



NEW STANDARD
ENERGY

ASX Code: NSE

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BOARD OF DIRECTORS:

Ian Paton
Chairman

Sam Willis
Managing Director

Mark Hagan
Technical Director

Mark Clements
Company Secretary

ISSUED CAPITAL

141,543,010 Shares

37,300,000 Unlisted Options

MARKET CAPITALISATION

\$13.0m
(last @ \$0.09 per share)

CASH ON HAND
at 31.12.09

\$5.65m

INVESTMENT IN BURU

\$4.50m (@ 25c per share)

Quarterly Activities Report

October to December 2009

HIGHLIGHTS

Corporate Activities

- 36% working interest acquired in two new Wilcox projects, onshore Texas USA
 - Meaningful target size with potential for in excess of 100BCFE within each project
 - Additional leases in Colorado County and new project in Wharton County, Texas USA
 - Attractive financial terms, all drilling based on equity ownership (ie; unpromoted)

Australian Exploration

- Detailed review of retained acreage and assessment of unconventional hydrocarbon potential significantly advanced
- Planning well underway to recommence and finish Lawford 1 drilling
- Permit management process with DMP currently being finalised
- Additional acreage opportunities under assessment

United States Exploration

- New 3D seismic obtained and interpreted to determine most attractive drill prospects
- 6 well Colorado County drilling program agreed and scheduled to commence imminently
- Focus on substantial Wilcox targets offering significant short-term cashflow upon success

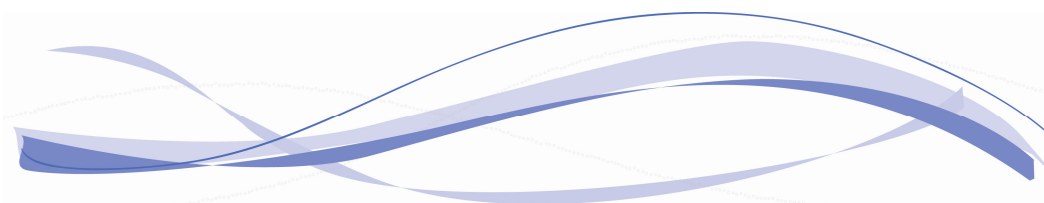
CORPORATE ACTIVITIES

Subsequent to the end of the December 2009 quarter New Standard Energy Ltd (**New Standard; ASX: NSE**) executed and settled agreements to acquire a 36% working interest in two additional projects in onshore Texas, USA. These projects add substantial Wilcox prospects with large upside to the exploration portfolio that is being pursued in onshore Texas, USA.

New Standard reached agreement on 27 January 2010 to acquire a 36% working interest in the two new prospect areas alongside Burleson Energy Ltd (ASX: BUR) and US operator AKG Energy – NSE's current partners in the Colorado County Project, Texas. These additional areas are targeting highly attractive Wilcox prospects with the potential for each project to produce well over 100BCFE from the Wilcox formation.

Both of the new projects encompass very large Wilcox prospects and fall squarely within the core of New Standard's primary focus in the prolific Wilcox reservoir sands. New Standard's corporate and exploration strategy in the United States continues to identify and secure opportunities that present meaningful equity positions in large targets with low associated exploration costs. These factors combine to create a compelling address for active oil and gas explorers particularly given the targets are substantial and the path to cash flow on drilling success is short.

New Standard holds a 36% working interest in both projects, alongside its existing partners in the Colorado County Project, with the remaining equity in both projects held by Burleson Energy Limited (BUR: 36%WI) and AKG Energy (AKG: 28%WI; Operator).



CORPORATE ACTIVITIES CONT.

The first of the new projects is located within the Colorado County, but outside the existing area of mutual interest (AMI) associated with New Standard's Colorado County Project. The second project is located in Wharton County immediately to the southeast of Colorado County.

The addition of these prospects will ensure that New Standard's drilling pipeline in the US continues to expand with quality targets of sufficient size to make a substantial difference to the Company if they are successfully drilled as discoveries. The completion of these transactions also illustrates the growing working relationship between New Standard and AKG Energy—the US based operator and partner for all of New Standard's US projects.

