



30 April 2013

ASX Announcement

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 MARCH 2013
(ASX: NSE)**

Summary

- Cash position at 31 March 2013 of \$44.8 million (in line with January quarterly report projection)
- Drilling Services Agreement with MB Century terminated
- Demobilisation from Gibb Maitland #1 well site complete
- Commitment from all GJV parties to re-drill Gibb Maitland as soon as possible
- Goldwyer Joint Venture strengthened with addition of PetroChina
- Negotiations well advanced with drilling operators to commence drilling later this year
- Merlinleigh Project continues to advance with planning and approvals progressing well
- Laurel Project equity increased after Green Rock buy-out on EP417 and Seven Lakes SPA
- Laurel seismic reprocessing underway prior to pursuing farm-out options
- Senior management changes in line with skill requirements for the company's next phase of operations and growth

Overview

At the end of the quarter NSE made a significant management change with Sam Willis stepping down as Managing Director and Phil Thick moving into the role effective 2 April 2013. Mr Willis has successfully grown New Standard's Western Australian and US upstream businesses over the past seven years and will continue to work alongside Mr Thick focusing on strategic and corporate matters and providing solid continuity for the business. Sam will remain as a Director and Mark Hagan will move to a Non-Executive Director role over the next few months.

Mr Thick has been a Non-Executive Director of NSE for nine months. In addition to his existing knowledge of New Standard, he brings significant CEO expertise and broad Western Australian petroleum and operational management experience at a time when NSE is moving towards a new phase of growth with a strong operational focus.

"In the past four weeks I have spent considerable time talking with key staff and meeting with shareholders, brokers and our business partners. The messages and feedback are clear and consistent. We need to firm up the forward program for our three main projects and get back to drilling as soon as possible with a renewed emphasis on detailed planning, cost management and execution," Mr Thick said. "These plans will be firmed up in the next month or so when we have completed the review of the portfolio priorities and the drill rig negotiations. It has been a big advantage to have been on the board for a period and to have been part of the strategy development and the key decisions over recent months and our core focus remains the same, but it is an opportunity for me to fine-tune that focus."



“There is no doubt the March 2013 quarter was a challenging operational period for the company, forcing management and the Board to make difficult decisions for the company and our shareholders. This ultimately resulted in the termination of the Drilling Services Agreement with MB Century. It was not a decision taken lightly. However management, Board and our JV partners reached a clear position given the drilling difficulties on Nicolay, which increased substantially on Gibb Maitland #1, that we no longer believed that the well could be safely and successfully completed operating with the existing drilling contractor and we were not willing to risk New Standard’s staff and contractors, our reputation and a large amount of additional cash to attempt to do so.”

The main focus of the company over the past months and for the next period is to secure a drilling contractor to return to the Gibb Maitland well as soon as possible.

“The halt in drilling activity has allowed us to take a step back and consider our whole portfolio. We have been very focussed on the Goldwyer due to the drilling program and remain committed to it. We continue to have the strong support of ConocoPhillips in this project,” Mr Thick said.

“New Standard, and its shareholders, are fortunate to have three very large and highly prospective acreages in three separate projects, and a strong cash position to progress the exploration of each, and I want to make sure that we prioritise our program and our capital expenditure correctly.

“Availability of drilling rigs is a major issue for all companies in WA. There is no existing capacity available this year, and even into next year rigs would have to be mobilised from the east or overseas at very large cost. We do not, however, want to wait until next year and are in advanced negotiations with companies who are introducing new rigs into WA now and will have capacity to drill this year. It is our intention, subject to full due diligence, risk assessment and successful commercial negotiation, to engage one of those companies to commence drilling for us later this year. We plan to drill at least one well on each of our three projects over the next 12–18 months.

“The Goldwyer Project has been given a significant boost with oil and gas major PetroChina becoming a partner in the joint venture alongside ConocoPhillips. We continue to work with our JV partners to plan the return to Gibb Maitland and also the optimum location and timing of the drilling of the third well in the Goldwyer project next year. We are also progressing preliminary plans to farm-out of the Laurel Project for drilling in 2014.

