

# NEW STANDARD ENERGY

## *“The New Energy Frontier”*

*Euroz Oil & Gas Conference  
12 September 2012*

*Presented By:  
Sam Willis – Managing Director  
Dr Mark Hagan – Technical Director*



**NEW STANDARD  
ENERGY**

# Corporate Overview

## Capital Structure

New Standard Energy ASX:NSE	
Ordinary shares	305m
Unlisted options	12.2m
Market capitalisation (at \$0.46 per share)*	~\$140m
Current cash (net)	~\$40m
Investment in Buru Energy (10m shares at \$2.59 per share)*	~\$26m
Enterprise value	~\$74m



## Overview

- Emerging Oil & Gas explorer listed on ASX (NSE)
- Core focus on Western Australian onshore shale and tight gas projects
  - Ground floor equity positions (early mover)
  - Attractive energy markets and pricing
  - New Standard operating all assets
- Gross acreage in excess of 14 million acres across Western Australia
- Global leader ConocoPhillips secured to fund and progress Goldwyer shale gas and liquids project, onshore Canning Basin
- Onshore drilling activity and planning commenced
  - Initial focus on Goldwyer Project (3 wells)
  - Emerging focus on Merlinleigh (1-2 wells)
- Healthy balance sheet and funding sources
- Highly leveraged to exploration success in a rapidly emerging sector

\* Prices at COB, 7 September 2012

# Experienced Board and Management

## Experienced Board

### **Arthur Dixon, AM - Chairman**

- 🏢 Engineer, 40 years with Shell with 20+ in LNG
- 🏢 LNG and gas marketing and project development expertise

### **Sam Willis – Managing Director**

- 🏢 Corporate finance and resources background
- 🏢 Over 10 years corporate advisory and capital markets experience

### **Mark Hagan – Technical Director**

- 🏢 Petroleum geologist, over 30 years experience in oil and gas exploration and production
- 🏢 18 years working for Sun Oil, ultimately responsible for worldwide exploration activities

### **Chris Sadler – Non Executive Director**

- 🏢 20 years banking (Deutsche Bank, JP Morgan)
- 🏢 Energy sector experience with Gloucester Coal, Eastern Star Gas

### **Phil Thick - Non Executive Director**

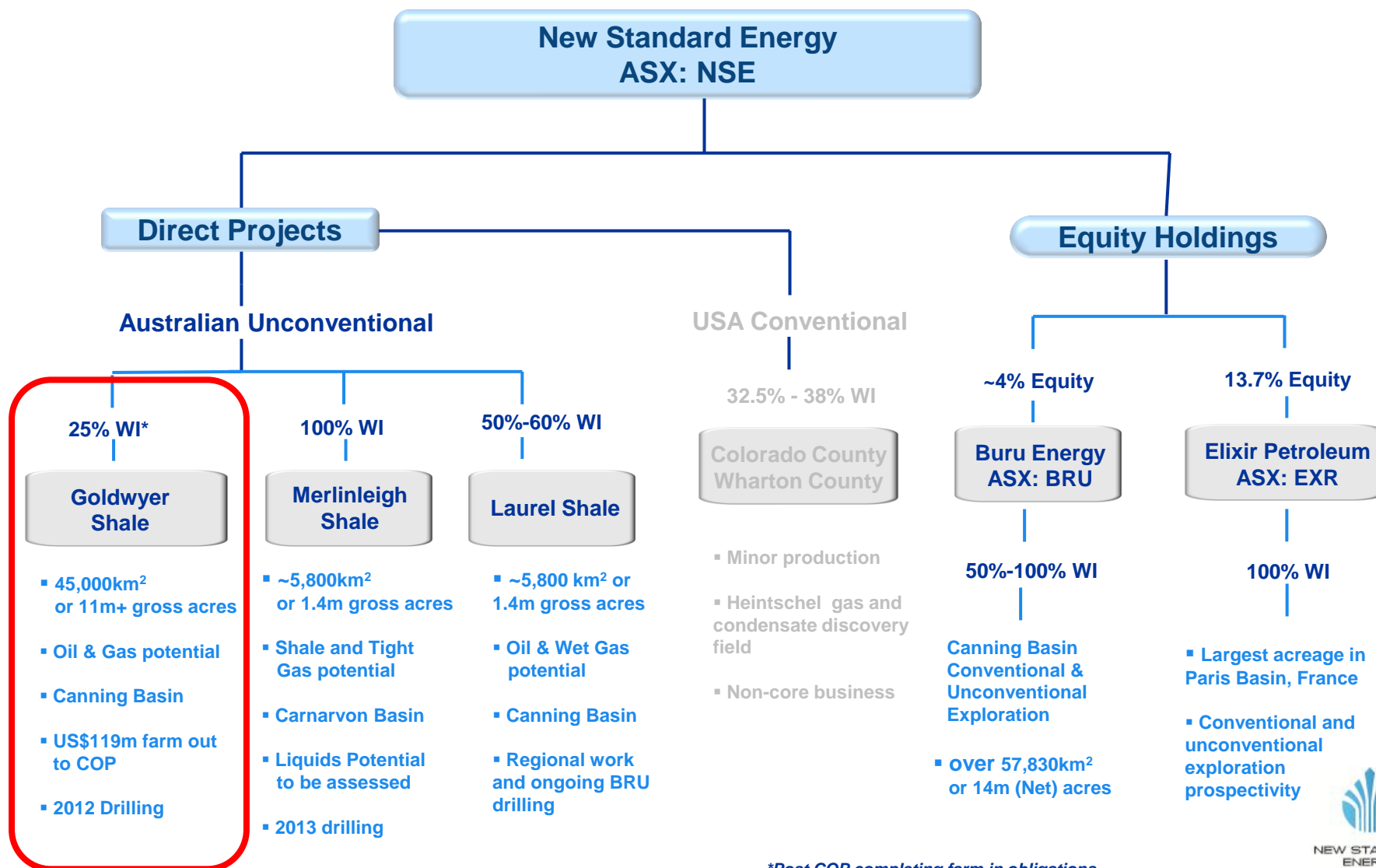
- 🏢 20 years downstream experience with Shell
- 🏢 Ex CEO of Coogee Chemicals – large end user of domestic gas

## Establishing a Solid Operating Capacity

- 🏢 Senior management and experienced execution teams deepened over the past 9 months
- 🏢 Established team includes (amongst others)
  - 🏢 General Manager Operations and Engineering
  - 🏢 Exploration Manager
  - 🏢 Commercial and Legal Manager
  - 🏢 CFO and Company Secretary
  - 🏢 HSEC Manager
  - 🏢 Native Title Lawyer
  - 🏢 Contracts and Procurement Manager
  - 🏢 Drilling Manager (Canning experience)
  - 🏢 Drilling Supervisor (Remote onshore experience)
  - 🏢 Civils contractor (Canning experience)
  - 🏢 Drilling contractor (MB Century, Canning experience)

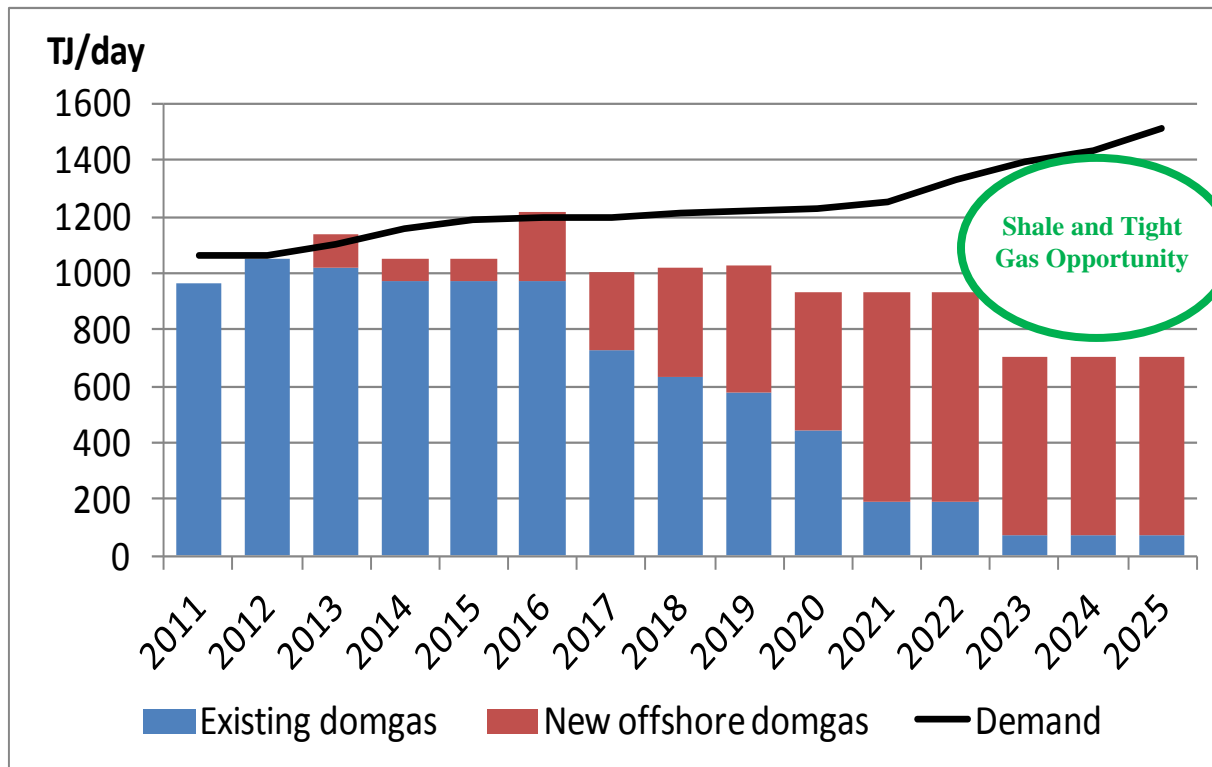
***New Standard is now well placed to manage JV operations during early phase exploration***

# Diversified Portfolio with Emerging Unconventional Focus



# WA Energy Market – Attractive Exploration Environment

## WA Onshore Gas Demand-Supply Equation



Source: ACIL Tasman, Morgan Stanley Shale Conference Presentation, April 2012

## Favourable Onshore Outlook

- Sustained upward pressure on WA gas prices
- Limited existing supply side alternatives
- Declining North-West Shelf domgas availability
- Increasing costs of incremental supply especially offshore
- Large offshore fields need scale economy of LNG, petrochemicals
- High value as LNG
- Prices likely to remain high (eg \$8 to \$10/GJ)

