

**NEW STANDARD ENERGY LIMITED**

**ACN 119 323 385**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**TIME:  
10.00am (WST)**

**DATE:  
4 August 2015**

**PLACE:  
BDO,  
Ground Level,  
38 Station St, Subiaco,  
Western Australia 6008**

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9481 7477.***

## NOTICE OF GENERAL MEETING

### NEW STANDARD ENERGY LIMITED ACN 119 323 385

An Extraordinary General Meeting of New Standard Energy Limited (**Company** or **NSE**) will be held at **BDO Australia, 38 Station Street, Subiaco** Western Australia, **Tuesday, 4 August 2015 at 10.00am** (WST).

Terms used in this Notice of Meeting and the Explanatory Memorandum are defined in the Glossary.

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes the matters to be considered at the Extraordinary General Meeting.

### IMPORTANT INFORMATION

These notes form part of the Notice of Meeting.

#### 1. Background information

To assist you in deciding how to vote on the Resolution, background information to the Resolution is set out in the Explanatory Memorandum forming part of this Notice of Meeting.

#### 2. Recommendation

The Board believes Resolution 1 is in the best interests of the Shareholders and unanimously recommends Shareholders vote in favour of this Resolution.

#### 3. Voting entitlements

The Directors have determined that, for the purpose of voting at the Meeting, Shareholders eligible to vote at the Meeting are those persons who are the registered holders of Shares at 5.00p.m. (WST) **Friday, 31 July 2015** (save where otherwise indicated under voting exclusion statements in this Notice of Meeting and Explanatory Memorandum).

#### 4. How to vote

You may vote by attending the Meeting in person, by proxy, or by an authorised representative.

#### 5. Voting in person

To vote in person, attend the Meeting on the date and at the place set out above. Shareholders are asked to arrive at the venue by **9.30am** (WST) so the Company may check their Shareholding against the Company's Share register and note attendances.

#### 6. Voting by proxy

A Shareholder has the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy must appoint a representative to exercise any of the powers the body corporate can exercise as a proxy at the Meeting. The representative should bring to the meeting evidence of their appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

To vote by proxy, the Proxy Form (together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the Proxy Form is signed) must be received at the Share Registrar **no later than 10.00am** (WST) **on Sunday 2 August 2015** (Proxy Forms received after that time will be invalid). Proxy Forms must be received before that time via any of the following methods:

- Online at [www.investorvote.com.au](http://www.investorvote.com.au) ;
- By post to New Standard Energy Limited, c/- Computershare Investor Services Pty Limited,

GPO Box 242, Melbourne, Victoria 3001 Australia;

- By fax to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- For Intermediary Online Subscribers only (custodians or nominees), online at [www.intermediaryonline.com](http://www.intermediaryonline.com) .

## 7. Enquiries

Shareholders are invited to contact the Company Secretary, **Mark Clements** on (+61 8) 9481 7477 if they have any queries on the matters set out in these documents.

Dated this 30<sup>th</sup> day of June 2015

By order of the board

Mark Clements  
Company Secretary

*The Notice of Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

## ORDINARY BUSINESS

### AGENDA

**1. Resolution 1 – Disposal of Colorado County Assets and all of the shares held by the Company in the capital of NSE 570 and NSE Texas**

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 11.2 and for all other purposes, approval is given for the disposal by the Company of its main undertaking, namely the US Assets and the PEL570 Interest, to be effected by the sale of:*

- (a) *all of the issued share capital of NSE 570 and membership interests of NSE Texas;*  
*and*
- (b) *the right, title and interest of NSE Inc in and to the Colorado County Assets, to SEA, on the terms and subject to the conditions set out in the Explanatory Memorandum which accompanies this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum and all attachments are important documents and should be read carefully. If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice of Meeting please contact the Company, your stockbroker or other professional adviser.

This Explanatory Memorandum has been prepared for Shareholders in connection with the Extraordinary General Meeting of the Company to be held on **Tuesday, 4 August 2015**.

The purpose of this Explanatory Memorandum is to provide Shareholders with information the Board believes to be material to Shareholders in deciding whether or not to approve the resolutions detailed in the Notice of Meeting.

### 1. Resolution 1 - Disposal of interest in shares and assets

On 29 June 2015, the Company announced to ASX it had executed the SSA, which provides (amongst other things) for the sale and transfer to SEA of:

- the NSE 570 Shares, being a 100% interest in the issued share capital of NSE 570;
- the NSE Texas Shares, being a 100% interest in the membership interests of NSE Texas (which owns the Atascosa Project); and
- 100% of the working interest in the Colorado County Assets.

