NEW STANDARD ENERGY LIMITED
(Formerly Hawk Resources Limited)
ACN 119 323 385

Annual Financial Report
for the Financial Year Ended 30 June 2008

NEW STANDARD ENERGY LIMITED
(FORMERLY HAWK RESOURCES LIMITED
ACN 119 323 385)

CORPORATE DIRECTORY

Board of Directors
Gordon Hill (Non-Executive Chairman)
Sam Willis (Executive Director)
Mark Hagan (Technical Director)
Ian Paton (Non-Executive Director)

Company Secretary
Mark Clements

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Leydin Freyer Corporate Pty Ltd
Chartered Accountants
Suite 304
22 St Kilda Road
ST KILDA VIC 3182

Legal Advisors
Steinepreis Paganin
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PERTH WA 6000

Share Registry
Security Transfer Registrars Pty Ltd
Alexandra House
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APPLECROSS WA 6153

CONTENTS

NEW STANDARD ENERGY LIMITED
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LETTER FROM THE CHAIRMAN

Dear Shareholder

The past 12 months has seen enormous progress achieved by New Standard Energy Ltd (New Standard) as it has grown from a fledgling unlisted entity with a large prospective landholding to a well funded emerging oil and gas explorer listed on the ASX with a robust management team and experienced Board. A large part of this progress has been achieved through New Standard merging with ASX listed entity Hawk Resources Ltd (Hawk) in conjunction with completing an oversubscribed capital raising of $7.5m to fund ongoing activities. The successful merger of New Standard with Hawk post financial year end has provided a significant change in both business direction and management for the company and has resulted in a change of name for the listed entity to "New Standard Energy Ltd" reflecting the focused commitment to oil and gas exploration going forward.

Although this 2008 Annual Report is New Standard's first as a listed company, the merger of the two entities and the associated capital raising was incomplete at financial year end. As a result you will note the Annual Report largely details the activities and finances of the former entity in Hawk, and reflects the prior business focus and sound management implemented by the former Hawk Board.

As an example of New Standard's great progress over the past 12 months, a valuable agreement was secured with Buru Energy Ltd (Buru) securing a cornerstone investor and major joint venture partner for New Standard. Buru, formerly a wholly owned subsidiary of ARC Energy Ltd (ARC) prior to ARC's recent merger with Australian Worldwide Exploration (AWE), provides New Standard with a partner with financial resources of in excess of $80m earmarked for exploration in the Canning Basin. New Standard will directly benefit from a large free carried work program to be met by Buru over a highly prospective portion of New Standard's acreage in the next 24 months. Buru also brings valuable technical resources and onshore operating experience in Western Australia and provides NSE with a unique opportunity to closely collaborate with a like-minded partner to explore the remote Canning Basin opportunities.

Corporately, the completion of the merger with Hawk was also a key milestone for New Standard as it provided not only access to combined cash resources of approximately $12m to fund exploration but also the opportunity to secure Board and management control of an ASX listed entity. Access to ongoing capital was a key driver for completing this merger and establishes an important building block for New Standard to plan and pursue its ongoing exploration program over the next 2-3 years.

Subsequent to 30 June 2008 and the following completion of the merger with Hawk, New Standard has embarked upon its maiden drilling campaign in the relatively under-explored Canning Basin, onshore Western Australia. Following 15 years of accumulating contiguous land holdings that represent in excess of 90,000km^2 of well positioned and prospective acreage, New Standard is now delivering on its commitment to shareholders through its drilling and other exploration activities as set out in the recent prospectus. The Canning Basin is highly prospective and known to host proven petroleum systems yet remains vastly under explored and unloved in many quarters. Numerous petroleum systems with similar characteristics to the Canning are known to host significant oil and gas accumulations around the world. For these reasons, and based on the opinion of the strong technical team at New Standard, the Board is very excited about the potential for major discoveries to be made within our dominant acreage holding in the Canning over the next 2-3 years.

In conclusion, I would like to thank both the former Directors of Hawk and my fellow Directors of New Standard for their hard work and support, as well as current and former staff, employees and consultants for their considerable efforts during the past year. I would also like to sincerely thank our shareholders for their continued support in helping us progress towards realising what we believe is truly unrecognised value within our portfolio of assets.

I firmly believe that with a high quality asset base, excellent technical and corporate people and a sound corporate and operational strategy in place, New Standard is well placed for the future.