The new Colorado County project has been under discussion and review for some time and forms a logical addition to the existing AMI that is currently in place. The major prospect on the new leases, which NSE now shares, was highlighted as an advanced opportunity in the original drilling table released to the Australian Securities Exchange on 3 November, 2009. This prospect is illustrated in the table below as well W2, complements the other Wilcox targets identified from the newly acquired 2009 3D seismic data and is scheduled to be drilled as one of the first two Wilcox tests to be spudded in Q1 of 2010.

The agreements see new AMI's formed for both projects, with the working interests in both areas being 36% New Standard, 36% Burleson Energy and 28% AKG Energy. Further details of the drilling program and a drilling prospect inventory are detailed under US Exploration below

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES

At 31 December 2009, New Standard had a direct interest in retained acreage of approximately 53,000km² in the Canning Basin including 100% operated interests in EP443, 450, 451, 456 as well as a 65% operated interest in EP417. Following the settlement of the Acacia Fairway Transaction with Buru in 2009, New Standard has continued to work with the West Australian Department of Mines and Petroleum (DMP) to finalise the permit title and management issues (including operatorship status) arising from the transaction. It is anticipated these issues will be resolved in early 2010. New Standard's interest in Application area 28/07-8 immediately adjacent to EP417 in the north and east was relinquished during the quarter. This decision was made following the drilling of Lanagan 1 well in 2008 and subsequent interpretation and evaluation of the Balgo terrace and surrounding acreage extensions which lead to a downgrading of the prospectivity of the play type.

EP417 (New Standard 65% operated; Buru 35%)

No on ground exploration work was undertaken on EP417 during the quarter, pending finalisation of the administrative issues with the DMP.

The application for renewal of EP417 lodged by New Standard has been acknowledged by the DMP. New Standard is currently working through the detail of the permit ownership registration process with the DMP following the recent Buru transaction and once the various transfers of interest are registered the renewal of EP417 is expected occur. No other issues have been raised with respect to the renewal process or the validity of the permit title.

As part of the renewal application commitment has been made to revisiting Lawford 1 for completion in 2010 and New Standard is currently reviewing drill rig availability and formulating plans to revisit Lawford 1 in either Q3 or Q4 of the 2010 calendar year. The ability to undertake the remainder of the program at Lawford 1 is dependent upon suitable drill rig availability on commercially acceptable terms and upon discussions with joint venture partner Buru. New Standard is currently working on these work plans which will hopefully be finalised during Q1 or Q2 of 2010.

UNITED STATES EXPLORATION PORTFOLIO & ACTIVITIES

Colorado County Project, Texas USA (New Standard 32.5% working interest)

As detailed in the update to the market released on 27 January 2010, the remainder of the 2010 US drilling program will not be impacted by the continued weather delays at the first well in the Colorado County program, the Brasher #1 well. The commencement of the Brasher #1 well continues to be delayed until adequate access can be obtained to the site. Regular inspections of the drill site by both AKG and the rig contractor in recent times have highlighted running water in two, normally dry creek beds that cross the access, and this remains problematic. Brasher #1 is a shallower, low cost well and construction of all-weather access roads is not cost effective for such targets and is avoided where possible. In order to minimise site construction and rehabilitation costs, and work within drilling contractor timetables, the decision has been made to defer drilling the Brasher #1 until early February.

Unlike the smaller Yegua drill sites, the Wilcox prospects are sufficiently large to permit all-weather access roads and rig pads to be built, greatly reducing the potential for weather delays. Permitting, contract negotiation, land title and surface access for these wells are all well advanced. Pending finalisation of these preparations, road and drill pad construction will follow with the objective of spudding the first Wilcox well in late February/early March.

Separate specialist drilling companies are being contracted to drill the Yegua target at Brasher #1 as distinct from the first two Wilcox prospects (W1 and W2). This will help to minimise operational delays that may arise due to contractor availability. Drilling preparations for the first two Wilcox prospects (wells W1 and W2), are well advanced and both wells remain on track for spudding in the first quarter of 2010. It is currently anticipated that the first two Wilcox wells will be drilled back-to-back which should provide continuity of exploration work for the next few months.

The initial drilling program for the Colorado County Project was agreed and announced during the quarter and appears in the table below. At the time the initial program was announced, New Standard was in advanced discussions with AKG regarding a potential interest in prospect W2 which lies outside the initial Colorado County Project AMI. New Standard is pleased to advise that these negotiations have now been concluded and were announced to the market on 27 January 2010, and as a result New Standard has secured a 36% interest in the very attractive W2 prospect which will be drilled as one of the first two Wilcox targets of the program.

