



NEW STANDARD
ENERGY

22 June 2010

ASX Announcement

CANNING BASIN VALUE BEING RECOGNISED INDEPENDENT REPORT HIGHLIGHTS GOLDWYER SHALE GAS POTENTIAL

(ASX: NSE)

Highlights

- ✿ Independent report on unconventional resources by RISC Pty Ltd (**RISC**) confirms prospectivity of the Goldwyer shale in the Canning Basin
 - ✿ Potential gas initially in place (GIIP) of 40-480 Tcf in prospective part of Goldwyer shale
 - ✿ Positive indicative economics of Goldwyer shale gas
- ✿ Buru announces \$152.4 million farm-in with Mitsubishi Corporation (**Mitsubishi**)
 - ✿ Substantial farm-in over large acreage position in the Canning Basin
 - ✿ Large component targeted at unconventional hydrocarbons
 - ✿ Exploration area immediately adjacent to New Standard exploration acreage

New Standard Energy Ltd (**New Standard**) is pleased to note a number of significant advances and developments pertaining to the exploration efforts in the Canning Basin, Western Australia. The recent developments include a new independent report confirming the large shale gas resource potential of the Goldwyer Basin in the Canning Basin together with the execution and announcement of a significant farm-in agreement by Buru Energy Ltd (**Buru**), worth more than \$150 million, for exploration acreage directly adjacent to New Standard's exploration area in the Canning Basin. New Standard is also a 10% equity owner in Buru.

These developments provide substantial momentum for exploration efforts in the Canning Basin whilst the Buru farm-in agreement also recognises substantial value for its large acreage position.

Unconventional Gas Report by RISC

An independent and publicly available upstream industry report produced by RISC has confirmed the resource and commercialisation potential of the Goldwyer shale exploration play in the Canning Basin.

RISC is an internationally recognised consultancy with significant expertise in the oil and gas sector. The report entitled "Unconventional Gas in Australia, May 2010" is a comprehensive review of coal seam, shale and tight gas in Australia. The report includes commentary on the shale gas potential of the Canning Basin, including a scoping review of the Goldwyer shale, as well as potential economics assuming exploration success. The review highlighted:

- ✿ The huge potential for the Canning Basin;
- ✿ Potential gas initially in place (GIIP) of **40 - 480 Tcf** (Trillion Cubic Feet) over the most prospective parts of the Goldwyer Formation (estimated to be around 80,000km²); and
- ✿ Potential for Canning Basin gas to be supplied economically to market at prices currently being enjoyed in the Western Australian gas market.



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New Standard was not involved in the preparation of the independent report from RISC and notes that the review is dependent upon significant technical and commercial assumptions (including exploration, development, and production success) made by RISC in their professional opinion and based on their substantial experience and expertise. Specifically, RISC's conclusions are dependent upon US shale analogues being applicable to the Goldwyer shale in Australia.

New Standard holds the oil and gas exploration rights to more than 48,000 km² of exploration acreage in the Canning Basin with a significant portion of that acreage covering the prospective Goldwyer shale gas window (refer figure 1 below).