The effective consideration being received by NSE for the Disposal is comprised of the SEA Consideration shares and the assumption by SEA both of the liabilities associated with the entities being disposed of and the CS Debt. Based on the last traded price of SEA shares prior to this Notice, the total of this consideration equates to approximately A\$23.8 million.

A summary of the key terms of the SSA is set out in section 1.5 below.

ASX Listing Rule 11.2 provides that where a company proposes to make a significant change in the nature or scale of its activities which involves the disposal of its main undertaking, it must first obtain approval of its shareholders. Accordingly, Resolution 1 seeks Shareholder approval for the Disposal.

Post completion of the Disposal, the Company will retain its interests in the Canning and Carnarvon Basins in Western Australia which will become the focus of the Company's strategic direction moving forward. A complete strategic review will also be undertaken by the Company to thoroughly assess (amongst other things) Board composition, the status of its remaining portfolio, the energy market outlook, the equity markets for small oil and gas explorers and the best path for rebuilding shareholder wealth.

#### 1.1 Background

In 2014, NSE purchased the Atascosa Project in Texas from Magnum Hunter Resources and also acquired all of the shares in OEH, which was entitled to earn a 52.5% interest in PEL 570 pursuant to the Farmin Agreement.

At that time, NSE opted for diversification of risk and changed its strategy and focus accordingly towards production and development, to complement its previous sole focus of a pure high risk-high reward exploration portfolio with expensive exploration programs. As a result, priority was placed on developing and expanding the US Assets, funded by a reserves-based lending facility that was subsequently put in place with Credit Suisse. At this point in time the price of WTI crude was in excess of US\$100 per barrel and the economics associated with the newly acquired Atascosa Project were highly attractive.

NSE then owned three tiers of assets, namely:

- (a) production and development assets in the US which became the priority focus;

- (b) mid-term assets with key partners in the prime part of the Cooper Basin in South Australia, which were the second priority; and
- (c) holding and maintaining its longer term large acreage position in the high potential, high risk early exploration areas in the Canning and Carnarvon Basins in Western Australia.

NSE successfully drilled and completed and brought into production two new wells in its Atascosa Project in line with its objectives in the first half of 2014, bringing to a total of seven production wells in its portfolio. Two more wells were also drilled in the second half of 2014 in order to meet lease commitments required to hold the acreage, but the completion of these wells was deferred due to the collapse of the global oil price.

## **1.2 Reaction to global oil price**

The unexpected speed and magnitude of the fall in global oil price seriously impacted NSE's ability to execute its growth strategy. Steps were immediately taken to defer expenditure as much as possible whilst holding onto all assets and to aggressively cut overheads and costs across the board.

NSE immediately held discussions with the CS Parties as its lenders, to ensure that it did not default on its loans and to seek waivers from particular obligations where necessary.

In late 2014, NSE commenced negotiations to sell part of its PEL 570 interest to Santos and executed this deal to reduce commitments and inject important cash into the Company. However, the oil price continued to fall and NSE's lenders made it clear that there was an expectation that NSE would further deal on its assets to pay down all or part of their debt in the short term.

At this time support was also secured from the CS Parties to continue funding NSE whilst additional potential transactions were pursued. This additional funding was provided to NSE on the basis that the CS Parties were supportive of NSE in the short term but that such funding would be finite.

The Company also engaged corporate advisors to review the impact of global oil prices on NSE's business and consider all options with a view to making recommendations for the best path forward.

## **1.3 Marketing program and reduction in debt**

The NSE Board considered that, given the equity market conditions (particularly for energy stocks), it would not be possible to address the Company's financial position by undertaking equity fundraising activities. In addition to this, the existence of parent company guarantees in favour of the CS Parties, which were required to secure NSE's debt arrangements, meant any funds raised would likely be consumed to pay down debt and would not provide the free cash and working capital required to meet the Company's ongoing operating costs and expenses. NSE's lenders also reaffirmed their clear desire to either be repaid or refinanced out of the debt facility as soon as possible.

As a result, NSE began an extensive program of putting all assets on the market individually and collectively and looked to consider all options for sale, joint venture, partnership and merger/takeover. The over-riding objectives for the Company were to:

- (a) remain viable throughout the marketing process;
- (b) deliver an outcome that completely or significantly reduced the Company's debt; and
- (c) provide a debt-free platform with sufficient liquidity from which to begin to rebuild value for shareholders.