***A clear opportunity for shale gas and tight gas resources is emerging in WA***

# Well Positioned for WA Energy Market



## Large Acreage Position in Strong, Growing Market

- ❖ Substantial acreage position, ahead of the curve
- ❖ West Australian focus – dominant land position with total acreage of >14 million gross acres
- ❖ High domestic gas prices (~\$8+/GJ) with emerging channels to market, including LNG
- ❖ Growing infrastructure in Kimberley region with LNG developments and large players positioning
- ❖ Pipeline access to both the Pilbara market and Perth metropolitan area being planned via proposed Buru pipeline
- ❖ Commercially attractive liquids rich zones identified in Goldwyer and Laurel
- ❖ Merlinleigh project located on major gas infrastructure
- ❖ Direct access to growing Midwest and Pilbara resource development projects
- ❖ Potential for onshore shale gas to offset and meet Domestic Gas reservation requirements for offshore LNG
- ❖ Emerging discoveries in Canning Basin, drilling activity set to ramp up



# New Standard: 12 Month Activity Schedule

3Q 2012

4Q 2012

1Q 2013

2Q 2013

## Goldwyer Project

- Nicolay #1 drilling, coring and logging
- Gibb Maitland #1 drilling, coring and logging
- Blatchford #1 drilling, coring and logging
- Scientific core analysis
- Diagnostic fracture injection tests (DFITs)



## Merlinleigh Project

- Partnering assessment
- Planning and preparation for drilling program
- 2013 drilling program (1-2 wells being planned)



## Laurel Project

- Regional studies and ongoing BRU program



Rig Move



Possible Activity

Note: Above dates, timelines and activities are indicative only, are subject to various approvals and are subject to change without notice



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# New Standard Portfolio

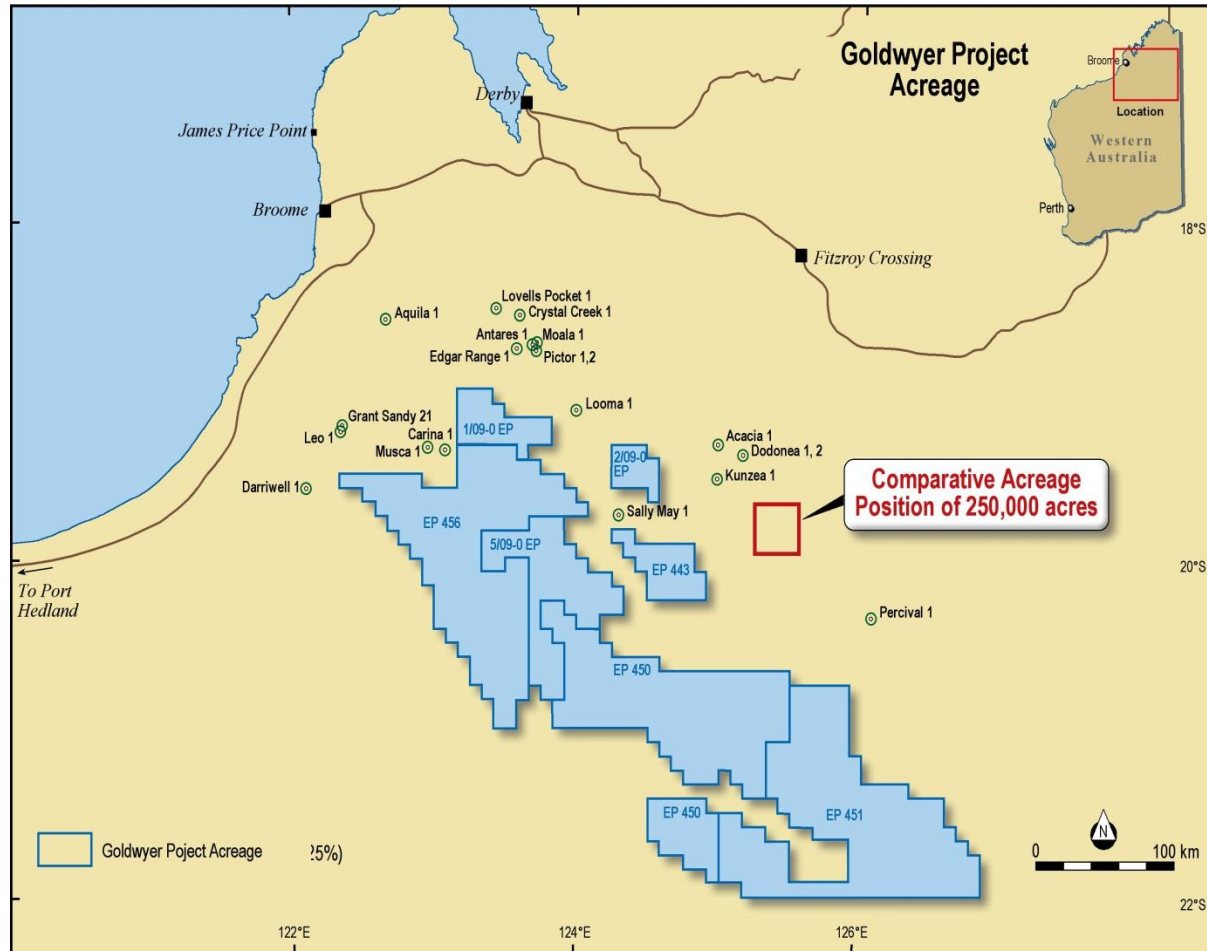
**The Goldwyer Project:**  
*Why are we true believers?*



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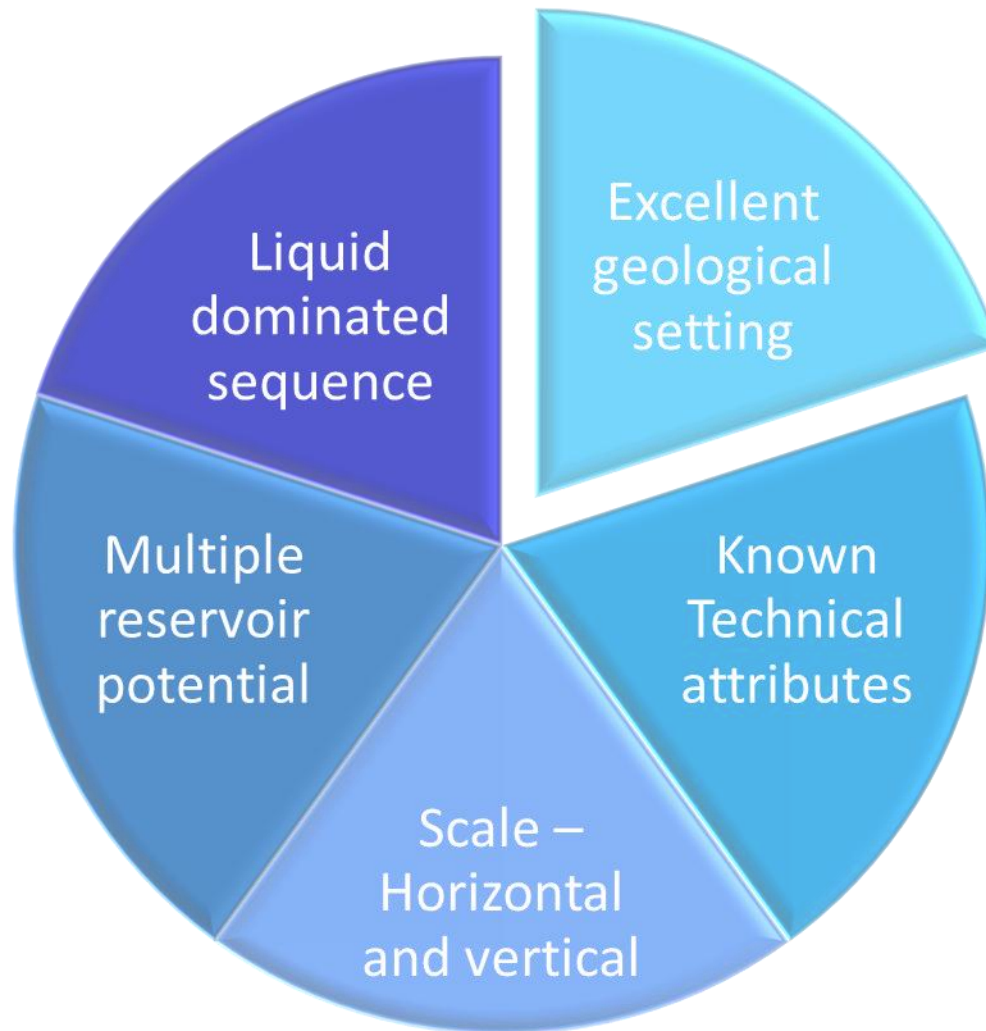
# Goldwyer Project: Overview



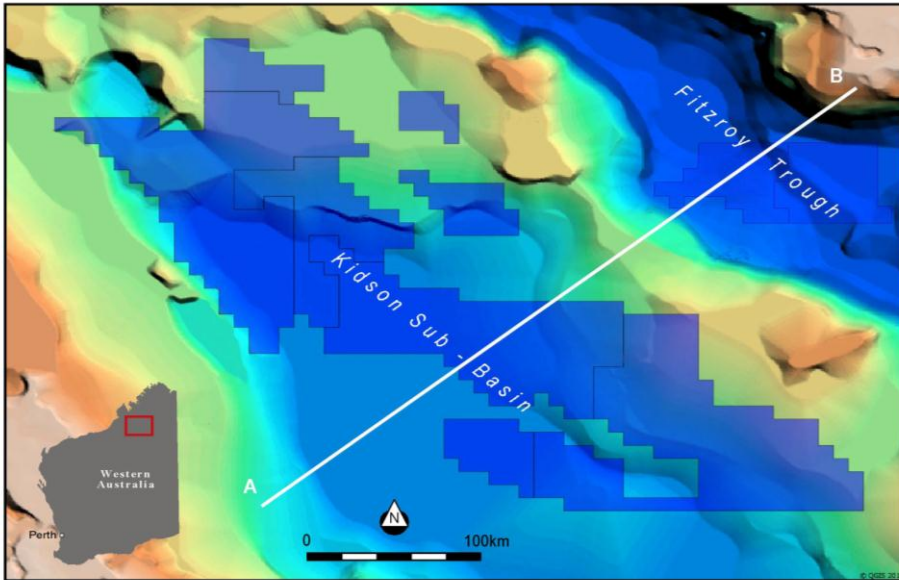
- 45,000km<sup>2</sup> (>11m gross acres) located in Canning Basin, WA
- Huge scale on global basis
- Dominant, well located acreage position in Kidson sub-basin
- Goldwyer is a marine shale providing prospective liquids rich shale acreage
- Open export LNG markets and growing domestic market
- Regional infrastructure being established
- Vastly underexplored but significant exploration investment underway
- No surface access issues with landowners
- Working relationship established with key stakeholders (TOs, DMP)
- ConocoPhillips secured as partner with US\$119m farm-in carry (revised agreement)
- Potential “Tier 1” asset