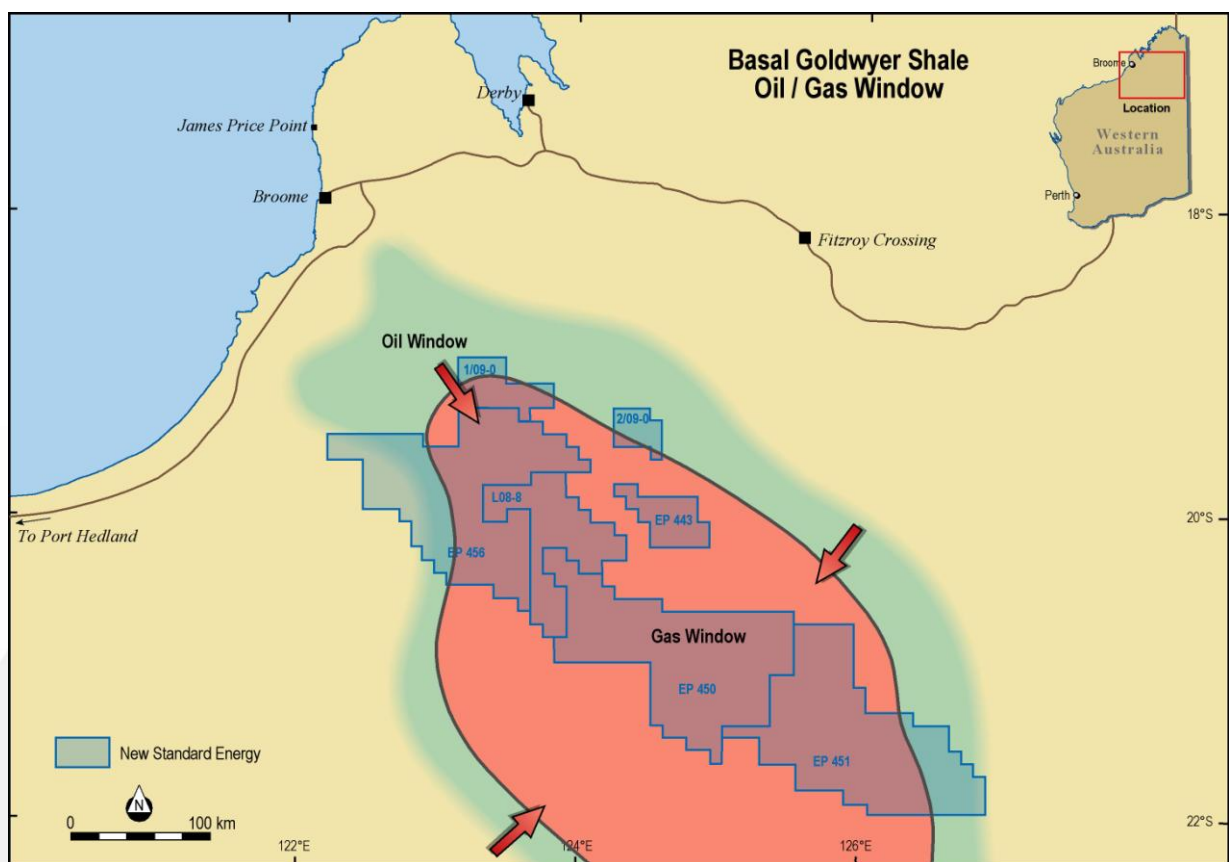


Figure 1: New Standard's 48,000km² acreage position highlighting the postulated gas and oil windows across the Goldwyer shale

Netherland Sewell and Associates (NSAI) Report

The RISC review complements a specific review of New Standard's acreage by shale gas consultants, Netherland and Sewell and Associates (NSAI) who were engaged by New Standard earlier this year. Together the NSAI report and the RISC report provide credible, third party views on the potential of the Canning Basin and more specifically the Goldwyer shale for potential shale gas resources.

The NSAI review supported New Standard's technical views on the Goldwyer shale play and concluded that the Goldwyer shale in the Canning Basin appeared to contain the requisite geological indicators for shale gas and that New Standard's acreage was well positioned to explore for potential shale gas resources in the Goldwyer.



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NSAI is a leading US-based oil and gas consultant, specialising in reserves and resources assessments, technical studies, economic evaluations, and advisory work for both onshore and offshore fields throughout the world. It has extensive experience in reserves and resources assessments in shale gas throughout the United States, including the established Barnett, Fayetteville, and Woodford shales as well as the more recent developments in the Eagleford, Haynesville, Marcellus, and West Texas Barnett and Woodford shales.