NSE's lenders continued to provide additional support and funding throughout this process to assist with realising an outcome but it became clear, due to the very depressed market conditions,

there were very limited options that would deliver a result that completely extinguished the Company's debts and allowed the Company to continue. During this period, NSE:

- (a) completed an exhaustive marketing process with specialist advisors in the US and Australia in relation to the Eagle Ford assets and the PEL 570 Interest, respectively; and
- (b) made further substantial cuts to costs and overheads.

#### **1.4 Transaction with SEA**

At the time of the marketing program described above, NSE commenced discussions with SEA regarding a potential transaction to deliver an outcome the Company was looking for. Following several months of negotiations between SEA and NSE, both parties reached agreement to proceed and on 26 June 2015 the Company and SEA executed the SSA.

The Board strongly believes that, under the current circumstances and broader market environment (both global oil and equity markets), the Disposal is in the best interests of both the Company and Shareholders. Furthermore, the Board is also of the view that should the Disposal not proceed, there is a significant risk that the Company would be unable to continue as a going concern.

#### **1.5 Key transaction terms**

The key terms of the SSA are as follows:

- (a) In consideration for NSE selling its interests in NSE 570, NSE Texas and the Colorado County Assets to SEA, SEA will:
  - (i) issue the Consideration Shares to NSE;
  - (ii) assume all the liabilities of NSE 570 and NSE Texas as well as the ongoing rights and obligations associated with NSE 570, NSE Texas and the Colorado County Assets working interests; and
  - (iii) repay and otherwise discharge the CS Debt (including ensuring that NSE and NSE Inc will not be liable for any additional monies owed to CS in respect of the CS Debt and released from any parent company guarantees) at Completion;

Total consideration associated with this transaction as outlined above is approximately A\$23.8 million based on the trading price of the SEA shares as at the date of this Notice of Meeting (being A\$0.505) and the value of the outstanding CS Debt and creditors being assumed by SEA.

- (b) Completion of the Disposal is subject to and conditional upon:
  - (i) no notice having been received by NSE from SEA stating that it is not satisfied with the outcome of its due diligence investigations in relation to NSE 570, NSE Texas and the Colorado County Assets, such notice to be given to NSE no later than Friday, 17 July 2015;
  - (ii) the Shareholders of the Company approving the sale and purchase of the NSE 570 Shares, NSE Texas Shares and the Colorado County Assets under the SSA;
  - (iii) NSE having reached a legally binding agreement with the CS Parties (in form and substance reasonably satisfactory to NSE) that upon SEA having paid out the CS Debt, NSE will be immediately released and discharged from any parent company guarantee obligations owed by NSE and NSE Inc to the CS Parties;
  - (iv) SEA having reached a legally binding agreement with the CS Parties (in form and substance reasonably satisfactory to SEA) that all Encumbrances held by the CS Parties in relation to the US Assets will, upon SEA having paid out the CS Debt, be immediately released and discharged;

- (v) there having been no material unremedied breach of any NSE or NSE Inc warranties that has resulted, or is reasonably likely to result in future, in a material lessening in value of the US Assets and the Permit;
- (vi) there having been no material unremedied breach of any of SEA's warranties under the SSA;
- (vii) there having been no Material Adverse Effect in relation to NSE;
- (viii) NSE having obtained written consents of Santos QNT and OEH (on terms reasonably acceptable to SEA and NSE) to the change in control of NSE 570 contemplated in the SSA and the assignment of NSE's rights and obligations under the Implementation Agreement to SEA with effect from Completion;
- (i) NSE having reached an agreement with GMP (to the satisfaction of NSE and SEA) in relation to any fees payable to GMP pursuant to the mandate letter between NSE and GMP dated 8 December 2014; and
- (ii) there being no amounts owed by NSE or its related bodies corporate (excluding NSE 570 and NSE Texas) to NSE 570 or NSE Texas, or owed to NSE or its related bodies corporate (excluding NSE 570 and NSE Texas) by NSE 570 or NSE Texas.

Other material terms of the SSA include:

