

Quarterly Activities Report For the period ended 30 September 2013

Date: 24 October 2013



**NEW STANDARD
ENERGY**

Summary

- New Standard on track to spud Condon-1 at Merlinleigh Project in early December 2013
 - Civil works complete in preparation for mobilisation of rig to site
 - Contracts in place for all major activities
- New Standard increases its equity in Laurel Project EP417 to 100 per cent
- Increased equity stake in Elixir Petroleum to 28.2 per cent
 - Sam Willis appointed to Elixir Board
- Cash position at 30 September 2013 of \$37.3 million, better than forecast
 - Well positioned to meet future operational objectives

Overview

New Standard Energy (**New Standard** or **the Company**) has completed two strategic corporate transactions during the quarter and finalised all operational planning at the Merlinleigh Project in preparation for drilling operations to commence December this year.

The most significant corporate transaction of the quarter was the Company's decision to increase its equity stake in Elixir Petroleum (**ASX: EXR, Elixir**) from 13.7 per cent to 28.2 per cent, following its support of a \$1.85 million entitlements issue.

Australian exploration portfolio & activities overview

Merlinleigh Project

In preparation for drilling, a series of ancillary work has been undertaken to prepare access roads, the drill pad, water bores and other necessary site amenities. With most of the ancillary site work almost completed, the rig will be able to begin mobilisation to site in late October.

Heritage clearance has been granted and an environmental plan (**EP**) has been submitted and approved. The application for approval to drill a well has been submitted to the Department of Mines and Petroleum (**DMP**) for approval.

New Standard Managing Director Phil Thick said planning and onsite preparation operations have progressed as scheduled in anticipation of the rig's mobilisation to site, with zero incidents recorded over the period.

"The Company prides itself on maintaining a safe workplace for all our staff and contractors during this busy preparation period and I am focused on continuing our excellent health, safety and environment standards throughout the drilling period," he said.



Currently, the Enerdrill Rig #3 (**Rig #3**) is in Mandurah, Western Australia, undergoing a series of final operations testing prior to mobilisation to site. It is anticipated that once on site at Condon-1, the rig will take approximately ten days to complete the rig-up.

Condon-1 well objectives

New Standard was encouraged earlier in the year after receiving the results of an independent scoping study which confirmed that the Company's Merlinleigh Project has significant conventional and shale/tight gas prospectivity which will be assessed concurrently in the upcoming drilling program.

As a result the Condon-1 well has been designed in order to evaluate three distinct possibilities in the one well:

- conventional gas play with the potential of finding approximately 500BCF GIIP;
- a tight sand gas reservoir with a larger potential trap size; and
- a shale gas resource with a conservative estimate of 23TCF GIIP.

Based on the Kennedy Range 1 well (1967) it is anticipated that the reservoir sands in the Condon 1 well are likely to be tight. As a result, the primary objective of the Condon-1 drilling campaign, which is a traditional, vertical well, is to gather a comprehensive, modern data set of the Merlinleigh sub-Basin via a detailed evaluation program. The data gathered will be used to assess the resource potential of the tight gas and shale gas plays within the Company's onshore Carnarvon Basin acreage while also assessing the secondary sandstone potential within the large structural trap at Condon-1.

Based on the results obtained while drilling from mud logs and logging while drilling tools, an additional wireline logging program of appropriate scale will be run to complement the data suite. Using the wireline logging results, it is likely that a significant number of sidewall core samples will be obtained and if there is sufficient encouragement from all of these results the well may be suspended for later testing.

Merlinleigh farm-out update

New Standard is continuing discussions with a number of potential partners for the Merlinleigh farm-out. Although the timeline is getting tight pre-spud, several parties have expressed strong interest in discussing farm-in opportunities post drilling and this will be pursued if a partner is not secured within the next month.

