017
		75,000	—	24.8c	27 May 2017
		500,000	—	16.7c	05 August 2017
		500,000	—	18.7c	05 August 2017
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired/lapsed during quarter	300,000	—	39.0c	12 December 2015
		300,000	—	44.0c	12 December 2015
7.11	Retention Rights	725,000	—	<i>Issue price</i> 16.89c	<i>Measurement date</i> 14 September 2016
		890,000	—	15.90c	14 September 2017
7.12	Issued during quarter				
7.13	Vested during quarter				
7.14	Expired/lapsed during quarter	500,000	—	22.30c	31 December 2015
7.15	Performance Rights	4,500,000	—	<i>Issue price</i> 16.89c	<i>Measurement date</i> 14 September 2016
		7,860,000	—	15.90c	14 September 2017
7.16	Issued during quarter				
7.17	Vested during quarter				
7.18	Expired/lapsed during quarter	750,000	—	22.30c	31 December 2015
7.19	Debentures (totals only)				
7.20	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Phil Thick
Managing Director
27 January 2016

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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