Gordon Hill
Chairman

DIRECTORS' REPORT

The Directors of New Standard Energy Limited submit herewith the annual financial report of the Company for the financial year ended 30 June 2008. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the period stated.

Name	**Particulars**
Mr Gordon Hill	Non-Executive Chairman (Appointed 28 July 2008)
Qualifications	LLB
Experience	Gordon is a former Minister in the Government of Western Australia, holding senior portfolios including Mines, Trade, Fisheries, and Employment and Training. He served the State of Western Australia in that capacity for 7 years and was a Member of Parliament for over 12 years. Gordon developed strategic plans for enhancing investment in the fast-growing mining and petroleum sector and was responsible for introducing policy initiatives that were incorporated into legislation and practice. Gordon is a qualified Barrister and Solicitor of the Supreme Court of Western Australia and the High Court of Australia although he is currently not in practice. Gordon's commercial and legal experience extends to joint venture and native title negotiations, corporate and business advice and litigation.
Directorships in listed entities	Goldstar Resources NL (ASX: GDR) Deep Sea Fisheries Ltd (ASX: DSF)
Relevant interests in shares and options	7,581,752 fully paid ordinary shares 250,000 options exercisable at $0.225 on or before 30 June 2012 250,000 options exercisable at $0.275 on or before 30 June 2012
Mr Sam Willis	Executive Director (Appointed 28 July 2008)
Qualifications	B.Com
Experience	Sam has worked in the corporate advisory field for over 8 years where his primary duties have involved assisting companies achieve an ASX listing, providing general corporate advice, M&A assessment, deal co-ordination and structuring and capital raising for unlisted and listed companies. Sam has previously worked as a private client advisor with Hartleys, in an advisory capacity with Red Dingo (venture capital), and as an investment analyst with both Deutsche Bank and Schroders Investment Management in London.
Directorships in listed entities	Northern Energy Corporation Ltd (ASX: NEC) Future Corporation Australia Ltd (ASX: FUT) (resigned) Incitive Limited (ASX: ICV) (resigned) Base Iron Limited (ASX: BSE)
Relevant interests in shares and options	5,329,500 fully paid ordinary shares 2,625,000 options exercisable at $0.225 on or before 30 June 2012 2,625,000 options exercisable at $0.275 on or before 30 June 2012 150,000 options exercisable at $0.30 on or before 14 May 2010

Dr Mark Hagan Technical Director (Appointed 28 July 2008)

Qualifications B.Sc, Ph.D

Experience Mark holds a Ph.D in Geology from the University of Western Australia (1974) and has over 30 years experience in oil and gas exploration and production with expertise in the integration and operation of all technical, operational and marketing aspects of oil and gas business ventures. He spent over 18 years in USA/Europe on worldwide projects in a variety of positions and was ultimately responsible for exploration activities in Europe, Africa, South America and Asia for Sun Oil Company – a large US based integrated oil company. Mark was on the Board of Sun Exploration and Production Company from 1989 to 1991 during which time new discoveries were made in diverse exploration spheres and oil production rose to 70,000 barrels/day.

Since returning to Australia in 1991, Mark has been an independent consultant, mainly on projects in the Australia/Asia region and is past Chairman of Empire Oil

Directorships in listed entities and Gas NL (1999-2002) – an ASX listed exploration company.

Relevant interests in shares and options Nil

1,650,000 fully paid ordinary shares
3,625,000 options exercisable at $0.225 on or before 30 June 2012
3,625,000 options exercisable at $0.275 on or before 30 June 2012

Mr Ian Paton

Qualifications Non-Executive Director (Appointed 28 July 2008)

Experience B.Sc (Hons), M Pet Eng, MBA

Ian has been working as an International Petroleum Consultant specialising in Engineering and Geoscience from 2000 until the present. Among numerous other roles, Ian has been most recently focussed on Coogee Resources projects in the Timor Sea where he has identified and developed significant oil discoveries resulting from exploration success. Production from these discoveries will approach 40,000 barrels/day.

Prior to his consulting role Ian was Technical Director at Amity Oil where he discovered two commercial gas fields in Turkey. Ian also held positions as technical manager of CONOCO Oceania where he ran all operations in Australia and PNG as well as holding the role of exploration and development manager at Santos where

Directorships in listed entities he was responsible for oil field developments in South Australia and leading Santos into the north-west shelf where he oversaw numerous discoveries.