New Standard accelerated the design and implementation of its shale gas exploration and drilling program following the findings of the NSAI report and having received interest from Australian and International upstream companies wishing to partner with New Standard. As a result Euroz Securities has been appointed as corporate advisor to assist in the evaluation, marketing and potential farm-out of the Goldwyer shale gas project with this process due to formally commence in the next few weeks.

Buru – Mitsubishi Farm-in Agreement

The recent decision by Mitsubishi to farm-in to Buru Energy's Canning Basin assets through a A\$152.4 million exploration and development program has provided additional acknowledgement of the Canning Basin's hydrocarbon prospectivity. This farm-in provides significant and credible validation from a very large, international company that operates a global energy business with interests in all aspects of the oil and gas industry from exploration to LNG projects, refining, transport and distribution.

The farm-in terms enable Mitsubishi to earn up to a 50% interest in Buru's exploration permits by funding up to A\$62.4 million of conventional exploration and A\$40 million of unconventional exploration. Under the terms of the agreement Mitsubishi may also carry up to A\$50 million of Buru's development costs for major oil and gas production infrastructure.

Buru Energy's Canning Basin permits are immediately adjacent to New Standard's exploration acreage in the Canning Basin (refer figure 2 below).

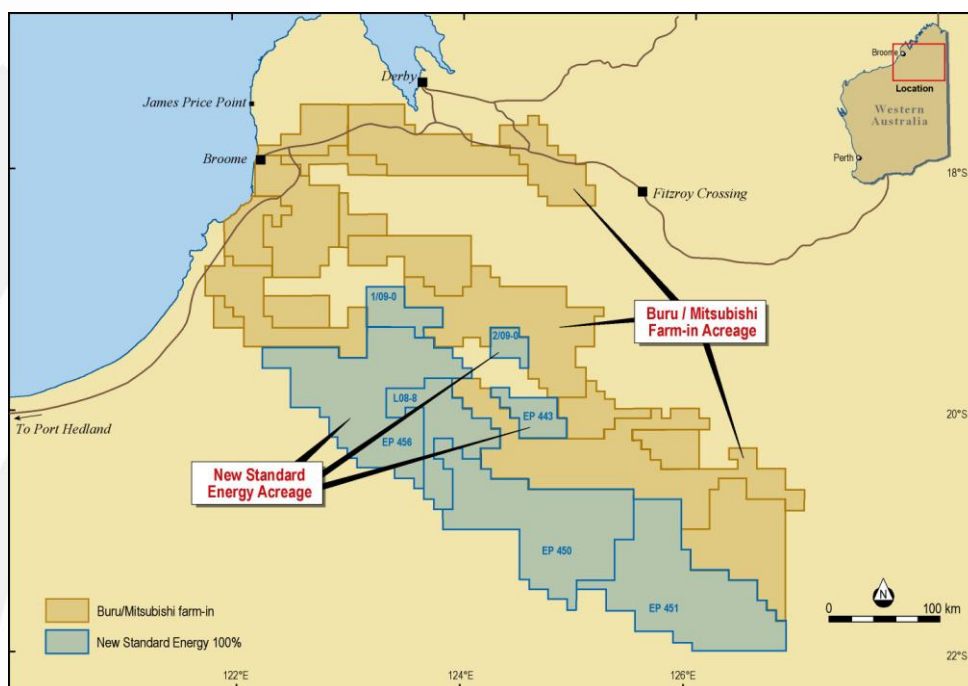


Figure 2: New Standard's 48,000km² Goldwyer shale gas acreage position in blue immediately adjacent to the acreage Buru has farmed out to Mitsubishi in a \$152.4m transaction



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In addition to its immediate proximity to the exploration area covered by the Mitsubishi farm-in agreement with Buru, New Standard also owns a 10%, tradeable shareholding in Buru.

Summary

New Standard Managing Director Sam Willis said the combination of the RISC and NSAI reports together with Mitsubishi's investment of over \$150 million in Canning Basin hydrocarbon exploration provided vindication of New Standard's continued pursuit of its exploration strategy in the Canning Basin.