- (a) the upfront purchase by SEA of the EXR Shareholding for A\$0.002/share, for a total of approximately A\$243,000 in cash;
- (b) ability for post Completion adjustments to the Consideration Shares to be made to the extent the aggregate value of DD Defects identified exceeds A\$500,000, up to a maximum adjustment of A\$500,000;
- (c) SEA undertaking that, with effect from Completion, it will do all things and execute all documents reasonably required by NSE to ensure that NSE has no ongoing liability to Santos QNT or OEH with respect to the Implementation Agreement;
- (d) if the SSA is terminated, following the Execution Date and before Completion in circumstances where NSE has complied with all conditions that relate to it, SEA will immediately pay to NSE a break fee of A\$250,000. in cash or immediately available funds unless the SSA is terminated by SEA as a result of the aggregate value of DD Defects exceeding the A\$1,000,000 threshold;
- (e) NSE ensuring the Peeler Lease remains in good standing and otherwise preserving the interest currently held by NSE Texas in that regard by undertaking certain agreed activities on the leased area in early July 2015;
- (f) SEA or NSE being entitled to terminate if the other fails to satisfy any of the conditions for which it is responsible; and
- (g) standard pre-Completion obligations on NSE and NSE Inc to procure that NSE 570 and NSE Texas preserve their status quo and carry on each business in the ordinary course (including not surrendering or transferring the US Assets or the Permit and not increasing or altering any share capital prior to Completion, as applicable).

The SSA incorporates a range of warranties and indemnities (and processes governing the ability to claim under such warranties) to be given by NSE and SEA, (which the Directors consider to be normal and appropriate). It is otherwise on terms that are customary for agreements of this nature.

A portion of the Consideration Shares may be subject to escrow in relation to any DD Defects. In addition, 10% of the Consideration Shares will be held in escrow for a period of up to 6 months in



relation to any SEA Warranty Claims. These escrow requirements are to cover potential costs associated with any material due diligence matters identified by SEA that require rectification, or any claims for a breach of an NSE Warranty that might be successfully brought by SEA.

NSE's maximum aggregate liability for Warranty Claims (with the exception of two matters that NSE does not expect to be material) is capped at A\$795,000.

## **1.6 Rationale for the Disposal**

NSE's small scale and limited balance sheet have made it impossible to implement its growth strategy in the US given the current global market conditions, the collapse of the oil price and the lack of available equity funding to finance ongoing operations. This has left the Company in a position where its only option is to deal on its assets to generate cash to reduce or eliminate its debt and focus on its remaining resources. The alternative would have been to lose its US assets due to failure to meet minimum work commitments and/or to default on its loan obligations and have the assets seized by its lenders. NSE was equally exposed on PEL 570 in the Cooper Basin, given the lack of available working capital to fund its share of ongoing work programs that are due to commence shortly.

Early this year NSE engaged corporate advisors to review the Company's current position and to recommend strategic options going forward. This review came up with a clear recommendation to reduce or eliminate the debt immediately and sell the assets that carried the greatest commitment exposure.

The disposal of both the US and Cooper Basin assets removes all of NSE's significant capital commitments, completely eliminates the Company's debt and removes all parent company guarantees that were previously restricting capital raising options. In addition, NSE's shareholding in SEA by virtue of the Consideration Shares will provide continuing upside exposure for NSE Shareholders to these assets, in addition to the benefits of value that may be generated from SEA's strong balance sheet and broader production and development portfolio.

## **1.7 Pro forma balance sheet**

A pro forma consolidated balance sheet for the Company is set out below and shows the impact of the transaction on the financial position of the Company after Completion, on the assumptions set out in the notes to the pro-forma balance sheet, as if they had occurred on 31 May 2015.

## Unaudited Pro-Forma Consolidated Balance Sheet

	Unaudited 31 May 2015	Total Transaction	Consolidated Pro- Forma
<b>Current Assets</b>			
Cash and cash equivalents	742,649	(110,683)	631,966
Trade and other receivables	324,794	(197,168)	127,626
Available for sale financial assets	243,468	2,936,532	3,180,000
Derivative financial instruments	1,176,341	(1,176,341)	-
<b>Total Current Assets</b>	<b>2,487,253</b>	<b>1,452,339</b>	<b>3,939,592</b>
<b>Non-Current Assets</b>			
Derivative financial instruments	832,447	(832,447)	-
Exploration & development expenditure	29,435,673	(16,124,686)	13,310,987
Oil and Gas properties	55,788,003	(55,788,003)	-
Property, plant and equipment	415,497	(72,149)	343,349
Deferred tax asset	1,694,234	622,310	2,316,544
Other assets	530,457	(530,457)	-
<b>Total Non-Current Assets</b>	<b>88,696,312</b>	<b>(72,725,432)</b>	<b>15,970,879</b>
<b>Total Assets</b>	<b>91,183,565</b>	<b>(71,273,093)</b>	<b>19,910,472</b>
<b>Current Liabilities</b>			
Trade and other payables	3,007,793	(2,722,713)	285,079
Borrowings	569,595	(569,595)	-
<b>Total Current Liabilities</b>	<b>3,577,388</b>	<b>(3,292,309)</b>	<b>285,079</b>
<b>Non-Current Liabilities</b>			
Borrowings	18,246,611	(18,246,611)	-
Deferred tax liability	223,806		223,806
<b>Total Non-Current Liabilities</b>	<b>18,470,417</b>	<b>(18,246,611)</b>	<b>223,806</b>
<b>Total Liabilities</b>	<b>22,047,805</b>	<b>(21,538,920)</b>	<b>508,885</b>
<b>Net Assets</b>	<b>69,135,759</b>	<b>(49,734,173)</b>	<b>19,401,586</b>
<b>Equity</b>			
Issued capital	67,011,182		67,011,182
Reserves	7,104,483		7,104,483
Retained earnings / (Accumulated losses)	(4,979,906)	(49,734,173)	(54,714,079)
<b>Total Equity</b>	<b>69,135,759</b>	<b>(49,734,173)</b>	<b>19,401,586</b>