***Large contiguous acreage position with the potential for a liquids rich wet gas window of substantial size***

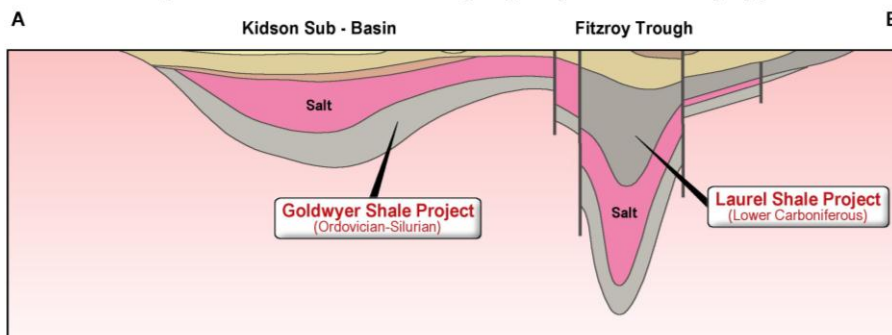
# Goldwyer Project: Why is it so attractive ?



# Basic Canning Basin Geology



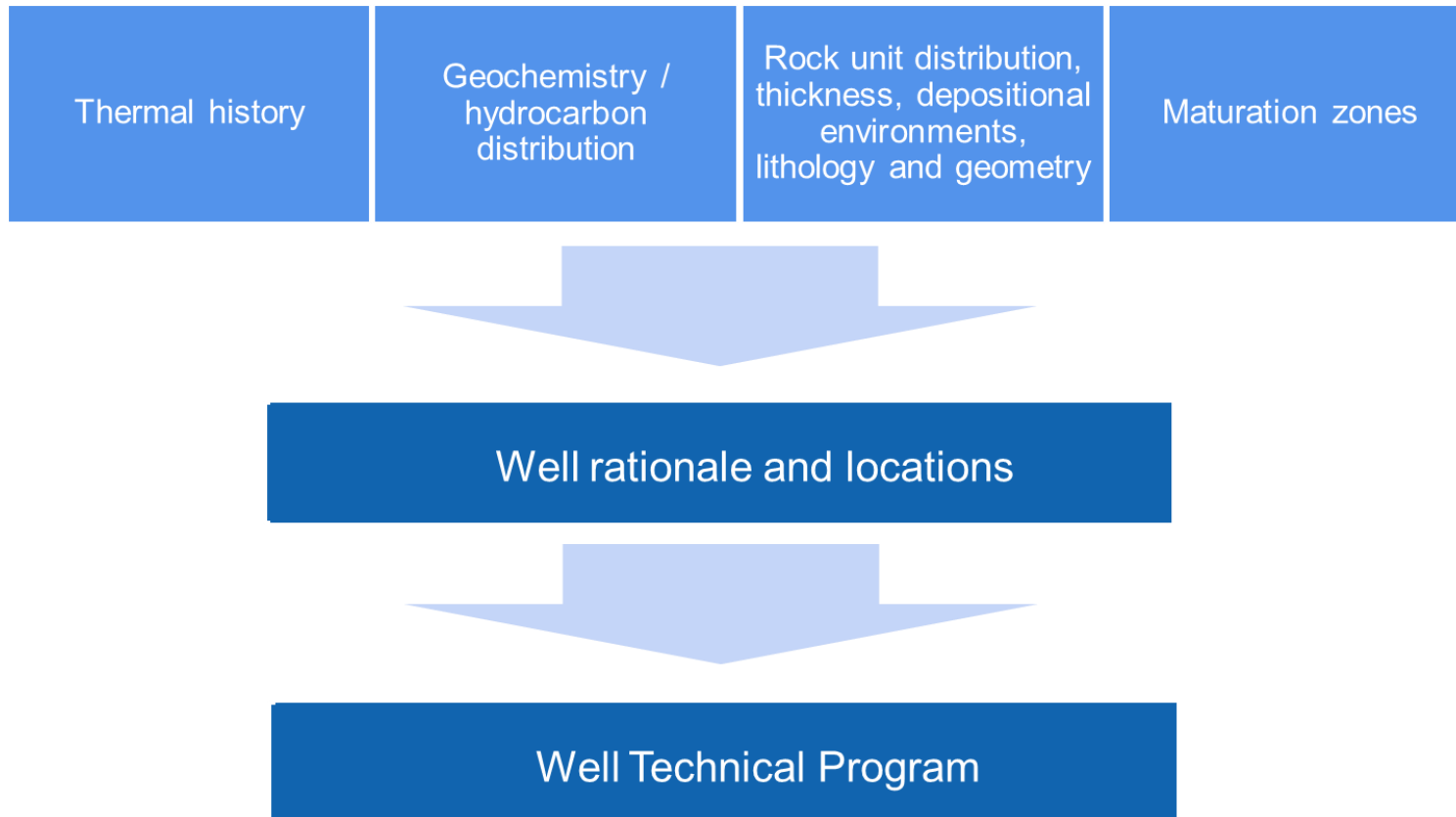
**Simplified Cross Section Showing Major Hydrocarbon Play Types**



The Canning Basin can be broadly divided into two major petroleum systems that are geologically discrete

- Kidson Sub-basin
  - Goldwyer Sequence
  - Sub-salt petroleum system
  - Ordovician/Silurian
  - Marine shale
- Fitzroy Trough
  - Laurel Sequences
  - Post salt petroleum system
  - Lower Carboniferous

# Goldwyer: Technical Knowledge Prior to Farm-out



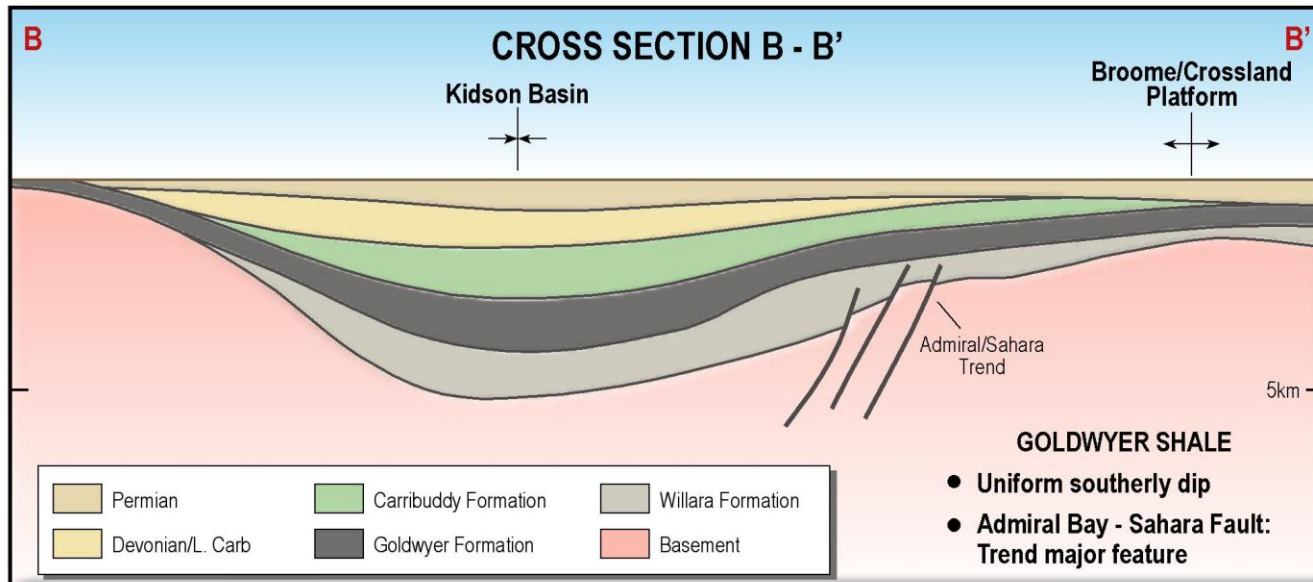
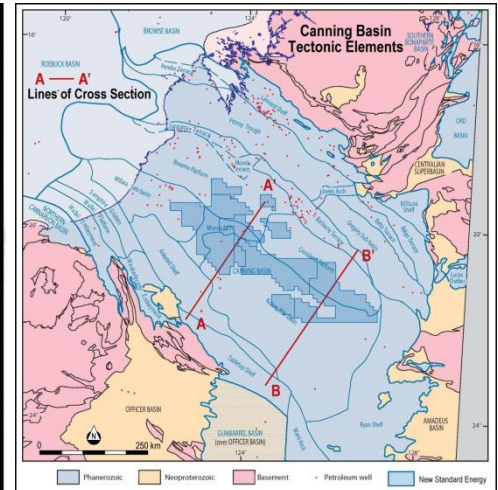
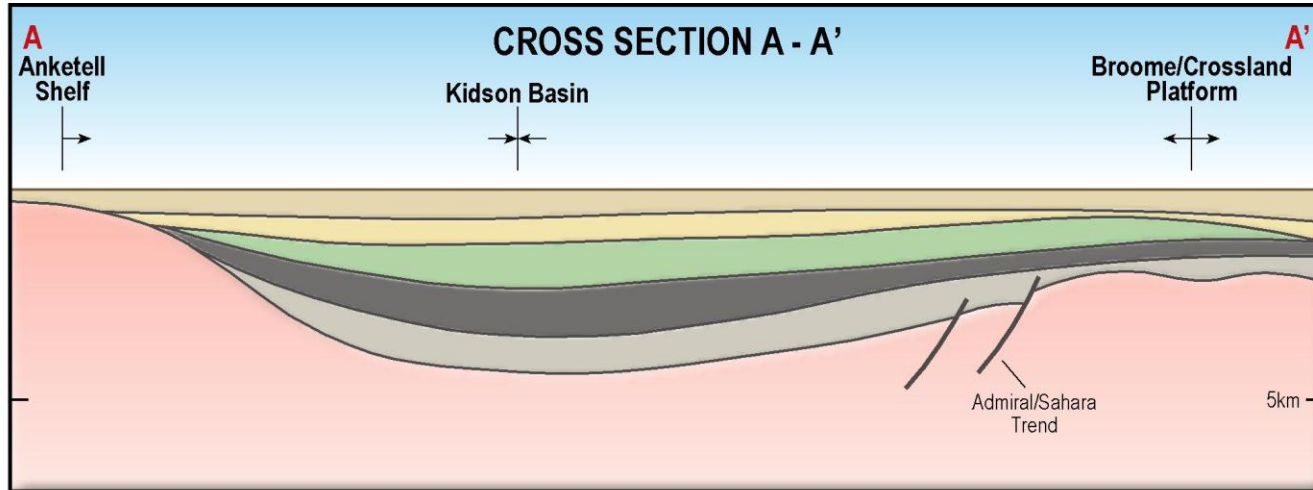
# Goldwyer Formation - Known Technical Attributes