Relevant interests in shares and options Nil

250,000 options exercisable at $0.225 on or before 30 June 2012
250,000 options exercisable at $0.275 on or before 30 June 2012

Mr Harry Hill Executive Chairman (Appointed 19 April 2006 - resigned 28 July 2008)

Qualifications CPA, FCIS

Experience Harry is a Certified Practising Accountant and Fellow of the Chartered Institute of Secretaries. He has over 25 years experience as a Director and Company Secretary of several publicly listed companies involved in mining and mineral exploration (particularly in commodities of gold, nickel and diamonds) and companies operating in the fields of education, construction and clothing. His skills encompass business and strategic planning, finance and corporate secretarial functions.

Dr Mark Elliott	Non-Executive Technical Director (Appointed 11 May 2007 - resigned 28 July 2008)
Qualifications	Dip. App. Geol (Ballarat), PhD (UNSW), FAusIMM (CGeo), FAICD, FAEG, FSEG, FAIG
Experience	Mark is a chartered practising geologist with over 28 years experience in economic geology, exploration, mining, project development and corporate management in a wide range of commodities including base metals and gold. Mark commenced his exploration career in Broken Hill and Mt Isa as a geologist with Anaconda Australia. Mark was Managing Director of consultancy firm Elliott Exploration, based in Queensland, working throughout Australia and overseas for over 20 years. As a founding member of Burdekin Resources NL in 1993 and full-time Executive Director he was responsible for management of the Company's exploration programmes until 1997. Mark introduced the McKinnons gold project to Burdekin Resources which developed it into a successful open pit, CIP plant operation. As a founding Director of Zirtanium Limited, Dr Elliott acquired two large world-class high-grade mineral sand deposits in Victoria. In 2004 he merged Zirtanium with Astron Limited an Australian ASX listed company and the largest producer of zirconium chemicals in China. Mark has a Diploma in Applied Geology (1973) from the Ballarat School of Mines, a Doctor of Philosophy Degree (1979) from the University of New South Wales. He is a qualified Company Director having completed the Company Directors course Diploma awarded by the University of Sydney Graduate School of Business in 1996.
Mr Winton Willesee	Non-Executive Director and Company Secretary (Appointed 11 May 2007 - resigned 28 July 2008)
Qualifications	BBus, DipEd, PGDipBus, MCom, FFin, CPA, MAICD
Experience	Winton is an experienced Director and Company Secretary in the small capitalisation sector of the ASX and brings a broad range of experience in company administration, corporate governance and corporate finance from his background with listed and unlisted public companies. Winton has a Master of Commerce, Post-Graduate Diploma in Business (Economics and Finance), a Diploma in Education and a Bachelor of Business. Winton is a Fellow of the Financial Services Institute of Australasia and a Member of CPA Australia. Winton is a Director of Newera Uranium Limited, Future Corporation Australia Limited, Boss Energy Limited and Base Iron Limited and has filled the role of Company Secretary with a number of listed and unlisted public companies. He is currently the Company Secretary of Newera Uranium Limited, Balkans Gold Limited, Boss Energy Limited, Greenvale Mining NL and Base Iron Limited.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the year were to develop its tungsten and coal assets and pursue potential future investments.

OPERATION RESULTS

The entity's net loss for the year after applicable income tax was $134,291 (2007: loss of $13,354).

REVIEW OF OPERATIONS

The Review of Operations is preceding this Directors' Report.

Wilks Creek Project - Marysville, Victoria

The prospective tungsten project is located at Marysville, Victoria, and is covered by the tenement EL 4944 (Wilks Creek).

The Company has completed an extensive soil geochemical survey, which has delineated a large, elongated tungsten mineralised anomaly. This soil anomaly, over 1km long, is up slope from the known Wilks Creek Wolfram Mine. The only historical drill hole in the area was drilled on the eastern margin of the tungsten soil anomaly, yet sampling by the Company has confirmed significant intersection of tungsten mineralisation. Further work by the Company confirmed the favourably simple mineralogy which is present in the area, with very coarse-grained wolframite and only minor competing other heavy minerals.

The detailed soil geochemical survey has enabled a drilling program to be planned, and statutory approvals to be sought.