### Footnotes:

1. Assumed exchange rate of AUD1.000 : USD0.7637, being closing rate on Friday 29 May 2015.
2. Value ascribed to Sundance Energy Ltd (SEA) shares acquired is AUD0.53 per share, being the 5 day VWAP of SEA shares to 25 June 2015.

## 1.8 Information about SEA

Sundance Energy Australia Limited (ASX: SEA) is an onshore oil and gas company focused on the exploration, development and production of large, repeatable resource plays in North America. The Company's properties are located in premier United States. oil and natural gas basins, and its current operational activities are focused in south Texas, targeting the Eagle Ford formation (some immediately adjacent to NSE's Atascosa Project) and north central Oklahoma, targeting the Mississippian and Woodford formations.

SEA utilises its United States'-based management and technical team to appraise, develop, produce and grow its portfolio of assets. SEA's strategy focuses on generating cash flow from its existing production base, developing assets where it is the operator and has high working interests, exploring for additional resources within its existing basins and pursuing strategic merger and acquisition opportunities, which positions it to control the pace of its development and the allocation of capital resources.

According to the 2014 SEA Annual Report:

- (a) SEA ended 2014 with record production of 9,434 barrels of oil equivalent per day (BOEPD) compared with an exit rate of 5,028 BOEPD in December 2013. as well as an average annual production of 6,635 BOEPD compared to 3,015 BOEPD in 2013;
- (b) During 2014 SEA drilled and completed 42.7 net wells, primarily in the Eagle Ford, bringing total well count to 81.3 by 31 December 2014. High value oil comprised approximately 69 percent of total 2014 annual production and production from SEA - operated projects accounted for 89 percent of total production for the year;
- (c) SEA's full year revenues increased to \$159.8 million and Adjusted EBITDAX increased to \$126.4 million. There was also a significant growth in reserves during the year with 1P Reserves at the end of 2014 at 26.0 MBOE, 2P Reserves 54.1 MBOE, and 3P Reserves 147.7 MBOE. This compares with Reserves of 20.7 MBOE, 34.6 MBOE, and 92.8 MBOE, respectively, at the end of 2013; and
- (d) SEA has grown its Eagle Ford acreage position to approximately 26,160 net mineral acres at the end of 2014, which includes the acquisition of approximately 18,000 net acres in 2014.

By the end of the first quarter 2015, SEA had extended its 2014 Eagle Ford acreage position to approximately 38,701 net mineral acres.

## **1.9 Future activities and direction on completion of the Disposal**

Following Completion, the Company plans to undertake a strategic review of its operations and thoroughly assess and consider (amongst other things), Board composition, NSE's remaining asset portfolio, the status of the energy market, the equity markets for small oil and gas explorers and the best path for rebuilding shareholder value.

Immediately after the Disposal, NSE will retain its extensive acreage position in Western Australia which is currently owned 100% by the Company and covers approximately 15 million acres. This portfolio includes the Southern Canning Project and the Laurel Project in the Canning Basin and the Merlinleigh Project in the onshore Carnarvon Basin.

### **(a) Southern Canning Project**

The Southern Canning Project covers approximately 11 million acres in the Canning Basin, located south-east of Broome in the Kimberley Region of Western Australia. The targets are liquid rich shale gas formations, specifically the wet gas window within the Goldwyer formation. The Southern Canning Project was previously a joint venture between ConocoPhillips, PetroChina and NSE. New Standard resumed 100% ownership of the Southern Canning Project from its joint venture partners in late 2014.

### **(b) Laurel Project**

The Laurel Project covers 1.46 million acres in the Canning Basin, located 180km south of Fitzroy Crossing. The targets are tight gas and conventional hydrocarbons in the Laurel formation which extends throughout the Fitzroy Trough.