- Basin geometrics excellent – low dips, minimal faults
- Continuous, thick sequence of mappable stratigraphic units throughout area
- Thick (>80m) multiple reservoir horizons
- Multiple lithologies/minerologies:
  - Shale / siltstones / sandstones / limestones / dolomites
- Migrated oil and gas occurrences typed to Goldwyer source
- TOC / Maturity levels appropriate for unconventional resources
- Maturity bands wide and continuous
- Depths of 2,800m -3,400m
- Normal to over-pressured section beneath salt blanket
- No interbedded aquifers but access to water in overlying Grant formation

***All these attributes have been projected into NSE acreage as there are no wells drilled in the major prospective fairway of acreage held in EP's 456, 450 and 451***



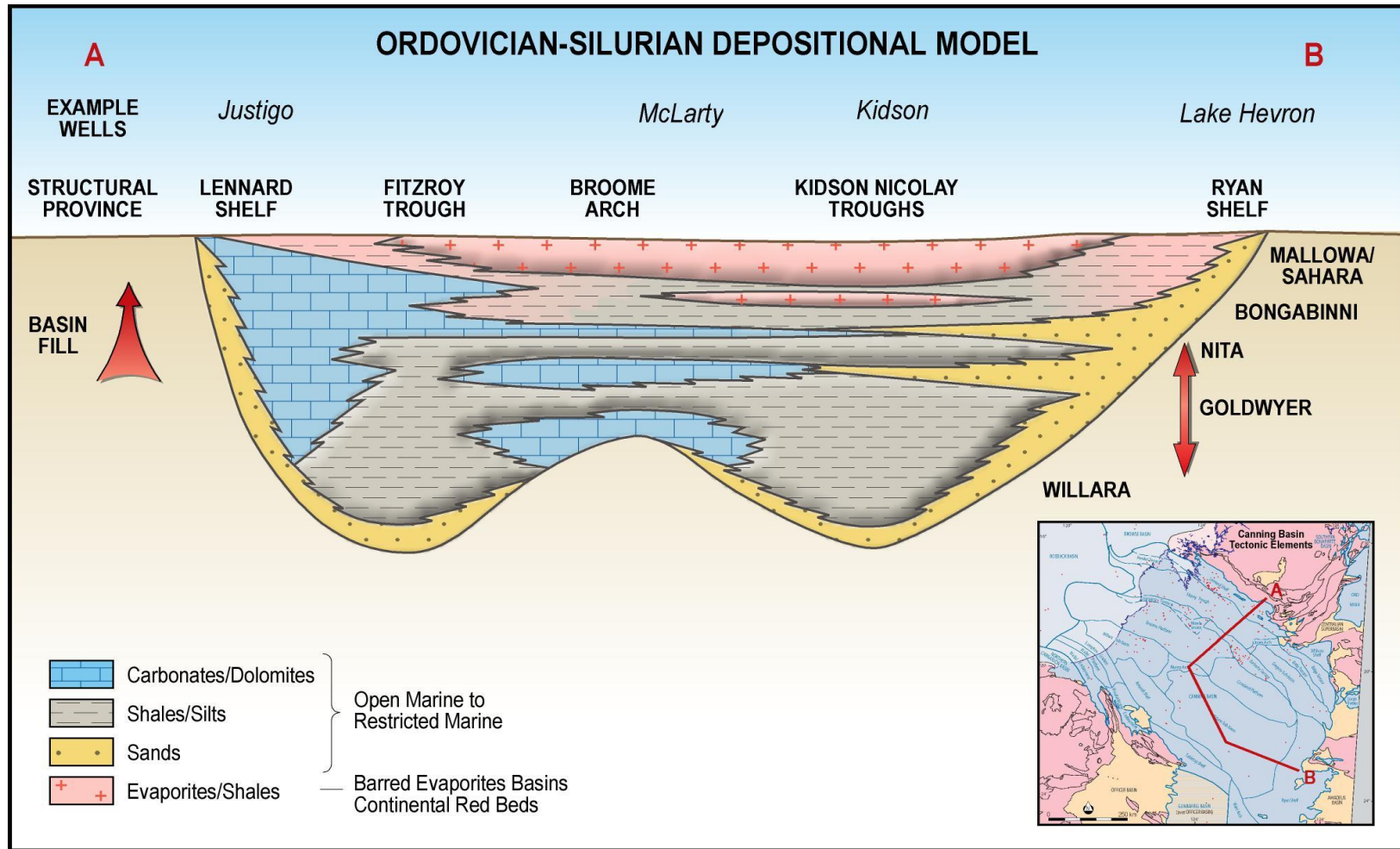
# Goldwyer Project: Cross Sections Across Kidson Basin



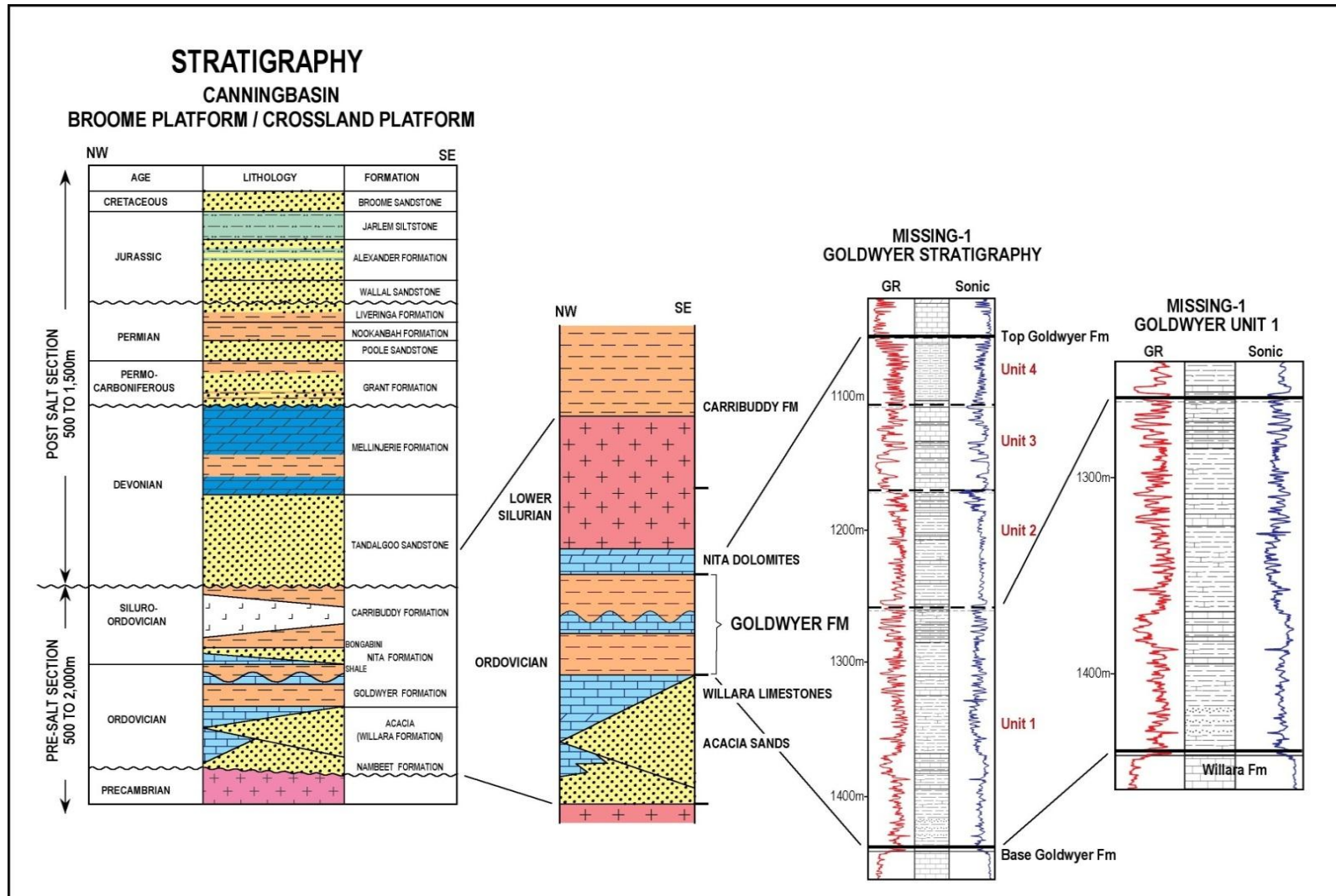
- Gradual dip from oil window to dry gas window
- Wide, continuous maturity bands
- Thick sedimentary packages
- Minimal faulting
- Appropriate depths