Month	Well	Reservoir	Depth (feet)	Total Cost D&C	Potential Gas (bcf)	Potential Oil (mb)	Typical Flow Rates per day	Working Interest
Feb 2010	Brasher #1	Yegua	5,000	0.6m	1.4	-	0.3 – 1.3mmcf	32.5%
Feb 2010	W1	Wilcox	11,500	2.5m	7.2	100	3mmcf and 200bopd	32.5%
Mar 2010	W2	Wilcox	12,500	2.5m	100+	2,400	3mmcf and 200bopd	36.0%
May 2010	W3	Wilcox	11,500	2.5m	7.2	210	3mmcf and 200bopd	32.5%
Jul 2010	W4	Wilcox	11,500	2.5m	11.4	333	3mmcf and 200bopd	32.5%
2H 2010	E1	Edwards	20,750	13.0m+	600+	-	6-15mmcf	32.5% ⁽¹⁾

Notes:

1. New Standard is likely to farm-down its interest in this well given the high cost nature of the drilling
2. More than 1 well is likely to be required to develop some of the larger prospects in the above table
3. The above program is preliminary in nature and based on current intentions and remains subject to change

EXPLORATION PORTFOLIO & ACTIVITIES CONT.

Additional Projects: Colorado County and Wharton County (New Standard 36% working interest)

As mentioned in the Corporate Activities section above, New Standard has secured a 36% working interest in two additional projects in onshore Texas, USA that are entirely complementary in nature to the existing Colorado County Project. The first of the new projects comprises additional leases located within the Colorado County, but that fall outside New Standard's existing AMI. The second project is located in Wharton County immediately to the southeast of Colorado County.

Both of the new projects encompass very large Wilcox prospects and fall squarely within the core of New Standard's primary focus in the prolific Wilcox reservoir sands. New Standard's corporate and exploration strategy in the United States continues to identify and secure opportunities that present meaningful equity positions in large targets with low associated exploration costs. These factors combine to create a compelling address for active oil and gas explorers particularly given the targets are substantial and the path to cash flow on drilling success is short.

The addition of these projects will ensure that New Standard's drilling pipeline in the US continues to expand with quality targets of sufficient size to make a substantial difference to the Company if they are successfully drilled as discoveries. The successful completion of these deals is also testament to the growing working relationship being built New Standard's US-based operator and partner, AKG.

New Standard holds a 36% working interest in both projects, with its partners in the Colorado County Project, Burleson Energy Limited (BUR: 36%WI) and AKG Energy (AKG: 28%WI; Operator) holding the remainder.

The overall progress in the United States supports New Standard's strategy to target shorter term exploration and production potential in the United States coupled with exploration in Australia. The upside that continues to emerge from the new 3D seismic on the Colorado County project is exciting and provides a potential value add for New Standard shareholders in a relatively low risk environment. The first three prospects are well advanced and drilling is poised to commence. This, together with a recent increase in the Henry Hub gas prices back to over US\$6/mmcf, provides excellent support for New Standard's entry into the US projects it has selected.

OTHER OPPORTUNITIES

New Standard continues to assess opportunities that are outside the current portfolio but of interest due to pricing, the size and nature of the opportunity or because they fall within the core technical expertise of the New Standard technical team. New Standard remains focused on the Canning Basin as a core holding within its portfolio - both in terms of direct acreage ownership and indirectly through the 10% strategic shareholding in Buru. This focus has been supplemented by the lower risk entry into the Colorado County and Wharton County Projects in Texas that provide the potential to access short term cashflow as well as providing significant upside through larger targets. New Standard will continue to assess other opportunities in a focused manner on the basis that they have the potential to contribute to creating shareholder wealth over time.

Competent Person: *The information in this announcement in relation to the Colorado County Project is based on information provided to New Standard Energy by AKG Energy LP and Burleson Energy Ltd and reviewed by Dr Mark Hagan (BSc Hons, PhD) who is a Petroleum Geologist and Geophysicist with more than 35 years experience in the industry. Dr Hagan is Technical Director of New Standard Energy and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*