(c) **Merlinleigh Project**

The Merlinleigh Project covers 1.36 million acres in the onshore Carnarvon Basin, located approximately 150km from Carnarvon. The targets are conventional reservoirs and shale and tight gas formations. The acreage is located immediately adjacent to the Dampier Bunbury natural gas pipeline, so is easily connectable to available markets in the Pilbara, mid-west and south-west of Western Australia. NSE has identified targets for drilling and is prepared to recommence its program (subject to funding).

In addition to the strategic review proposed to be conducted, NSE's intention post Completion is to continue to progress the exploration and development of these assets. NSE is also currently in discussions with third parties in relation to a potential farm-in or partial divestment to provide a source of ongoing funding for the WA projects in order to effectively manage risk and funding requirements in relation to them. These negotiations have been ongoing for some time and will continue with the objective of re-commencing an exploration program potentially in both the Canning and Carnarvon Basins.

NSE has regularly engaged with the Western Australian Department of Mines and Petroleum (DMP), regarding the Company's ongoing plans for its WA assets. Whilst there are current drilling commitments to be met on NSE's acreage in the Canning and Carnarvon Basins, the DMP has clearly indicated a willingness to negotiate a new program on these permits subject to NSE securing suitable funding to recommence its drilling program. This could include deferrals of, or variations to, existing commitments, extensions to lease terms, renewal of leases or relinquishment of part of the acreage, or any combination of these.

NSE's acreage position is extensive and therefore the Company is taking a pragmatic approach with the DMP (and potential partners) to produce a manageable forward-looking plan that will potentially unlock the significant value in these WA assets.

**1.10 Use of funds following liquidation of Consideration Shares**

NSE intends to retain a significant portion of its holding in SEA, so as to provide NSE's shareholders with the exposure to the potential upside of its US and Cooper Basin assets and the expected recovery of the oil and gas market.

NSE intends to liquidate Consideration Shares as required to provide working capital to maintain the Company's operations and pursue its options and alternatives with respect to its Western Australian Assets and the assessment of any other future opportunities that may arise to assist in rebuilding shareholder value. Corporate costs and overheads have been substantially cut, such that cash burn is currently as low as possible. It is expected that any future transaction agreed with an incoming partner on the Western Australian assets will include the funding of any immediate capital works and future exploration program. As part of the current process to seek partners for the Western Australian portfolio, NSE is also undertaking a review of the holding costs and prospectivity of each Western Australian permit currently held

The work commitments and capital requirements associated with the Company's Western Australian asset portfolio are currently inexact due to the following two key factors:

- (a) the current negotiations and discussions with the DMP about work commitment variations, deferrals and permit renewal or relinquishments; and
- (b) discussions with potential partners around funding future work programs for the Western Australian assets.

As a result, the Board is unable to provide an exact view, as of the date of this Notice, as to the expected value and extent of NSE's future funding commitments.

However, the Company is working to determine the value and extent of these commitments as soon as possible and may seek to raise additional equity capital to address any shortfall between

the funds derived from the liquidation of the Consideration Shares and working capital required to meet the ultimate work commitments agreed with the DMP.

#### **1.11 Advantages of the Disposal**

The Directors are of the view that the Disposal will result in the following non-exhaustive list of advantages, which may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) NSE debt reduced to zero;
- (b) all NSE parent company guarantees released;
- (c) no further cash commitments required on US assets to maintain leases;
- (d) pending cash commitments on PEL 570 in the Cooper Basin removed;
- (e) NSE retains potential upside through its SEA holding to take advantage of the development of the US and Cooper Basin assets by a larger, more experienced company with a strong balance sheet, and to gain value on any recovery in the global oil and gas market;
- (f) NSE is free to transact as appropriate on its Western Australian assets to potentially deliver upside to its shareholders through a funded exploration program;
- (g) Shareholder dilution is minimised to the extent possible;
- (h) puts the Company into a sustainable position moving forward; and
- (i) ensures (to the greatest extent possible) NSE remains a going concern.

#### **1.12 Disadvantages of the Disposal**

- (a) Sale of key assets at or near the bottom of the market does not generate maximum value, (however the Company is not in a position to hold onto the assets until the market recovers); and
- (b) The Disposal leaves NSE with only its extensive Western Australian assets and the need to find a partner if the accelerated development of its Western Australian acreage is to be pursued.

#### **1.13 Plans for the Company if the Disposal is not approved**

As noted above, the Company has been undergoing a period of significant financial difficulty due to the significant reduction in the oil price since 2014. As previously announced to the market, the Company's lenders have also been providing access to ongoing working capital in order to facilitate a transaction being concluded.