"New Standard has the financial ability and confidence in the prospectivity of the target to drill this well as either a sole operator or with a farm-in partner. We are seeking to find the right partner on the right terms for our Merlinleigh Project prior to drilling, but we are prepared to drill the well at 100 per cent equity and look at our options afterwards," Mr Thick said.

"Given the close proximity to major gas infrastructure, some early encouragement from the Condon-1 well could lead to further planning for additional exploration and/or appraisal of the Merlinleigh Project. On this basis, should we retain a 100 per cent interest in the Project through the Condon-1 drilling, it will no doubt lead to further discussions with interested parties."



Southern Canning Project

New Standard and its Southern Canning Joint Venture partners ConocoPhillips and PetroChina continue to work closely towards the plan for drilling the third well in Phase 1 of the project in the second half of next year. The partners have committed \$1.4 million towards a full review of existing data from multiple locations across the basin, which will be combined with the considerable new information gathered from the Nicolay-1 and Gibb Maitland-1 wells, to allow the JV to select the best possible target site for the third well. This is expected to be agreed within the next two months.

Enerdrill is contracted to move a rig to the Canning to drill this well after the wet season next year. Most of the equipment and services for this well have been tendered as part of the tendering process for the Condon-1 well in the Merlinleigh Project, increasing efficiency of the planning for next year and taking advantage of lower costs achieved through multiple wells.

Laurel Project

Since the end of the quarter, New Standard has reached agreement with Buru Energy to increase the Company's share of the Canning Basin exploration permit EP417 in the Company's Laurel Project from 65 per cent to 100 per cent.

When combined with the neighbouring Seven Lakes SPA, in which New Standard also holds 100 per cent equity, New Standard's net Laurel Project acreage position will now total 1.46 million acres (5,881 square kilometres) across the Laurel formation – a geological setting that has been the source of numerous recent exploration successes.

Mr Thick said the move to 100 per cent ownership of EP417 presented additional project marketing alternatives.

"The simplified ownership structure and the sheer size created by the increased EP417 equity will provide New Standard Energy and potential farm-in partners with more attractive partnership options for the Laurel Project," Mr Thick said.

New Standard is currently reprocessing seismic data to select the most prospective site for an EP417 commitment exploration well next year.

The company expects that commitment well will target large conventional structures that are similar to Valhalla and Yulleroo in style while evaluating the potential for a major, regionally extensive, tight gas resource across the Laurel Project.

Buru Energy, which owns 5.91 per cent of New Standard's issued capital, will transfer its EP417 equity to New Standard for nil consideration, reflecting that the EP417 2014 commitment well is not a priority for Buru due to its extensive 2014 drilling program on its own Canning Basin permits.



Corporate & finance

Elixir Petroleum equity increase

New Standard significantly increased its equity position in Elixir Petroleum Ltd, following its support of a \$1.85 million entitlements issue recently completed by Elixir at a price of 1.2 cents per share.

New Standard purchased 83,655,036 shares at a total cost of \$1 million, and as a result has increased its equity stake in Elixir from 13.7 per cent to 28.2 per cent. The new shares were acquired as a result of New Standard following its existing entitlements and committing to a priority sub underwriting arrangement to provide cornerstone support for Elixir's successful pro rata entitlement issue.

Elixir successfully raised a total of \$1.85 million (before costs) from New Standard and other shareholders through the entitlement issue.

New Standard has also been granted the right (but not the obligation) to appoint a nominee to the Elixir Board. Following the completion of the raising, the Company has elected to nominate Sam Willis (currently a Non-Executive Director of New Standard) to the Elixir Board.

Elixir owns 100 per cent of the Moselle Project in the Paris Basin of France which, at 5,360 square kilometres in area (or approximately 1.34 million acres), is the largest single exploration block in onshore France. It has strong prospectivity for conventional, tight gas and shale gas exploration targets.

Corporate update

Dr Mark Hagan and Sam Willis have now moved into Non-Executive Director roles at the Company after five years in executive roles. The Board is now actively seeking a third independent director to comply with ASX recommendations on Board independence and expects to appoint an additional director with appropriate skills and expertise before the end of the year.