Keppel Creek Project - Marysville, Victoria

The Company lodged Exploration Licence Application (EL 5115) that covers a 79 square kilometre area to the northwest of the Company's existing Wilks Creek project.

The Keppel Creek project has known tungsten mineralisation in the north of the project area, which was identified from historical stream and soil sampling activities conducted in the early 1980's.

An active exploration program can be commenced as soon as the Exploration Licence is granted and approvals obtained.

Callie Soak Project - Murchison, Western Australia

The Company has an 80% interest in the Callie Soak project (comprising ELA 20/669) which is located 40km west-northwest of Cue in Western Australia and is a prospective tungsten tenement with previous workings.

The Callie Soak Project includes the Martins Load Prospect, which was drilled in 1970. This resulted in a pit design and feasibility study being completed, but due to the low tungsten price at the time mining did not commence. Now the price has increased this prospect warrants further re-assessment. The known tungsten mineralisation is near surface, and historical drilling includes an intercept of 3.0m @ 1.77%WO_3 from 5.8m. The Company has assembled all this technical information, and following granting of approvals, will be in a position to drill to seek to confirm these favourable historical results and enable new mining plans to commence should that be the strategy pursued.

Mt McDonald North Project - Bowen Basin, Queensland

Located in the central Bowen Basin of central Queensland, the Project is approximately 25km north-northeast of Emerald, (comprising Exploration Permit EPC 1070) near both road and rail facilities, and the Gregory Coal Mine.

Examination of historical drilling data indicates that only two drill holes (2.1km apart) within EPC1070 have been completed to a suitable depth to intersect the German Creek Coal Seam. Both these two drill holes contain coal with excellent yields at low ash, moderate sulphur, very low phosphorus, and high specific energy. Based on the rank, this coal may be suitable as a blend coking coal.

The Company was developing a work program which was to involve integrating the available geophysical and geological data with the limited drilling data to determine the subsurface orientation of the coal seam, enabling a drilling program to be designed to more fully test the potential of the coal.

FINANCIAL POSITION

The net assets of the consolidated entity have increased by $4,560,406 to $5,395,924 as at 30 June 2008. The major movements were due to capital raisings during the year.

The consolidated entity's working capital, being current assets less current liabilities was $4,901,429 compared with $580,300 in 2007.

As a result of the above, together with the events occurring after balance date, the Directors believe the Company is in a strong and stable position to undertake its stated objectives.

CHANGES IN STATE OF AFFAIRS

During the financial year there were the following changes in the state of affairs of the consolidated entity:

- The company issued 17,500,000 ordinary shares raising $3,500,000 (before costs) in an Initial Public Offering and listed on the ASX.
- The company issued 137,500 ordinary shares in consideration for the acquisition of an exploration licence.
- The Company issued 200,000 options as detailed in Note 13.
- On 17 June 2008, the Company lodged a prospectus with the Australian Securities and Investments Commission to raise up to $7.5 million and acquire 100% of the issued capital of New Standard Exploration Limited (formerly New Standard Energy Limited) in return for New Standard Energy Limited (formerly Hawk Resources Limited) securities.
- As at 30 June 2008, the Company had raised $1,473,000 pursuant to the prospectus. However the allotment of shares in relation to these funds did not occur until 28 July 2008 following closure of the prospectus.

FUTURE DEVELOPMENTS

The Company intends to pursue its current stated objectives as an oil and gas explorer.

EVENTS AFTER BALANCE SHEET DATE

At a general meeting on 18 July 2008, shareholders approved a series of resolutions to effect a merger of Hawk Resources Limited (Hawk) with New Standard Energy Limited (New Standard).

New Standard is an oil and gas explorer focussing on the Canning Basin in north-west Western Australia.

New Standard currently holds an interest in 6 petroleum exploration permits (namely EPs 417, 442, 443, 450, 451 and 456) that cover in excess of 20 million acres (72,000km^2) in the Canning Basin. Additionally, in June 2008, New Standard was awarded 100% interest in application area 28/07-8 and has an option over a 50% interest in application area 30/07-8. Interests in both of these areas were awarded as part of a Canning Basin acreage release undertaken in March 2008, are contiguous to existing granted permits in the portfolio and increase New Standard's Canning Basin holdings to in excess of 90,000km^2.