Accordingly, if the Disposal does not proceed, this will have a significant impact on the Company's ability to continue as a going concern and there is a real risk that the Company may not in future be able to meet its debts as and when they fall due.

#### **1.14 Directors' interests and voting recommendation**

The Directors do not have any material interest in the outcome of the Resolution other than as a result of their interest arising solely in their capacity as Shareholders.

The Board has approved the proposal to put Resolution 1 to Shareholders and all Directors intend to vote their shareholding in support of the Disposal.

In the Directors' opinion, if Shareholders do not approve Resolution 1 the Company's future would be unclear at best, particularly given the lack of readily available funds, the current creditor position and the obligations for repayment under the CS Debt.

**As a result of the above, the Directors consider that the Disposal is in the best interests of both the Company and Shareholders and recommends that Shareholders vote in favour of Resolution 1.**

#### **1.15 Listing Rule 11.2**

Listing Rule 11.2 states that a listed entity that is proposing to make a significant change, whether directly or indirectly, by disposing of its main undertaking, must get approval from Shareholders and comply with any requirements of ASX in relation to the Notice of Meeting. In accordance with Listing Rule 11.2, the Company seeks Shareholder approval of the proposed Disposal and provides full disclosure of the details of the Disposal and its impact on the Company (refer to sections 1.1 – 1.10 of this Explanatory Memorandum).

ASX has indicated in Guidance Note 12 that it considers “main undertaking” to be essentially synonymous with “main business activity”. Further, in that Guidance Note, ASX indicates that it generally applies a 50% “rule of thumb” in assessing whether a business constitutes the main undertaking of an entity.

If the activity accounts for more than 50% of an entity’s consolidated total assets, consolidated annual revenue (or, in the case of an exploration company or other entity that is not earning material revenue from operations, consolidated annual expenditure) and consolidated annual profit before tax and extraordinary items, there will be reasonably compelling evidence that such an activity or business is the entity’s main undertaking.

The US Assets and PEL 570 Interest (being the assets and undertaking indirectly being disposed of under the SSA) are valued in the Company’s Financial Report for the Half Year Ended 31 December, 2014 (released 16 March, 2015) at A\$50.66 million.

NSE’s total assets as per the Company’s Financial Report for the Half Year Ended 31 December, 2014 are A\$91.11 million. Accordingly, the US Assets and PEL570 Interest (based on their valuation in the Company’s Financial Report for the Half Year Ended 31 December, 2014 being the Company’s most recent published accounts) represent more than 50% of NSE’s total assets.

In light of the above and ASX Guidance Note 12, which sets out the definition of “main undertaking”, the US Assets and PEL570 Interest being divested collectively comprise the Company’s main undertaking for the purposes of the Listing Rules. Accordingly, the Company seeks Shareholder approval for the purposes of ASX Listing Rule 11.2 to indirectly dispose of NSE’s main undertaking by way of the sale and transfer of the NSE 570 Shares, the NSE Texas membership interests and the 100% working interest in the Colorado County Assets pursuant to the terms of the SSA.

#### **1.16 Indicative Timetable**

Subject to ASX Listing Rule and Corporations Act requirements, the Company anticipates completion of the Disposal will be in accordance with the following timetable:

<b>Event</b>	<b>Date</b>
<b>ASX Announcement of Disposal</b>	<b>29 June 2015</b>
<b>Extraordinary General Meeting to approve Disposal</b>	<b>4 August 2015</b>
<b>Completion of Disposal</b>	<b>6 August 2015</b>

## GLOSSARY

In this document:

**Associate** has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

**ASX** means ASX Limited (ACN 000 943 377) or the Australian Securities Exchange, as appropriate.

**Board** means the Company's Board of Directors.

**Colorado County Assets** means the working interests in the wells and various leases in Colorado County, Texas that are owned by NSE Inc and being sold to SEA pursuant to the SSA.

**Company** or **NSE** means New Standard Energy Limited (ACN119 323 385).

**Completion** means the completion of the sale and purchase of the NSE Texas Shares, the NSE 570 Shares and the Colorado County Assets under the SSA.

**Consideration Shares** means 6,000,000 fully paid ordinary shares in the capital of SEA.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**CS Debt** means all moneys owing to the CS Parties pursuant to the reserves-based lending facility currently in place with respect to the US Assets.

**CS Parties** means those parties to the CS Debt as described in the SSA.

**DD Defects** means defects identified by SEA during its due diligence investigations in relation to the US Assets or the business of NSE 570 or NSE Texas.