New Standard Chairman Arthur Dixon said Dr Hagan and Mr Willis had been with New Standard since the Company's very beginning and had played a vital role in the growth and development of the company to date.

"Their collective industry experience and Dr Hagan's extensive geological and geophysical knowledge combined with Mr Willis's corporate expertise have been fundamental to the Company's success in obtaining some of the most prospective acreage for shale and tight gas in Western Australia," Mr Dixon said.

"We accepted their requests to step back into a Non-Executive role after expressing a desire to spend more quality time with their respective families. I thank Mark and Sam for their continuing support."

During the quarter 600,000 unlisted options lapsed resulting from the resignation of previous Exploration Manager, Mr Brett Walker. The vacant position was filled by Mr Greg Carlsen in July 2013. Mr Carlsen has significant experience in oil and gas exploration, including onshore Western Australia.

- 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

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
- 100% 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 28.2% 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.

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")

30 September 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	378	378
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(1,690) - - (2,282)	(1,690) - - (2,282)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	433	433
1.5 Interest and other costs of finance paid	(4)	(4)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(3,165)	(3,165)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- (1,004) (57)	- (1,004) (57)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (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	(1,061)	(1,061)
1.13 Total operating and investing cash flows (carried forward)	(4,226)	(4,226)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(4,226)	(4,226)
	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)	(19)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	(19)	(19)
	Net increase (decrease) in cash held	(4,245)	(4,245)
1.20	Cash at beginning of quarter/year to date	41,538	41,538
1.21	Exchange rate adjustments to item 1.20	27	27
1.22	Cash at end of quarter	37,320	37,320

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	541
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 preparation for drilling the Condon #1 well in the Merlinleigh Project, Carnarvon Basin.

The amount at 1.8(b) pertains to an investment made to increase the equity stake in Elixir Petroleum Ltd (ASX: EXR) from approximately 13.7% to approximately 28.2%.

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

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	5,350
4.2 Development	-
4.3 Production	-
4.4 Administration (net of recharges)	1,250
4.5 Prospects	650
Total	7,250

Reconciliation of cash

	Current quarter \$A'000	Previous quarter \$A'000
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.		
5.1 Cash on hand and at bank	5,106	2,994
5.2 Deposits at call	32,214	38,543
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	37,320	41,537

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements – N/A

	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			
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 (description)	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 (description)	N/A			

+ See chapter 19 for defined terms.

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)	500,000 500,000 6,250,000 3,750,000 300,000 300,000 375,000 375,000 300,000 300,000	- - - - - - - - - -	<i>Exercise price</i> 22.5c 27.5c 38.5c 43.0c 81.0c 90.5c 74.5c 83.5c 39.0c 44.0c	<i>Expiry date</i> 30 June 2015 30 June 2015 20 December 2014 20 December 2014 24 April 2015 24 April 2015 10 August 2015 10 August 2015 12 December 2015 12 December 2015
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired/lapsed during quarter	300,000 300,000	- -	53.5c 60.0c	01 September 2013 01 September 2013
7.11	Retention Rights	212,000 212,000	- -	<i>Issue price</i> 49.97c 49.97c	<i>Measurement date</i> 14 March 2014 14 September 2015
7.12	Issued during quarter	-	-	-	-
7.13	Exercised during quarter	-	-	-	-
7.14	Expired during quarter	-	-	-	-
7.15	Performance Rights	848,000 848,000	- -	<i>Issue price</i> 49.97c 49.97c	<i>Measurement date</i> 14 March 2014 14 September 2015
7.16	Issued during quarter	-	-	-	-
7.17	Exercised during quarter	-	-	-	-
7.18	Expired during quarter	-	-	-	-
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.



David Hansen-Knarhoi
Joint Company Secretary
24 October 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 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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