The material resolutions approved by Hawk shareholders at the general meeting held on 18 July 2008 were to:

1. Change the nature of the Company's activities to an oil and gas explorer;
2. Issue 70,405,508 shares for the acquisition of 100% of New Standard;
3. Elect Gordon Hill, Sam Willis, Mark Hagan and Ian Paton to the Board of the Company ("Incoming Directors");
4. Change the name of the Company from Hawk Resources Limited to New Standard Energy Limited;
5. Authorise the issue of up to 37,500,000 shares at 20c per share to raise $7,500,000 in additional capital;
6. Issue 13,500,000 options to the Incoming Directors of the Company;
7. Issue 1,000,000 options to Cygnet Capital Pty Ltd as the Company's promoter.

Since those resolutions were passed the Company has closed its public offering of shares, having raised $7,500,000, issued 37,500,000 shares to the public, issued the 70,405,508 consideration shares, granted the various options and relisted on ASX on 8 August 2008. Of the $7,500,000 raised, $1,473,000 was received from the date of lodgement of the prospectus to 30 June 2008 and is included in the cash balance as at 30 June 2008. However the allotment of shares in relation to these funds did not occur until 28 July 2008 following closure of the prospectus.

On 28 July 2008 the Company merged with New Standard Energy Limited (formerly New Standard Exploration Limited) and changed its name to New Standard Energy Limited. New Standard Energy Limited (formerly New Standard Exploration Limited) changed its name back to New Standard Exploration Limited and is now a wholly owned subsidiary of New Standard Energy Limited (formerly Hawk Resources Limited).

On 25 August 2008, ARC Energy Limited (formerly ASX: ARQ), New Standard's joint venture partner on 5 permits (EP 442, EP 443, EP 450, EP 451 and EP 456), assigned the joint venture rights and obligations to Buru Energy Limited (ASX: BRU) as part of Buru Energy's demerger from ARC. Buru was admitted to the official list of ASX on 28 August 2008 with $84 million in cash, of which approximately $20 million was escrowed in support of their Alcoa arrangements, leaving Buru with over $64 million in cash to fund their exploration program in the Canning Basin.

On 27 August 2008, the Company entered into a farm-in agreement in relation to the first two wells on EP 417 with Buru Energy. Farm-in agreement details are as follows:

Option Exercise

Buru may exercise the option above at any time up to the earlier of:

1. 12 months after the completion of the Lanagan 1 and Lawford 1 wells; or
2. The date the joint venture approves the commencement of a seismic survey or further well; or
3. The date one of the parties agrees to sole risk a seismic survey or further well on the Permit.

Material Terms of the Agreement

The following is a summary of the material terms of the NSE and Buru Farm-in Agreement:

1. Buru will be assigned a 35% participating interest in EP 417 (Buru Interest) in return for committing to fund 35% of the costs of drilling Lanagan 1 and Lawford 1 exploration wells; and
2. Buru will pay to NSE the sum of $75,000 which satisfies the previous expenditure on the Permit in relation to the Buru Interest; and
3. Pending approval and registration of the transfer of the Buru Interest, NSE shall hold the Buru Interest upon trust for Buru.

Option

NSE grants to Buru an option to earn a further 15% participating interest in EP 417 as follows:

1. In the "dry hole" case Buru can increase its equity interest in EP 417 from 35% to 50% by funding the cost of the next exploration well at a 60% level; or
2. In the discovery case on either Lanagan 1 or Lawford 1, Buru can increase its equity interest in EP 417 from 35% to 50% by:
   (i) Paying to NSE 100% of the NSE costs of drilling each discovery well to a maximum of $3.5 million per discovery well; and
   (ii) Funding 75% of the next well on EP 417; and
   (iii) Paying NSE a one-off payment equal to 5% of the value of the first 5 million barrels of oil produced from the field with the payment falling due after 5 million barrels have been produced.

On 29 August 2008, the Lanagan 1 well on EP 417 was spudded and on 17 September 2008 the Company announced that the primary reservoir target had been reached but that no significant hydrocarbon indications had been encountered. As a result, preparations were being made to run logs for total depth following which it is anticipated that the well will be plugged and abandoned.

Other than the above, there has not been any matter or circumstance, other than has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIVIDENDS

No dividend has been declared or paid during the financial year and the Directors do not recommend the payment of any dividend in respect of the current or preceding financial years.

ENVIRONMENTAL REGULATIONS

The economic entity holds participating interests in mining and exploration tenements. The authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2008.