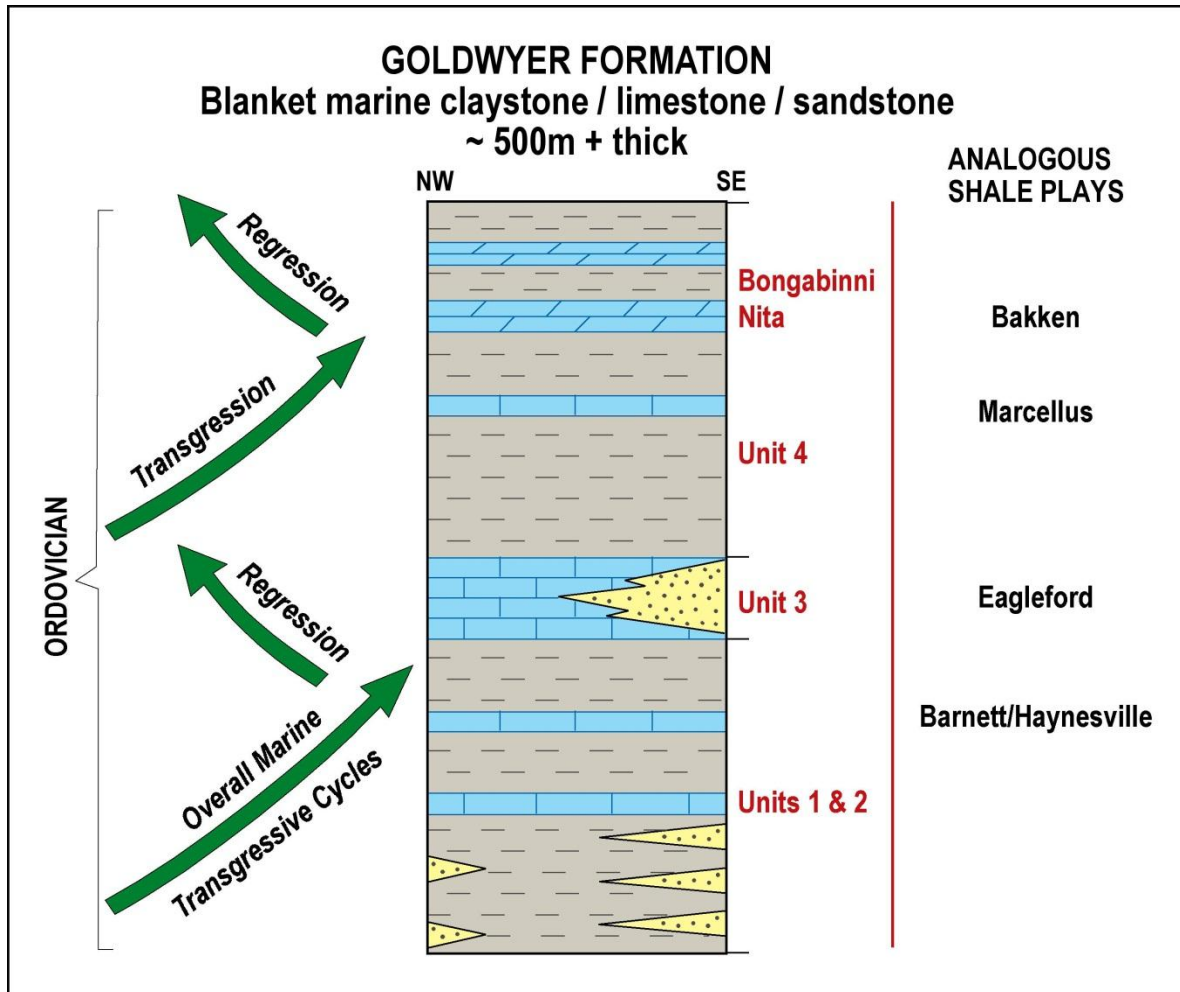
# Goldwyer Project: Pre Salt Depositional Model



# Goldwyer Formation: Stratigraphy



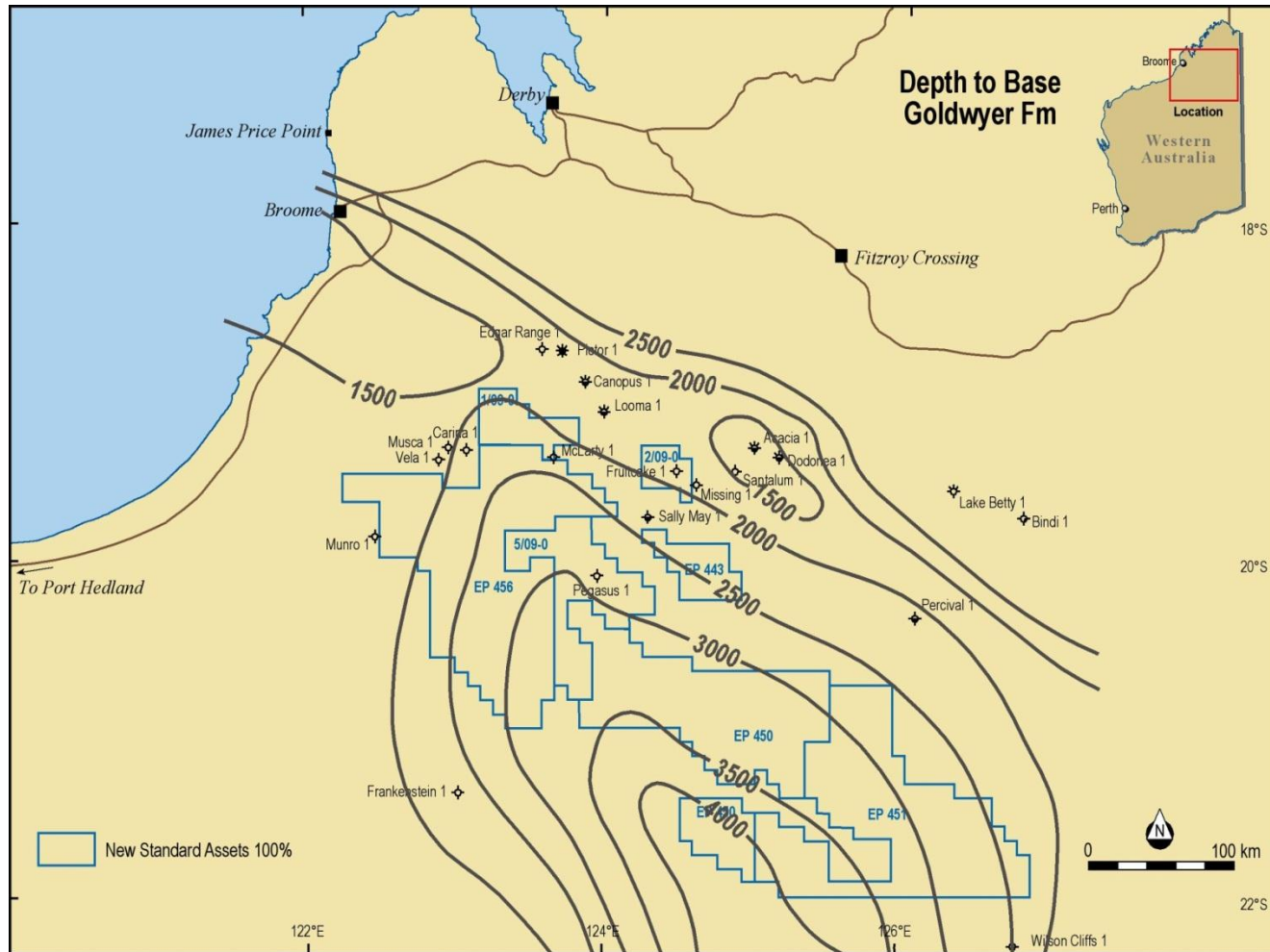
# Goldwyer Formation: Multiple Potential Targets



- ❖ Blanket marine shale of Ordovician age underlying permits
  - ❖ Liquids prospectivity
- ❖ Four distinct shale units with total thickness of between 200m and 700m
- ❖ Multiple horizons of interest with differing characteristics
- ❖ Differing geological settings within stratigraphic column
- ❖ Various analogues based on geological settings and sparse data
- ❖ Overlying Bongabinni Shale and Nita Dolomite also of interest
- ❖ Primary target zones between 2,800m and 3,800m depth
- ❖ Abundant water available
  - ❖ Wells drilled to depth
  - ❖ Natural impermeable barriers provide environmental protection

***The Goldwyer is not one homogenous shale but presents multiple separate potential resource plays in the one formation***