"We are delighted that major, credible, independent groups are assessing and recognising the hydrocarbon opportunities in the Canning Basin," Mr Willis said.

"The RISC review provides another third party view regarding the potential of the Goldwyer shale as a prospective shale gas play. RISC has undertaken this work completely independently and their views confirm what we have been stating for some time – that although early stage, the Goldwyer shale has the potential to host a substantial onshore gas resource," he said.

"When the RISC report is taken alongside the views of NSAI we have two well respected opinions that support our views on the potential of the Goldwyer shale play in the Canning Basin."

"We readily acknowledge that it is still too early to put specific numbers around potential resources in New Standard's particular acreage and that the next step for us is to drill some wells on our acreage, core the shale and obtain the gas in place data that is specifically relevant to our area. The RISC report does, however, confirm the Goldwyer as a highly prospective shale gas opportunity with large potential resource numbers that could potentially be extracted economically," Mr Willis added.

-ENDS-

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Competent Person: *The information in this announcement that is referenced to RISC Pty Ltd (RISC) is based on the contents of an independent report published by RISC called "Unconventional Gas in Australia, May 2010" that has been compiled by RISC as an independent advisory and consultancy firm with significant experience in the oil and gas sector. RISC is a well recognised and respected advisory and consultancy firm with global experience and expertise in the oil and gas sector. The RISC report has been compiled completely independently by RISC and is based on publicly available data. The assumptions made and the numbers derived by RISC in their report have been based on their views, experience and expertise. The inclusion of the information from the RISC report has been consented to by RISC in the form and context in which it appears.*

The information in this announcement 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.

Disclaimer: *New Standard shareholders should note in relation to New Standard's shale gas permits that whilst the Goldwyer shale is known to extend over large portions of its permits, the Goldwyer shale is a frontier exploration play and no definitive test of the Goldwyer shale potential has been made as yet, either within the New Standard permits or the broader Canning Basin. It should also be noted that the availability and suitability of predominantly US developed fracture stimulation techniques in order to produce gas from the Goldwyer shale along with other required services are yet to be tested in Australia. Given the early stage nature of the opportunity the ability to commercialise any discovered gas is dependant not only on successful discovery and production of a sufficiently large resource, but also associated production and infrastructure costs, as well as sufficient domestic or export gas markets.*



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About New Standard: New Standard Energy is an aggressive hydrocarbon developer with a mandate to explore for oil and gas. Its exploration and drilling program is active, well funded and extensive. The Company's exploration program is underpinned and complemented by targeted corporate activity to take advantage of opportunities and to build an extensive pipeline of exploration projects.

New Standard's board has extensive technical and commercial experience in the oil and gas sector.

New Standard currently has cash resources of approximately \$2.0m (including pre-paid exploration costs in the US) and is aggressively progressing its oil and gas exploration portfolio focused on the Canning Basin in Western Australia and the onshore Gulf Coast region in Texas including:

- 100% operated interest in EP's 443, 450, 451, 456 in Western Australia's onshore Canning Basin
- 65% operated interest in EP417 in the onshore Canning Basin
- 100% operated interest in the Merlinleigh Project in Western Australia's onshore Carnarvon Basin
- 32.5% working interest in the Colorado County Project, onshore Texas USA, targeting conventional oil and gas
- 38.5% working interest in the Moeller Project, onshore Texas USA, targeting conventional oil and gas
- 36% working interest in the Wharton County Project, onshore Texas USA, targeting conventional oil and gas

The Company is pursuing conventional hydrocarbons in the United States and conventional hydrocarbons and shale gas in Australia. In addition to the above New Standard has indirect exposure to a broad acreage position in the Canning Basin through a liquid 10% equity interest (18m shares) in listed Canning Basin explorer Buru Energy Ltd (ASX: BRU) and is actively assessing other opportunities to complement and expand its portfolio.