**Directors** mean the directors of the Company.

**Disposal** means the indirect disposal of the PEL570 Interest and US Assets, by way of a sale and transfer by NSE to SEA of a 100% interest in the issued share capital of both NSE 570 and NSE Texas and a 100% working interest in the Colorado County Assets.

**Encumbrance** means any security for the payment of money or performance of obligations and includes a mortgage, charge, pledge, lien, trust, title retention, preferential right, easement, restrictive or positive covenant or any other adverse right or interest of any nature.

**Explanatory Memorandum** means the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.

**Execution Date** means the execution date of the SSA, being 26 June 2015.

**EXR Shareholding** means the 121,734,102 shares held by NSE in Elixir Petroleum Limited.

**Farmin Agreement** means the Farmin Agreement between OEH and Ambassador Exploration Pty. Ltd. (ACN 145 084 064) dated 6 December 2013, pursuant to which OEH as "Farminee" is entitled to earn a 52.5% interest in the Permit.

**General Meeting** or **Meeting** means the meeting convened by this Notice of Meeting.

**GMP** means GMP Securities LLC.

**Implementation Agreement** means the agreement between NSE, NSE 570, OEH and Santos QNT dated on or about 22 October 2014, which governs the relationship between NSE 570 and OEH in relation to how the earn-in obligations under the Farmin Agreement will be satisfied by "Farminee".

**Listing Rules** means the Listing Rules of the ASX.

**Material Adverse Effect** has the meaning attributed to the term in the SSA;

**Notice** or **Notice of Meeting** means this notice of Extraordinary General Meeting including the Explanatory Memorandum and the Proxy Form.

**NSE Inc** means New Standard Energy Inc. (Company number 27-0179959).

**NSE Texas** means NSE Texas LLC a company registered in Austin, Texas.

**NSE Texas Shares** means 100% of the (uncertified) membership interests in NSE Texas..

**NSE 570** means New Standard Energy PEL 570 Pty Ltd (ACN 161 624 335).

**NSE Warranties** means the warranties given by NSE and NSE Inc as set out in Schedule 4 to the SSA.

**NSE 570 Shares** means 520 ordinary shares in the capital of NSE 570 (being all of the issued shares in relation to NSE 570).

**OEH** means Outback Energy Hunter Pty Ltd (ACN 161 626 580).

**Peeler Lease** means that certain lease dated 22 November 2006 by and between Alonzo M. Peeler, Jr. and Barbara Gene Peeler as lessor and Dewbre Petroleum Corporation, as Lessee, a Memorandum of said lease filed in Atascosa County Texas on 13 November 2007 Instrument Number 3 94737.

**PEL570 Interest** means NSE's interest in the Permit (a prospective onshore petroleum permit located in the Cooper Basin, South Australia), which comprises a 17.5% interest in that Permit.

**Permit** means PEL 570 issued under the *Petroleum and Geothermal Energy Act 2000* (SA).

**Proxy Form** means the proxy form attached to the Notice of Meeting.

**Resolution** means a resolution referred to in the Notice of Meeting.

**Santos QNT** means Santos QNT Pty Ltd (ACN 083 077 196).

**Share** means a fully paid ordinary share in the capital of the Company.

**SEA** means Sundance Energy Australia Limited (ACN 112 202 883).

**SEA Warranty Claim** means a claim by SEA for a breach of any of NSE Warranties.

**Shareholder** means a registered holder of a Share.

**Share Registrar** means Computershare Investor Services Pty Limited.

**SSA** means the Share and Asset Sale Agreement dated 26 June 2015 between the Company, NSE Inc, SEA, NSE 570 and NSE Texas.

**US Assets** means:

- (a) the Colorado County Assets; and
- (b) the petroleum and other assets held by NSE Texas as at the Execution Date, as more particularly described in Schedule 1 to the SSA.

**WST means Australian** Western Standard Time.






**NEW STANDARD  
ENERGY**

ABN 20 119 323 385

— 000001 000 NSE  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form



### Vote online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10.00am (WST) Sunday, 2 August, 2015**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**



MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of New Standard Energy Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of New Standard Energy Limited to be held at BDO, Ground Level, 38 Station Street, Subiaco, Western Australia on Tuesday, 4 August 2015 at 10.00am (WST) and at any adjournment or postponement of that meeting.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Resolution 1 Disposal of Colorado County Assets and all of the shares held by the Company in the capital of NSE 570 and NSE Texas

For  Against  Abstain

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / /

NSE

999999A

Computershare +