“We have an excellent, stable and enthusiastic team which is gearing up for an even more active program over the next year and I look forward to updating everyone as we progress,” Mr Thick said.

Australian Exploration Portfolio & Activities Overview

Goldwyer Project

Following a series of events during drilling at the Gibb Maitland #1 well, including complications from the drill pipe and bottom hole assembly becoming stuck in the hole whilst pulling out to change the drill bit and recurring electrical issues with the MB Century Rig #14’s SCR unit, the decision was made to terminate the Drilling Services Agreement (**DSA**). Following the safe suspension of the well as per regulatory requirements, MB Century was directed to demobilise MBC Rig #14 and associated personnel from the Gibb Maitland #1 drilling location in a safe and efficient manner. Currently, the MBC Rig #14 has been completely demobilised and removed from the well-site with no continual costs being occurred to the Goldwyer Joint Venture (**GJV**).



As previously advised the decision to terminate the DSA was a joint venture decision made based on concerns relating to safety, competency and operational performance and reliability grounds. The GJV farm-in agreement between ConocoPhillips and New Standard remains firmly on foot and the Phase One drilling program will resume at the suspended Gibb Maitland well-site once a suitable drilling rig is contracted.

Following discussions with the regulator, New Standard is of the view that the termination of the DSA and the ensuing drilling delays will not jeopardise the tenure of GJV permits.

During the quarter New Standard welcomed China's largest energy company, PetroChina Company Limited (**PetroChina**), to the GJV as a partner alongside ConocoPhillips. The deal made international news and confirms the prospectivity of the project. PetroChina is acquiring its interest for cash and the deal places a current valuation of \$100m on the acreage prior to any substantial reserves being found, valuing New Standard's share in the project prior to drilling and any other de-risking at \$25m.

PetroChina, through an Australian subsidiary, will purchase a 29% interest in the GJV from ConocoPhillips, as part of a larger global commercial arrangement with ConocoPhillips also involving shale gas in the Sichuan Basin, China, and a stake in ConocoPhillips' Browse Project, offshore Western Australia. PetroChina's interest provided further international validation of the Goldwyer Project and follows its recent investments in other Australian LNG projects. Its participation highlights how global gas markets are being reshaped by strong demand from Asia, particularly China. The pre and post transaction equity stakes in the GJV are:

Party Details	Pre Transaction Equity	Post Transaction Equity
New Standard	25% (operator)	25% (operator)
ConocoPhillips	75%	46%
PetroChina	0%	29%

New Standard will remain as operator of the GJV and revised equity percentages aside, the existing farm-in agreement remains unchanged. The transaction is subject to various conditions precedent including Chinese and Australian regulatory approvals and is anticipated to settle during Q2 of 2013.

Merlinleigh Project

New Standard currently has a 100% working interest in the Merlinleigh Project, which comprises two permits (EP481 and EP482) covering 1.4 million net acres in the onshore Carnarvon Basin, Western Australia. This project is most attractive given the potential to drill the conventional and unconventional prospects concurrently and the available path to market if successful given the proximity to current pipeline infrastructure to domestic markets north and south of the basin. It remains New Standard's strategy to progress this project aggressively and seek farm-out options for this project prior to drilling.

The two focus areas in EP481 are Condon and Crostella which have a potential gas in place of up to 530 BCF and 470 BCF respectively. In addition to this sizeable conventional prospectivity, the future wells will also be designed to target the unconventional Basin Centred Gas and Shale Gas resource plays within the acreage. Early estimates suggest around 33 TCF potential gas in place across the



1,100km² primary zone of interest with the positive scoping study completed recently focusing on a more refined area of approximately 770km² (lying completely outside the National Park zones) that has the potential to host 23 TCF of potential gas in place.

Condon remains the primary target for the first well in the Merlinleigh Project. The previously announced seismic acquisition and reprocessing program will firm up targets and provide further data. Internal work is well progressed to have all necessary approvals in place to carry out the seismic and drilling activity in the area in line with the planned schedule, including all necessary environmental, land access and heritage approvals.