SHARE OPTIONS

Share options granted to Directors and Executives or their nominees during and since the end of the financial year:

Directors	Number of Options granted	Exercise Price of Options $	Expiry Date of Options
Mr G Hill	250,000 250,000	0.225 0.275	30/06/2012 30/06/2012
Mr S Willis	2,625,000 2,625,000 150,000	0.225 0.275 0.30	30/06/2012 30/06/2012 14/05/2010
Dr M Hagan	3,625,000 3,625,000	0.225 0.275	30/06/2012 30/06/2012
Mr I Paton	250,000 250,000	0.225 0.275	30/06/2012 30/06/2012
Mr H Hill	-	-	-
Dr M Elliott	-	-	-
Mr W Willesee	-	-	-

Share options on issue at year end or exercised during the year:

Details of unissued ordinary shares of the Company under option at the date of this report are as follows:

Item	Number of Shares under Option	Exercise Price of Options	Expiry Date of Options
Unlisted Options	10,600,000	$0.30	14 May 2010
Unlisted Options	3,000,000	$0.20	14 May 2010
Unlisted Options	50,000	$0.35	31 December 2010
Unlisted Options	50,000	$0.50	31 December 2010
Unlisted Options	100,000	$0.75	31 December 2010
Unlisted Options	1,000,000	$0.20	30 June 2012
Unlisted Options	6,750,000	$0.225	30 June 2012
Unlisted Options	6,750,000	$0.275	30 June 2012

During the year and up to the date of this report 14,700,000 options were issued, and no options were exercised. At 30 June 2008, 13,800,000 options were on issue and at the date of this report 28,300,000 options were on issue. Refer to the notes to the financial statements for details of options granted.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court under Section 327 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.
The Company was not a party to any proceedings during the year.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director. During the financial year, 11 Board meetings were held. There were no separate remuneration and nomination committee, or audit committees.

DIRECTORS	BOARD OF DIRECTORS	
	HELD	ATTENDED
Mr H Hill	11	11
Dr M Elliott	11	11
Mr W Willesee	11	11

INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the financial year the Company has indemnified and entered into Deeds of Indemnity and Access with each of the current Directors to indemnify the Director or any related body corporate against a liability incurred as a Director. The Deeds provide for the Company to pay all damages and costs which may be awarded against the Directors.

The Company has paid premiums to insure each of the Directors against liabilities for cost and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

NON-AUDIT SERVICES

The Directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standards of independence for auditors imposed by the *Corporations Act 2001*.
There were no non-audit services provided during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s.307C of the *Corporation Act 2001* in relation to the audit of the full year is included on page 17.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and Executives of New Standard Energy Limited (the "Company").

The Board policy for determining the nature and amount of remuneration of Directors and Executives is agreed by the Board of Directors as a whole. The Board obtains professional advice where necessary to ensure that the Company attracts and retains talented and motivated Directors and employees who can enhance Company performance through their contributions and leadership.

Executive Director Remuneration

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee was not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as appropriate.

Non-Executive Director Remuneration

Non-Executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. The limit of Non-Executive Director fees was set at a maximum of $250,000 at a general meeting of shareholders held on 11 May 2007. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the *Corporations Act 2001* at the

time of the Directors retirement or termination. Non-Executive Directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

The amount of aggregate remuneration sought to be approved by Shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the amount of Director fees being paid by comparable companies with similar responsibilities and the experience of the Non-Executive Directors when undertaking the annual review process.

The Company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for Directors. Further details regarding components of Director and Executive remuneration are provided in the notes to the financial statements.

Performance Based Remuneration

As part of each Executive's remuneration package there is a performance-based component. This was based on the Executive meeting their responsibilities under the annual Business Plan related to the financial performance, exploration, operations and regulatory requirements to commercialise the Company's assets. The measurement of the Company's performance is achieved via periodic Board assessments of the Company's progress through its business plan, and by reference to its financial position. An individual member of staff's performance assessment is done by reference to their contribution to the Company's overall achievements. The intention of this program is to facilitate goal congruence between Executives with that of the business and shareholders. Generally, the Executive's performance-based remuneration is tied to the Company's successful achievement of certain key milestones as they relate to its operating activities, as well as the Company's overall financial position. Further information has not been disclosed as it is commercially confidential.