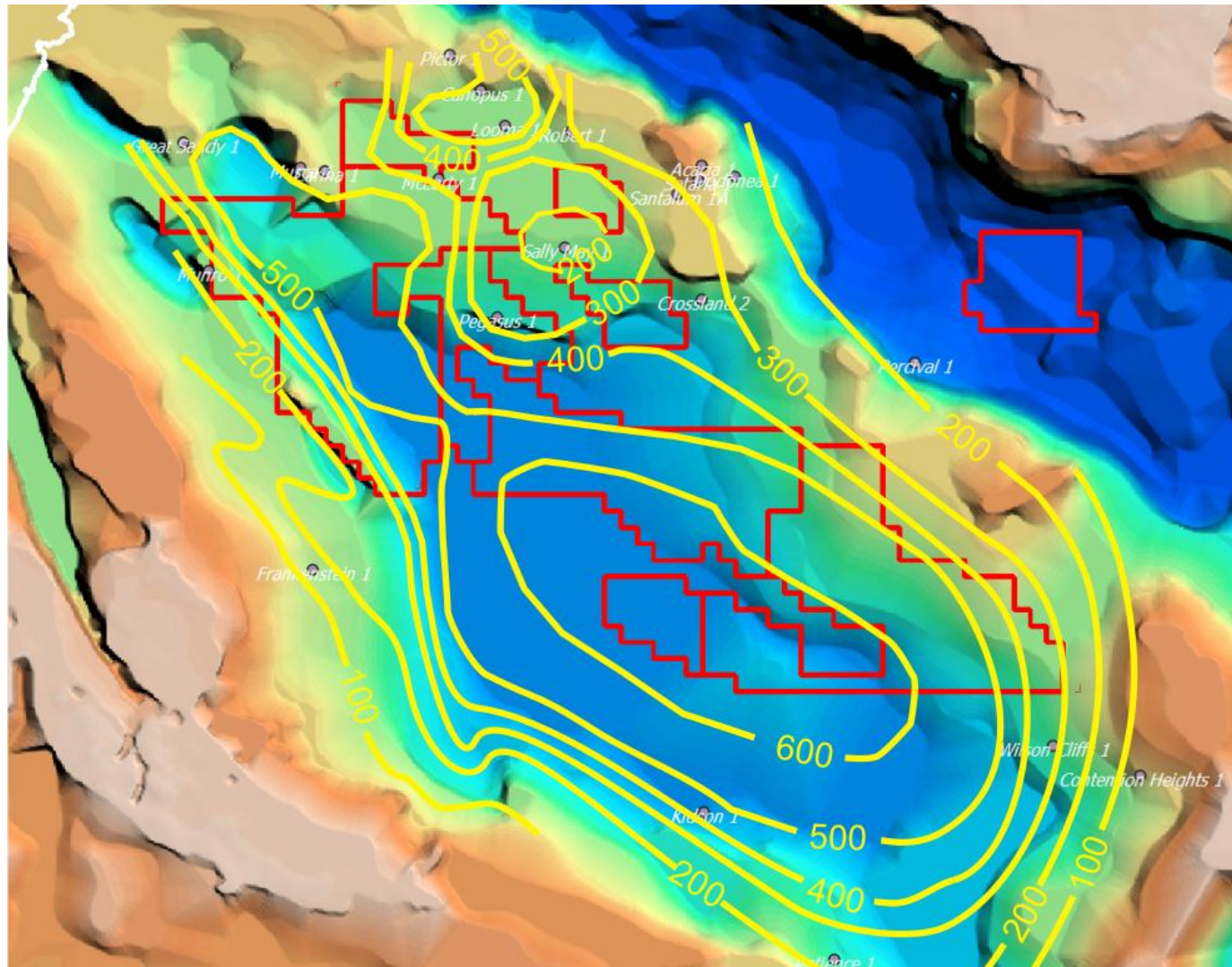
# Goldwyer Formation: Depth to Base



- Depth to base of Goldwyer ranges from 2,000m to 4,000m
- Gradual dip slope from shallow in the north to deeper in the south
- Various maturity windows
- Potential for Goldwyer to be present from oil window right through to dry gas window



# Goldwyer Shale: Total Thickness [m] (simplified)



# Goldwyer Formation: McLarty #1 Core

core 11  
dolomite  
d = 1665 [m]



core 12  
Goldwyer unit 4  
shale, limestone  
d = 1758 [m]  
TOC < 1.0 %



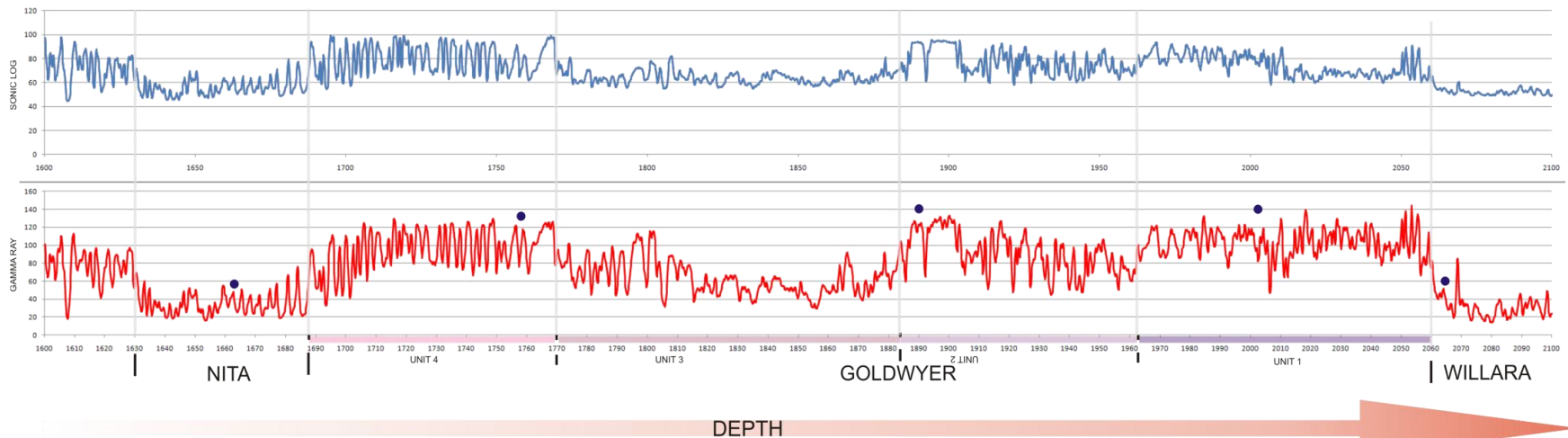
core 13  
Goldwyer unit 2  
shale  
d = 1894 [m]  
TOC = 2.4-3.6 %



core 14  
Goldwyer unit 1  
black shale  
d = 2002 [m]  
TOC = 3 - 3.6 %

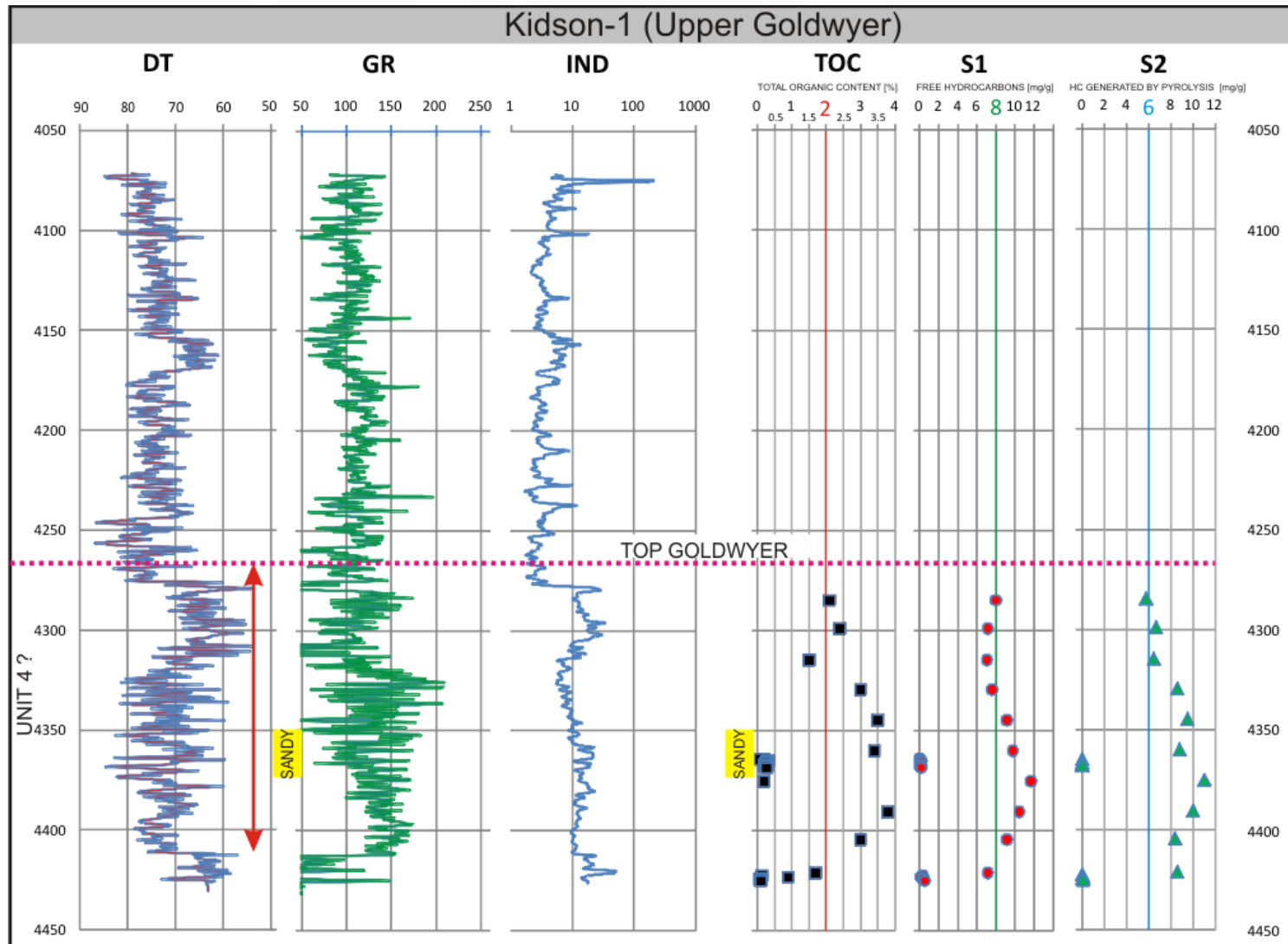


core 15  
Willara Fm  
dolomite  
d = 2065 [m]

