



25 July 2013

ASX Announcement

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 30 JUNE 2013
(ASX: NSE)**

Summary

- Cash position at 30 June 2013 of \$41.5 million (well above March Quarterly projection)
- New Standard to recommence drilling activities after successfully securing a suitable drilling rig and contractor
- Enerdrill Rig #3 secured for a two well drilling program with options for up to two additional well slots
- Plan to commence drilling a single Merlinleigh Project well in the Carnarvon Basin in late 2013 followed by 1 to 3 Canning Basin wells from mid 2014
- Formal farm-out process for the Merlinleigh Project underway
- PetroChina has received Chinese and Australian Federal Government approval to proceed with acquiring a 29% interest from ConocoPhillips in New Standard's joint venture in the Southern Canning Basin

Overview

New Standard Energy has delivered on a number of key corporate objectives in recent months. Among the most significant of these was the announcement of a Drilling Services Agreement (**DSA**) with Western Australian-based drilling company, Enerdrill, to drill two wells with the option of an additional two wells. The return to drilling operations will be a key focus in the upcoming quarter, with plans already in an advanced stage for drilling the Merlinleigh Project at the end of this year. Development of strategy and approvals for the Canning Basin has already begun for next year, with the finalisation of the DSA providing additional clarity around well planning.

The Company also began a formal farm-out process for its Merlinleigh Project by appointing Miro Advisors with a view to finding a partner for the project prior to commencement of Drilling. However, if a suitable agreement cannot be reached for a farm-out New Standard is committed to proceeding with its drilling program later this year, with nearly all necessary approvals and plans in place to commence on-ground operations.

PetroChina received approval from the Chinese and Australian Governments to proceed with the acquisition of a 29% interest from ConocoPhillips in the New Standard-operated joint venture in the Southern Canning Basin. The value of the cash transaction implies a current value in excess of AUD\$110 million for the Southern Canning Basin assets, valuing New Standard's retained 25% interest at approximately AUD\$28 million.

New Standard has retained a strong cash balance for the end of the quarter of \$41.5 million, which was above the March quarterly projection.



New Standard Managing Director Phil Thick said recent events were indicative of the momentum the company and its operations were gathering.

“New Standard is intent on getting the right combination of progress, capital management and risk mitigation. The momentum we have been able to achieve recently is the product of smart and hard work behind the scenes by our team to make sure we achieve the best results for our shareholders,” he said.

“Over the next few months we will focus on the execution of the upcoming Merlinleigh drilling program, assessing possible farm-out opportunities for Merlinleigh and ensuring our re-entry into the Canning Basin next year is provided every chance of success.”

Australian Exploration Portfolio & Activities Overview

Drilling Services Agreement

During the Quarter, the Company announced it will resume drilling operations towards the end of 2013 after it signed a Drilling Services Agreement (**DSA**) for a firm two well program with the option for an additional two wells at New Standard's election. This arrangement will provide New Standard with flexibility as operator of all its joint ventures and projects to allocate drilling slots as exploration programs are firmed up over the coming 6-12 months.

In addition to attractive commercial terms, the fit-for-purpose rig, remote drilling experience and the close geographic proximity of the WA-based company were three important factors when selecting Enerdrill. In addition, due diligence and rig inspections undertaken by New Standard management have confirmed that the rig and drilling contractor are capable of meeting the strict safety and drilling requirements expected by the joint venture parties. New Standard has also reserved the right to undertake further audits and inspections prior to drilling.

“Securing a fit-for-purpose rig and operator in such competitive market conditions hasn't been easy. The hard work and dedication of our team has meant that the company will be able to recommence drilling later this year,” Mr Thick said

Enerdrill's Rig #3 has been extensively refurbished, and with a vertical depth rating of 5,200m, has the capacity to drill all of New Standard's potential wells being considered for 2013-14.

Activity is due to recommence in the Canning Basin on New Standard's other two projects in mid-2014 to minimise the impact of seasonal weather on drilling and mobilisation operations and costs.

Once the Enerdrill Rig #3 is released from operations in the Carnarvon Basin it is likely to be utilised by another operator before it is mobilised to the Canning Basin in mid-2014.

