



Date: 3 March 2015

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## New Standard Energy corporate and operational update

New Standard Energy Limited (**New Standard**) provides the following update on its active management of the Company's activities in the current low oil price environment.

The Company's growth plans and focus on the US have clearly been impacted by low oil prices and their effect on the oil industry's commercial landscape. The Company continues to concentrate on reducing operational and corporate costs as well as managing its capital commitments and sourcing additional funding essential for it to continue to develop and maintain its assets and to ensure it is adequately funded to contend with the current business environment.

### Operations

New Standard's existing wells are currently producing an average of 250-300 barrels of oil equivalent per day (**Boepd**) which, combined with hedges averaging around US\$78 per barrel, provides important revenue to the Company. Additional production is also expected from the Peeler Ranch-5H well post workover, while the two wells successfully drilled in the fourth quarter of 2014 have yet to be hydraulically fractured and completed. In light of the continued pressure on global oil prices, New Standard continues to push back operational activity, including the hydraulic fracture and completion of these wells, as far as possible, while meeting its commitments to retain its acreage position. Drilling and completion costs continue to fall dramatically and further deferral of this capital expenditure will enable New Standard to take advantage of these lower costs in the future. The wells are currently planned for completion in the next quarter.

### Capital Management

As outlined in New Standard's most recent quarterly activities report (31 January 2015), the Company has been investigating various funding options and opportunities essential for the ongoing development and management of its assets and drilling program. In addition to substantial cuts in costs and overheads, the Company continues to actively pursue a range of initiatives for ongoing funding including (but not limited to) partnerships, joint ventures, farm-ins and asset sales or swaps.

Negotiations on a number of potential alternatives have been underway for some time, and are continuing, but have yet to reach a stage where they are sufficiently finalised or binding as to warrant specific disclosure. New Standard expects that these negotiations will reach conclusion within the next two weeks at which point an update can be provided to shareholders.

New Standard has also continued to engage with the provider of its Enhanced Debt Facility, Credit Suisse, on the various options currently being pursued. The Company's lenders remain supportive and have indicated preliminary support for interim funding alternatives as the Company progresses discussions on such transactions and opportunities.



## Corporate

In response to the falling oil price environment, New Standard reduced its workforce by 60 per cent last year. It has continued to aggressively manage administration costs in 2015 by cutting its workforce to a total of just four employees across Australia and the United States.

The Company's directors have agreed to suspend all directors' fees until market conditions improve and the Managing Director has agreed to reduce his salary by 50 per cent in line with these changes.

Mr Chris Sadler, who has moved to New York, has offered his resignation as a Director to focus on his other business activities and this has been accepted effective today. New Standard Energy Non-Executive Chairman Arthur Dixon AM thanked Mr Sadler for his significant contribution to the Board over the past three years and wished him well in his future endeavors.

New Standard Energy Managing Director Phil Thick said: "After making more than half of our workforce redundant last year it is very disappointing but necessary to make such significant additional cuts this year. The speed and intensity of the collapse in global oil prices has affected companies large and small and across all jurisdictions. We have to continue to be responsive to these market forces."

"The Board and management are continuing discussions and negotiations on all options to provide necessary funding that will place New Standard and our shareholders in the best possible position to contend with the current low oil price environment."

**- ENDS -**

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**About New Standard:** New Standard Energy is an onshore hydrocarbon producer, developer and explorer with a commitment to develop and realise the oil and gas potential of the most prospective shale and tight gas basins across the US and Australia.

The Company's exploration and production program is active and extensive. It is underpinned and complemented by targeted corporate activity to take advantage of opportunities and to build an extensive pipeline of prospective projects. New Standard's Board has substantial technical and commercial experience in the oil and gas sector.

The Company operates in four primary basins: Eagle Ford, Texas, USA; Cooper, South Australia; and the Canning and Carnarvon, Western Australia.

The Eagle Ford acreage is a development and production project. It contains seven existing production wells, in the oil window of the Eagle Ford shale, which are currently producing and generating revenue that provides monthly cash flow to the Company. New Standard is currently drilling and evaluating additional wells.

The Cooper Basin Project is later stage exploration and development, to take advantage of existing infrastructure and the domestic and export opportunities available in the Australian East Coast gas market.

The Canning and Carnarvon Projects are frontier basins, providing New Standard's investors with exposure to high risk, high reward exploration.

New Standard benefits from a strategic alliance with its major shareholder, the US-based Magnum Hunter Resources Corporation, to efficiently develop the Atascosa Project in the Eagle Ford; to develop the Cooper Basin; and to explore in the Canning and Carnarvon Basins. The Company's portfolio includes:

#### **Texas, USA**

##### **Atascosa Project**

- Operated working interests ranging from 35.4% to 100% across 5,585 net acres in the Eagle Ford shale, onshore Texas

##### **Colorado Project**

- 32.5% non-operated working interest, Colorado County, onshore Texas

#### **South Australia**

##### **Cooper Basin Project**

- 17.5% non-operated interest in the PEL 570 acreage area, Cooper Basin, South Australia

#### **Western Australia**

##### **Southern Canning Project**

- 100% operated interest in exploration permits (EPs 443, 450, 451, 456), Southern Canning Basin, Western Australia
- 100% operated interest in exploration permit application areas (STP-EPA-006, STP-EPA-007 and STP-EPA-010), Southern Canning Basin, Western Australia

##### **Laurel Project**

- 100% operated interest in exploration permit EP 417, Northern Canning Basin, Western Australia
- 100% operated interest in exploration permit application areas (STP-EPA-0092 and STP-EPA-0109), Northern Canning Basin, Western Australia

##### **Merlinleigh Project**

- 100% operated interest in exploration permits (EPs 481 and 482), onshore Carnarvon Basin, Western Australia

In addition to the above portfolio, New Standard has an 11.8% equity interest in ASX listed Elixir Petroleum (**ASX: EXR**) and has formed a strategic alliance with Magnum Hunter Resources Corporation (**NYSE: MHR**) to deliver expertise and corporate growth. New Standard is also continuing to actively assess other opportunities to complement and expand its exploration portfolio.