Laurel Project

In a recent development the Company announced that it has successfully executed an agreement with Green Rock Energy Ltd (**ASX: GRK**) in which Green Rock has agreed to relinquish 100% of its interests in the Laurel Project to New Standard. As part of the transaction the parties have also terminated the Area of Mutual Interest agreement (**AMI Agreement**) involving the Laurel formation across the broader Canning Basin.

This transaction results in New Standard retaining the 15% equity interest in EP417 that was due to be transferred under the farm-in agreement with Green Rock, and New Standard assuming Green Rock's remaining 40% interest in the immediately adjacent Seven Lakes SPA as a result of terminating the AMI Agreement.

As a result of the transaction, New Standard will own a 65% operated interest in EP417 (Buru Energy 35%) and a 100% operated interest in the adjacent Seven Lakes SPA acreage. New Standard's net acreage position will also increase to 1.183 million acres (4,788 square kilometres) across the Laurel formation - a geological setting that has been the source of numerous recent exploration successes regionally and corporate transactions involving large cash components.

This transaction consolidates New Standard's equity interests in its highly prospective Laurel Project and, alongside the termination of the AMI Agreement, provides a strong foundation to pursue further farm-out opportunities with various parties demonstrating an active interest in the Canning Basin.

The 2013 work program on the Laurel Project will involve the following activities:

- EP417 seismic data reprocessing and 2014 drill target selection
- Sampling and geological studies
- Regional information collation to understand recent Laurel successes
- Seven Lakes SPA acreage retention

The above program has been designed primarily to refine and de-risk the drill prospects on EP417 ahead of an intended drilling campaign to target Valhalla and Yulleroo style prospects in 2014. The program will also ensure that the most prospective acreage is retained across the Seven Lakes SPA acreage position ahead of making an application to convert the acreage into a granted exploration permit in the coming months.



Rig Availability

The rig market remains particularly tight in Australia. As a result, sourcing a rig with the capability and operator competency required is difficult for all companies. New Standard has carried out a thorough process to review the availability, suitability and qualifications of various potential contractors with a view to selecting and securing a suitable rig to facilitate a return to drilling as soon as practical. This search has found that there are no suitable existing rigs available to mobilise to WA until 2014, unless very high mobilisation costs are paid, and such costs are difficult to justify. There are new parties that have set up in WA with rig availability in Q3 and Q4 2013, and the company is in detailed negotiations with these operators to secure an appropriate rig for drilling this year.

There are risks associated with new operators and new rigs and New Standard is carrying out extensive due diligence to appropriately manage that risk. Subject to this process and successful commercial negotiations with the parties, it is the company's intention to be in a position to commit to a drilling program for 3 or 4 wells in 2013 and 2014, commencing later this year.

Corporate & Finance

New Standard remains in a strong cash position with \$44.8 million in cash at the end of March. During the June quarter all outstandings from the Gibb Maitland program will be finalised and expenditure will be focussed on the planning and implementation of the next phases of drilling. The company is well placed to fund its proposed drilling program over the next 12 months out of existing cash reserves though farm-outs of the Merlinleigh and Laurel will be pursued to reduce New Standard's costs. The company confirms that there are no tax liabilities arising from the sale of its Buru shares last year.

- ENDS -



NEW STANDARD
ENERGY

For further information, please contact:

Phil Thick

Managing Director

Ph: + 61 8 9481 7477

email: pthick@newstandard.com.au

Cameron Morse

FTI Consulting

Ph: + 61 8 9485 8888

email: cameron.morse@fticonsulting.com

About New Standard: New Standard Energy is an emerging hydrocarbon explorer 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's Goldwyer Project has attracted world class partners in ConocoPhillips and PetroChina and the company has strong cash resources to explore and progress its broad project portfolio. The Company is primarily focused on aggressively progressing its oil and gas exploration portfolio focused on the onshore Canning and Carnarvon Basins in Western Australia. The portfolio includes:

- 100% (diluting to 25%) operated interest in EP's 443, 450, 451, 456 in Western Australia's Canning Basin
- 100% (diluting to 25%) operated interest in application areas 1/09-0, 2/09-0 and 5/09-0 in the Canning Basin
- 65% operated interest in EP417 in the Canning Basin
- 100% operated interest in the Seven Lakes SPA area in the Canning Basin
- 100% operated interest in the Merlinleigh project, onshore Carnarvon Basin Western Australia
- 32.5% working interest in the Colorado County Project, onshore Texas USA
- 32.5% interest in a license for 1,000 square miles of 3D seismic data

In addition to the above portfolio, New Standard has a 13.7% equity interest in ASX listed Elixir Petroleum Ltd (ASX: EXR). New Standard is also continuing to actively assess other opportunities to complement and expand its exploration portfolio.