Southern Canning Project

Earlier in the year, New Standard welcomed China's largest energy company, PetroChina Company Limited (**PetroChina**), to the Southern Canning Joint Venture (**SCJV**) as a partner alongside ConocoPhillips. The deal made international news and confirmed the prospectivity of the project.



Since then, PetroChina has received Chinese and Australian Federal Government approval to proceed with acquiring a 29% interest from ConocoPhillips in New Standard's joint venture in the Southern Canning Basin. The deal between PetroChina and ConocoPhillips has been closed by a cash payment, and PetroChina's full participation only awaits approval and registration by Western Australia's Department of Mines and Petroleum.

The value of the cash transaction implies a current value in excess of AUD\$110 million for the Canning Basin assets, valuing New Standard's retained 25% interest at approximately AUD\$28 million (or 9 cents per share). New Standard's current cash balance is approximately AUD\$41.5 million (or 13 cents per share).

The post-transaction equity stakes are as follows:

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 SCJV and revised equity percentages aside, the existing farm-in agreement remains unchanged.

New Standard has renamed the Goldwyer Project to the Southern Canning Project. This name change comes as a consequence of learning through consultation with Traditional Owners that certain cultural sensitivities existed around the previous name, and reflects the joint venture's commitment to community and heritage and respect for the culture and history of the Traditional Owners on whose land it operates.

The change to the Southern Canning Project is a change to the project's name alone. The target formations and drilling program are unaffected.

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 shale and tight gas 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.

Subject to final approvals, drilling will commence at the company's Merlinleigh Project in the onshore Carnarvon Basin in late 2013, to be followed by up to three wells in the Canning Basin after the wet season in mid-2014.

New Standard chose to commence the DSA at Merlinleigh rather than in the Canning Basin, with a primary consideration for the Company being the prohibitive cost to mobilise and demobilise the rig for one well in the Canning Basin prior to the 2013-14 wet season. New Standard and its joint venture partners have agreed to defer drilling the Southern Canning until next year to allow sufficient time for



the parties to assess and agree plans for completing Phase 1 and provide an opportunity for drilling costs to potentially be shared across multiple wells.

“Alongside the strong technical prospectivity and proximity to gas pipeline infrastructure, cost effectiveness was a key consideration at the core of our decision to drill our first exploration well at Merlinleigh, given the current southern location of the rig,” said Mr Thick.

New Standard has chosen the Condon #1 drilling location for the first exploration well given it is adjacent to known gas in the Kennedy Range #1 well and is prospective for sizeable quantities of both tight gas and conventional gas. The Condon prospect has the most technically advanced data suite and does not require additional seismic work to deliver the necessary control and confidence prior to drilling. As a result of timing associated with contractor and approvals schedules and the subsequent execution of this drilling contract, the seismic program previously scheduled for the Merlinleigh Project has been deferred. The company plans to revisit its seismic plans after drilling the Condon #1 well to confirm locations for future Merlinleigh well locations.

New Standard is now finalising all necessary documentation and Government approvals for the drilling of a traditional vertical well at Condon #1. This will be a pure exploration well used to gather a database of information and no hydraulic fracture stimulations are being planned for this initial exploration well.

New Standard has appointed Miro Advisors to assist with a farm-out process for the Merlinleigh Project to be completed prior to drilling. Importantly the company is committed to drilling the Condon #1 well as planned, whether or not a farm-out partner is successfully secured.

Laurel Project

Aside from potential drilling operations in 2014, the Company has planned for substantial seismic interpretation and geochemistry to be completed in order to determine the best drill targets for potential drilling on the Laurel Project in 2014.

New Acreage

New Standard Energy has increased its acreage position in Western Australia after being awarded a new exploration area in the northern Canning Basin by the Department of Mines and Petroleum following a successful bid submission for acreage release area L12-15. Exploration Permit Application STP-EPA-0092 covers an area of 3,305km². There are no work requirements for this area until Native Title and heritage negotiations are initiated and completed.