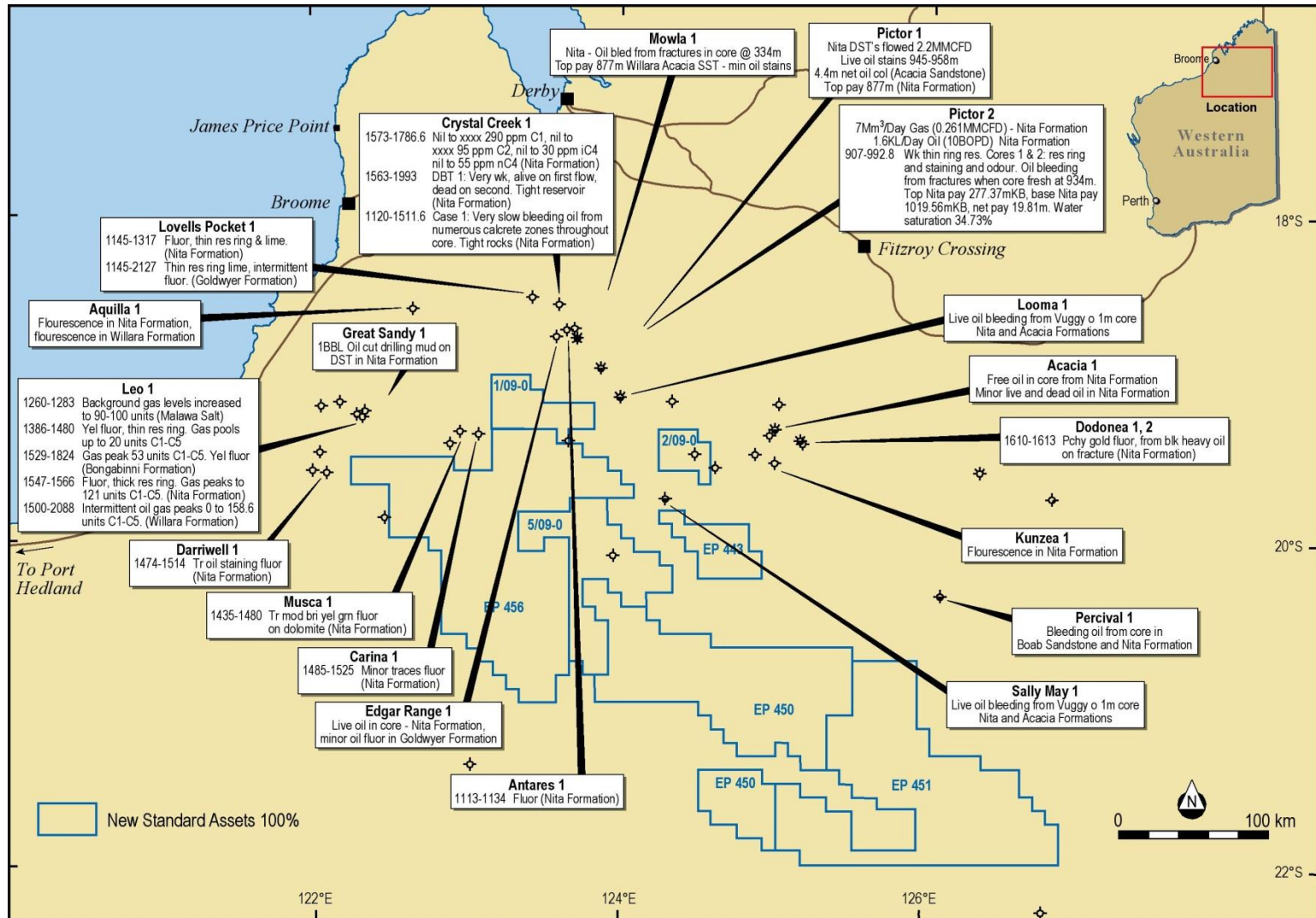




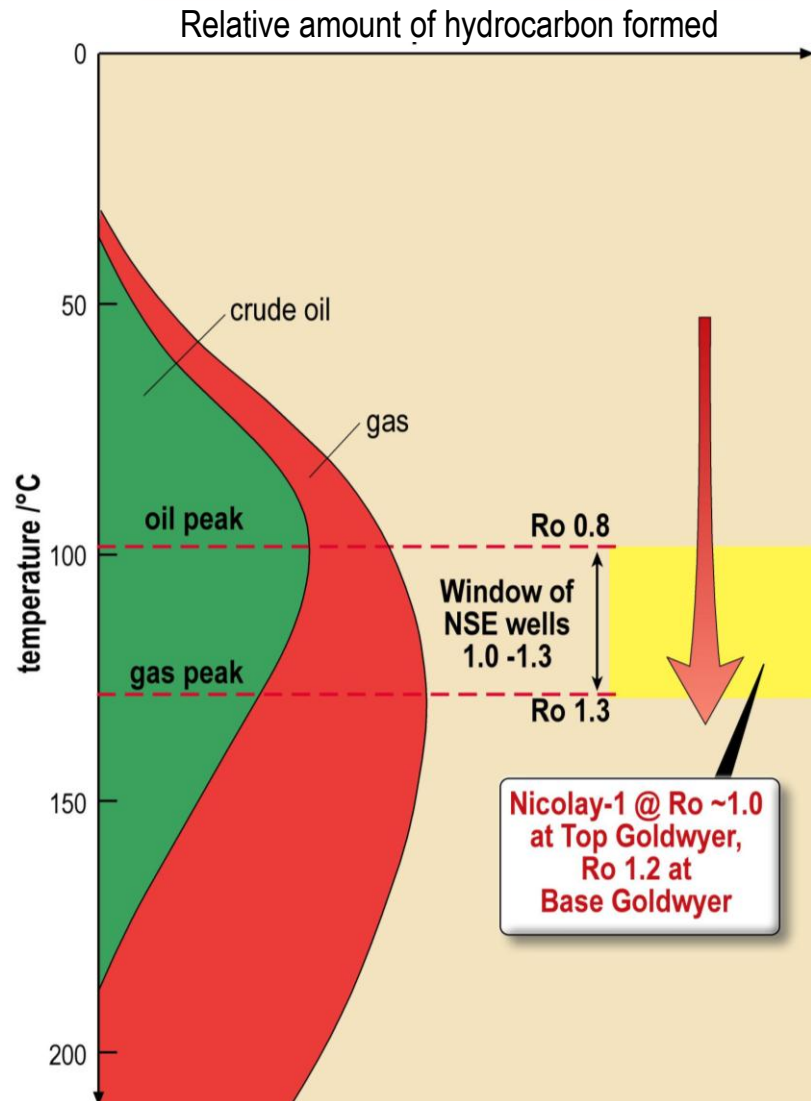
# Goldwyer: Geochemical Characteristics (Kidson #1)



# Goldwyer Oil Generation: Canning Basin Oil Occurrences

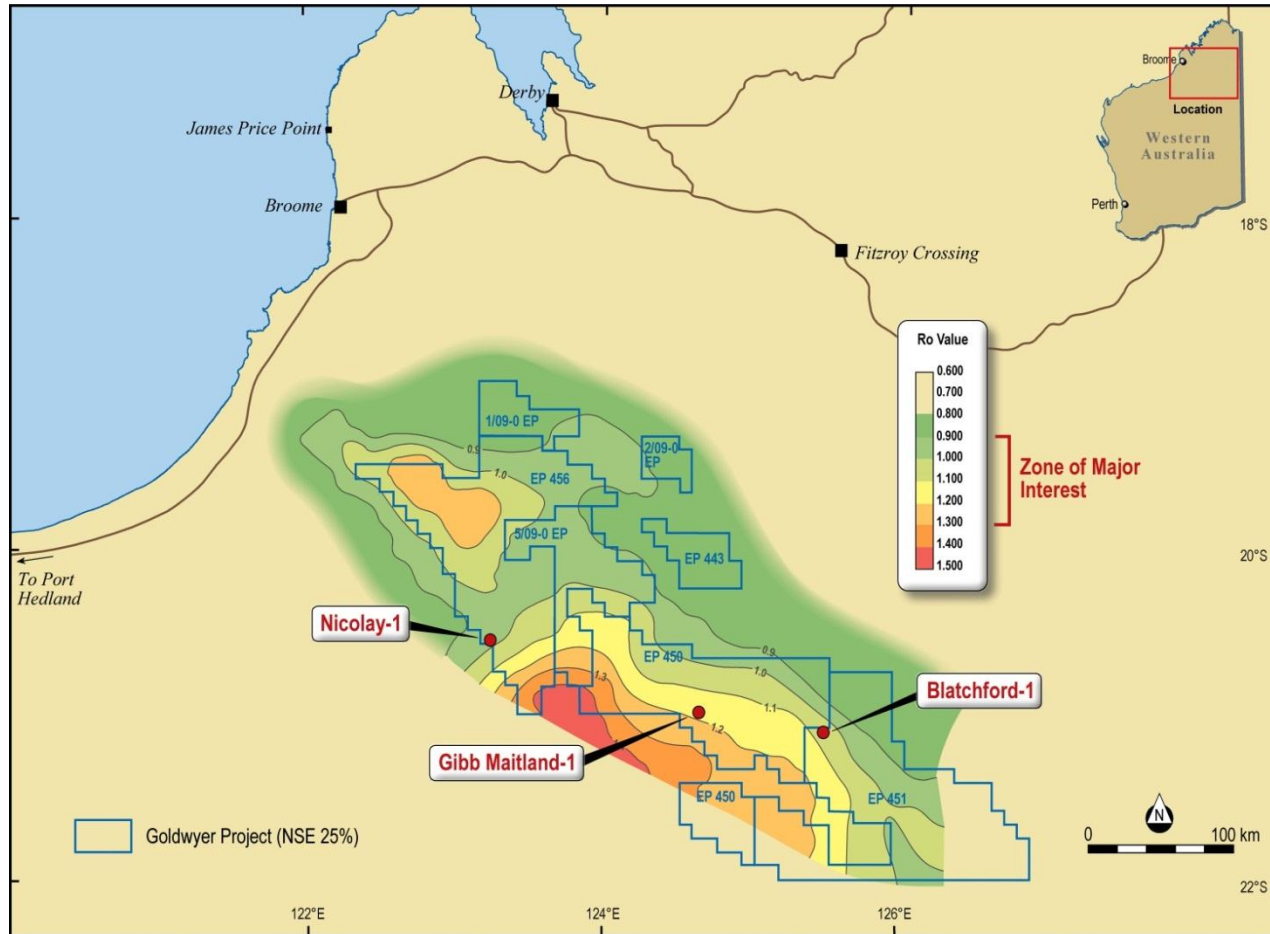


# Goldwyer Project: Nicolay #1 Maturation Profile



Primary target zone where gas/condensate ratios potentially attractive for mobility & richness (ie: Eagleford sweetspot)