NEW STANDARD
ENERGY

Level 2, 7 Ventnor Avenue,
West Perth WA 6005

PO Box 1542,
West Perth WA 6872

T +61 8 9481 7477

F +61 8 9486 7670

W www.newstandard.com.au

Appendix 5B

Mining 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

Name of entity

NEW STANDARD ENERGY LIMITED

ABN

20 119 323 385

Quarter ended ("current quarter")

31 March 2013

Consolidated statement of cash flows

	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and joint venture related debtors	1,154	3,157
1.2 Payments for (a) exploration & evaluation	(10,411)	(21,078)
(b) development	-	-
(c) production	-	-
(d) administration	(1,587)	(5,324)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	612	1,377
1.5 Interest and other costs of finance paid	(4)	(23)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	504
Net Operating Cash Flows	(10,236)	(21,387)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(1,000)	(1,000)
(b) equity investments	-	-
(c) other fixed assets	(112)	(766)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	43,122
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(1,112)	41,356
1.13 Total operating and investing cash flows (carried forward)	(11,348)	19,969

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(11,348)	19,969
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(19)	(49)
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	-
	Net financing cash flows	(19)	(49)
	Net increase (decrease) in cash held	(11,367)	19,920
1.20	Cash at beginning of quarter/year to date	56,164	24,891
1.21	Exchange rate adjustments to item 1.20	(3)	(17)
1.22	Cash at end of quarter	44,794	44,794

Payments to directors of the entity and associates of the directors

Payments to 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	192
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The amounts at 1.1 include personnel and other charges to the Goldwyer Joint Venture.
The amounts at 1.2(a) include (amongst other items) costs relating to the Goldwyer Joint Venture phase 1 drilling program.
The amount at 1.8(a) pertains to GreenRock Energy Ltd (ASX:GRK) relinquishment of its interests in the Laurel Project to New Standard.
The amounts at 1.23 include payments to directors pursuant to employment and consulting agreements as well as non-executive director fees.

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

+ 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 (inclusive of R&D tax incentive)	3,100
4.2 Development	-
4.3 Production	-
4.4 Administration (net of recharges to joint ventures)	1,600
Total	4,700

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	1,257	10,935
5.2 Deposits at call	43,537	45,229
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	44,794	56,164

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

6.2 Interests in mining
tenements acquired or
increased

N/A	-	-	-
-----	---	---	---

+ See chapter 19 for defined terms.

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	305,331,847	305,331,847		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -		
7.5 +Convertible debt securities <i>(description)</i>	N/A			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>			Exercise price	Expiry date
		500,000	-	Options at 22.5c	30 June 2013
		500,000	-	Options at 27.5c	30 June 2013
		6,250,000	-	Options at 38.5c	20 December 2014
		3,750,000	-	Options at 43.0c	20 December 2014
		300,000	-	Options at 81.0c	24 April 2015
		300,000	-	Options at 90.5c	24 April 2015
		300,000	-	Options at 53.5c	09 May 2015
		300,000	-	Options at 60.0c	09 May 2015
		375,000	-	Options at 74.5c	10 August 2015
		375,000	-	Options at 83.5c	10 August 2015
		300,000	-	Options at 39.0c	12 December 2015
		300,000	-	Options at 44.0c	12 December 2015
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	N/A			
7.12	Unsecured notes <i>(totals only)</i>	N/A			

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.

David Hansen-Knarhoi
Joint Company Secretary
30 April 2013

+ See chapter 19 for defined terms.

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 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, 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.

== == == == ==