Corporate & Finance

New Standard remains in a strong cash position with \$41.5 million in cash at the end of June. The company is well placed to fund its proposed drilling program over the next 12-18 months out of existing cash reserves. Farm-outs of the Merlinleigh and Laurel Projects will be pursued to further reduce New Standard's costs.



Increase in Equity Investment

During July, New Standard announced it has agreed to increase its equity position in Elixir Petroleum Ltd (**ASX: EXR**) by providing cornerstone support for an underwritten entitlements issue being undertaken by Elixir at 1.2 cents per share. New Standard's support will help ensure that Elixir is adequately funded to progress the Moselle Project, and in so doing secures an increased exposure to Elixir's future exploration success that is meaningful.

The entitlements issue will raise a total of approximately \$1.85 million (before costs) and New Standard's investment will be a maximum of approximately \$1 million which will result in New Standard securing an increased equity stake in Elixir of between 19.99% and 28.20%.

The offer has been underwritten by Argonaut Securities, with New Standard as a cornerstone first priority sub-underwriter. Both Elixir and New Standard directors and management have agreed to support the raising by providing further general sub-underwriting commitments of \$320,000 on an arm's length basis with the balance being fully sub-underwritten by third parties.

New Standard has also been granted the right (but not the obligation) to appoint a nominee to the Elixir board, post completion of the raising.

Elixir owns 100% of the Moselle Project in the Paris Basin of France which, at 5,360 km² in area (or approximately 1.34 million acres), is the largest single exploration block in onshore France. It has strong prospectivity for both conventional and unconventional exploration targets.

- ENDS -

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



NEW STANDARD
ENERGY

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 Southern Canning 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

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")

30 June 2013

Consolidated statement of cash flows

	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and joint venture related debtors	863	4,020
1.2 Payments for (a) exploration & evaluation	(5,208)	(26,286)
(b) development	-	-
(c) production	-	-
(d) administration	(1,404)	(6,729)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	484	1,861
1.5 Interest and other costs of finance paid	(5)	(28)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	2,247	2,751
	(3,023)	(24,411)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(1,000)
(b) equity investments	-	-
(c) other fixed assets	(311)	(1,077)
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)	-	-
	(311)	41,045
	Net investing cash flows	
1.13 Total operating and investing cash flows (carried forward)	(3,334)	16,634

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(3,334)	16,634
	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)	(68)
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	-
	Net financing cash flows	(19)	(68)
	Net increase (decrease) in cash held	(3,353)	16,566
1.20	Cash at beginning of quarter/year to date	44,794	24,891
1.21	Exchange rate adjustments to item 1.20	92	76
1.22	Cash at end of quarter	41,533	41,533

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	223
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 Southern Canning Joint Venture. The amounts at 1.2(a) include (amongst other items) costs relating to the Southern Canning Joint Venture phase 1 drilling program. The amount at 1.7 consists of a Research & Development tax offset claim. 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

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	4,200
4.2 Development	-
4.3 Production	-
4.4 Administration (net of recharges to joint ventures)	1,150
4.5 Equity Investments	1,000
4.6 Prospects	650
Total	7,000

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	2,990	1,257
5.2 Deposits at call	38,543	43,537
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	41,533	44,794

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	-	-	-
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+ 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 2015
		500,000	-	Options at 27.5c	30 June 2015
		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	Retention Rights			Issue Price	Measurement Date
		212,000	-	49.97c	14 March 2014
		212,000	-	49.97c	14 September 2015
7.12	Issued during quarter	212,000	-	49.97c	14 March 2014
		212,000	-	49.97c	15 September 2015
7.13	Vested during quarter	-	-	-	-
7.14	Lapsed during quarter	-	-	-	-
7.15	Performance Rights			Issue Price	Measurement Date
		848,000	-	49.97c	14 March 2014
		848,000	-	49.97c	14 September 2015
7.16	Issued during quarter	848,000	-	49.97c	14 March 2014
		848,000	-	49.97c	15 September 2015

+ See chapter 19 for defined terms.

7.17	Vested during quarter	-	-	-	-
7.18	Lapsed during quarter	-	-	-	-
7.19	Debentures <i>(totals only)</i>	-	-		
7.20	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
25 July 2013

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.

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+ See chapter 19 for defined terms.