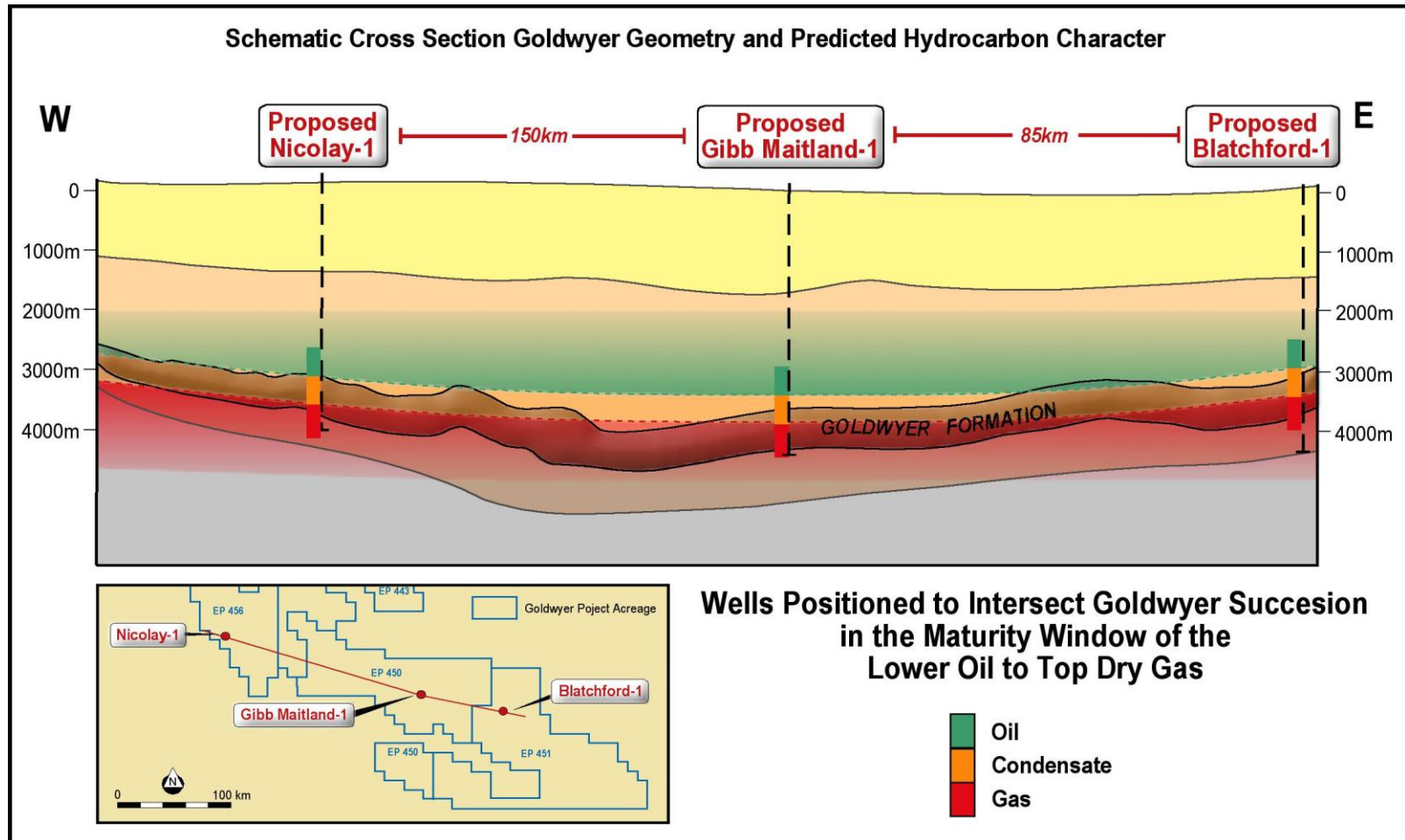
# Goldwyer Unit 1: Present Day Maturity (Ro)



- Three prospective locations selected – Nicolay #1, Gibb Maitland #1 and Blatchford #1
- All targeting the potential liquids rich maturity windows within the Goldwyer formation
  - Aiming for wet gas zone (Ro 0.9 – 1.2) to test maturity window
- Varying depths targeting the prospective Goldwyer formation between 2,800m and 3,800m
- Located to minimise risk
  - On existing seismic lines
  - Aligned with existing access and infrastructure where possible
  - Across 3 permits to meet 2012 work commitments

**Three initial drilling locations targeting the potential liquids rich gas zones at varying depths across three separate permits**

# Goldwyer Project: Phase 1 Drilling Program



*The three Phase 1 vertical well locations and the target zones for the Goldwyer formation*



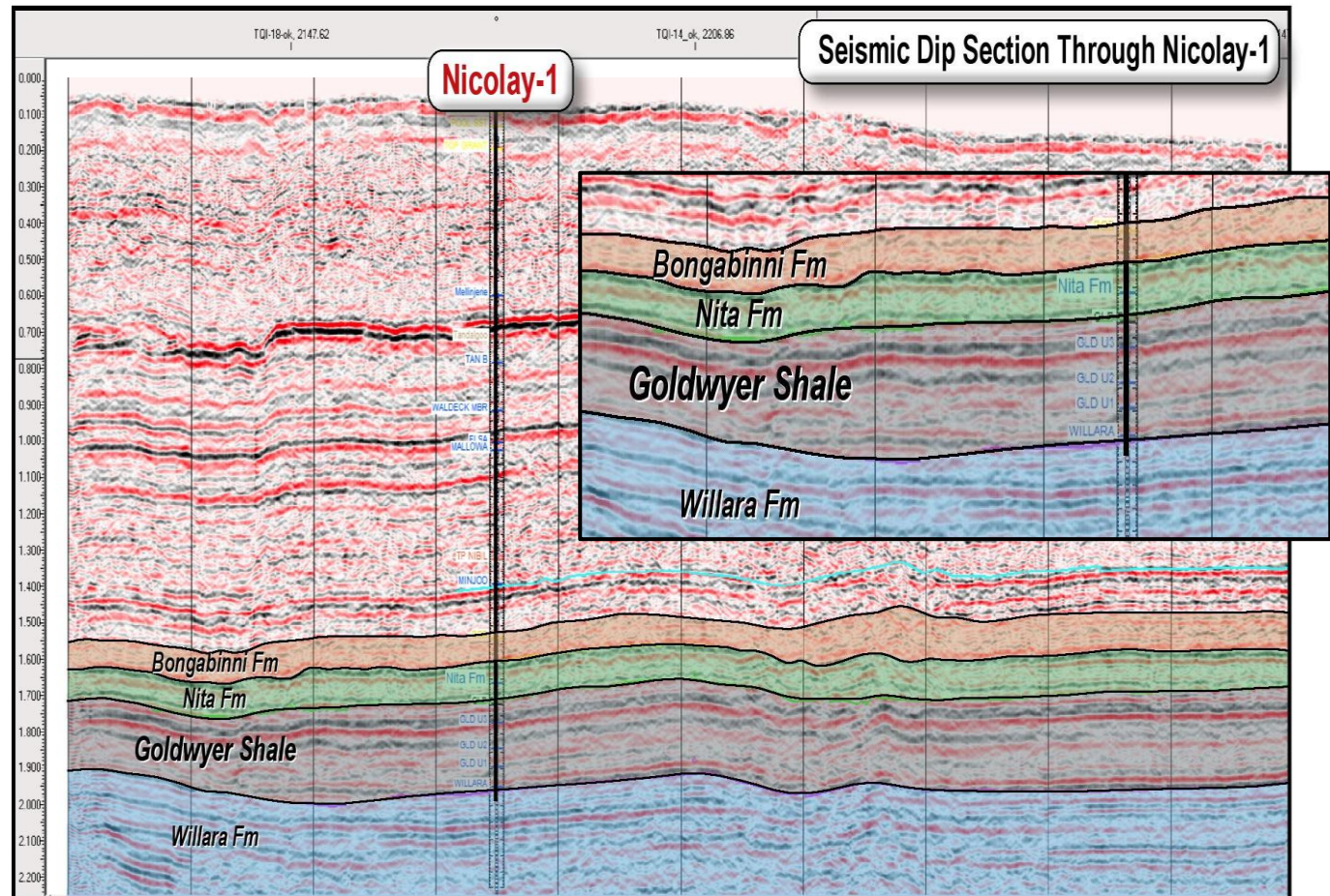
# Goldwyer Project: Nicolay #1

## Nicolay #1 Well

- Data acquisition
- Spudded 20, August 2012
- Expected TD of ~ 3,450m with ~ 55 days to drill, core, log and suspend
- Tight rock, no natural flows are anticipated

## Short Term Milestones

- Successfully setting 9 5/8" casing immediately above the Nita and Goldwyer formations
- Coring program throughout Nita and Goldwyer formations
- Hydrocarbon shows in mudlogs and/or cores
- Wireline logs



***Nicolay #1 well is a data acquisition well primarily designed to core, log and evaluate the Goldwyer formation***





# Goldwyer Project: Phase 1 Data Acquisition

## What Information Are We Looking For In Each Well?

Key Parameter	Detailed Data Being Sought
Source rock quality	TOC, kerogen type, maturity, condensate/gas ratios, rock evaluation
Reservoir quality	Facies, GRI porosity, permeability, saturation
Containment	Seal, faults, burial history, residence time
Brittleness	Mineralogy, contiguous thickness, depth, pressure, stress regime

## What To Look Out For During Phase 1 Program

- 🌿 Coring program throughout Nita and Goldwyer formations
  - 🌿 Core recovery and visible observations
  - 🌿 Hydrocarbon indications (mud logs, core observations)
  - 🌿 Confirmation of section thickness throughout Nita and Goldwyer
  - 🌿 Electric wireline logs (reservoir information, hydrocarbon saturations)
- 🌿 Scientific analysis of core confirming key parameters
  - 🌿 How good is the rock and what does it contain? (ie: source rock and reservoir quality)
  - 🌿 How good is the container? (ie: how much is still in the rock)
  - 🌿 How well does it break? (ie: can we break it to extract the remaining hydrocarbons?)

***Phase 1 Aim: Confirm Goldwyer prospectivity and secure COP commitment to Phase 2 program in 2013***

# Goldwyer Project: Summary

## **The Goldwyer Project presents an exciting, highly leveraged opportunity**

- 🌿 Huge acreage position providing leverage and enormous scale
- 🌿 Regional marine source rock of Ordovician hosting liquids prone sections
- 🌿 Attractive known technical attributes
  - 🌿 Basin geometrics excellent – low dips, minimal faults
  - 🌿 Continuous, thick sequence of mappable stratigraphic units throughout area
  - 🌿 Thick (>80m) multiple reservoir horizons
  - 🌿 Multiple lithologies/minerologies:
    - 🌿 Shale / siltstones / sandstones / limestones / dolomites
  - 🌿 Migrated oil and gas occurrences typed to Goldwyer source
  - 🌿 TOC / Maturity levels appropriate for unconventional resources
  - 🌿 Maturity bands wide and continuous
  - 🌿 Depths of 2,800m -3,400m
  - 🌿 Normal to over-pressured section beneath salt blanket
  - 🌿 No interbedded aquifers but access to water in overlying Grant formation
- 🌿 World class partner in ConocoPhillips
  - 🌿 Access to exceptional technical expertise that elevates New Standard capabilities
  - 🌿 Data acquisition program underway to help determine Goldwyer prospectivity

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**Competent Person:** The information in this presentation has been reviewed by Dr Mark Hagan (BSc Hons, PhD) who is a Petroleum Geologist and Geophysicist with more than 35 years experience in the industry. Dr Hagan is Technical Director of New Standard Energy and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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