Relationship between the remuneration policy and company performance

The tables below set out summary information about the Company's earnings and movements in shareholder wealth for the period from June 2006 to June 2008:

	30 June 2008	30 June 2007	30 June 2006
Revenue	330,068	5,187	-
Net profit/(loss) before tax	(134,291)	(13,354)	(1,818)
Net profit/(loss) after tax	(134,291)	(13,354)	(1,818)
Share price at listing	$0.25	N/A	N/A
Share price at end of year	$0.24	N/A	N/A
Basic earnings/(loss) per share	(0.43)cps	(0.20)	(0.83)
Diluted earnings/(loss) per share	(0.30)cps	(0.20)	(0.83)

Key Management Personnel Compensation

The Key Management Personnel of New Standard Energy Limited during the year were:

Mr H Hill	Executive Chairman (Appointed 19 April 2006)
Dr M Elliott	Non-Executive Technical Director (Appointed 11 May 2007)
Mr W Willesee	Non-Executive Director and Company Secretary (Appointed 11 May 2007)

The aggregate compensation of Key Management Personnel during the year is as follows:

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Short-term employment benefits	103,465	10,000	103,465	10,000
Post employment benefits	90,000	-	90,000	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payment	-	-	-	-
	193,465	**10,000**	**193,465**	**10,000**

The compensation of each member of the Key Management Personnel of the consolidated entity is set out below.

Details of Remuneration for Year Ended 30 June 2008

The remuneration for each Director of the consolidated entity during the year was as follows:

	Short –term employment benefits	Post-employment	Equity		
	Salary, Fees and Commissions $	Superannuation Contribution $	Shares Received as Compensation $	Options Received as Compensation $	Total $
Directors					
Mr H Hill	-	90,000	-	-	90,000
Dr M Elliott	24,833	-	-	-	24,833
Mr W Willesee	78,632	-	-	-	78,632
	103,465	**90,000**	**-**	**-**	**193,465**

*the Company did not have any Executive Officers other than Directors.

Options Issued as Part of Remuneration for the Year Ended 30 June 2008

There were no options issued as part of remuneration for the year ended 30 June 2008.

Shares Issued as Part of Remuneration for the Year Ended 30 June 2008

There were no shares issued as remuneration during the year ended 30 June 2008.

Details of Remuneration for Year Ended 30 June 2007

The remuneration for each Director and each of the five Executive Officers of the consolidated entity receiving the highest remuneration during the year was as follows:

	Short –term employment benefits	Post-employment	Equity		
	Salary, Fees and Commissions $	Superannuation Contribution $	Shares Received as Compensation $	Options Received as Compensation $	Total $
Directors					
Mr H Hill	4,000	-	-	-	4,000
Dr M Elliott	3,000	-	-	-	3,000
Mr W Willesee	3,000	-	-	-	3,000
Mr M Davies	-	-	-	-	-
Mr A Finlayson	-	-	-	-	-
	10,000	**-**	**-**	**-**	**10,000**

Options Issued as Part of Remuneration for the Year Ended 30 June 2007

Options are intended to be issued to Directors and Executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to increase goal congruence between Directors and Executives and shareholders.

	Number of Options granted [1]	Number of Options Vested	% of Grant Options Vested	Value of Options Granted at grant date $	Total Remunerati on Represented by Options %	Exercise Price of Options $	Expiry Date of Options
Directors							
Mr H Hill	500,000	500,000	100%	0.00	0%	0.30	14/05/2010
Dr M Elliott	250,000	250,000	100%	0.00	0%	0.30	14/05/2010
Mr W Willesee	350,000	350,000	100%	0.00	0%	0.30	14/05/2010
Mr M Davies	-	-	-	-	0%	-	-
Mr A Finlayson	-	-	-	-	0%	-	-
	1,100,000	**1,100,000**					

Options granted as part of remuneration have been valued using a Black-Scholes option pricing model, which takes into account various factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. The value of the options at grant date was calculated at $0.00 cents per option. Further details on the independent valuation are detailed in Note 5(c).

Shares Issued as Part of Remuneration for the Year Ended 30 June 2007

There were no shares issued as remuneration during the year ended 30 June 2007.

Executive Services Agreements

The following Executive Services Agreements were in place at 30 June 2008:

- On 1 June 2007, Dr Mark Elliott, entered into an Executive Services Agreement with the company with the following key terms:
  - Annual Directors fee of $25,000 per annum inclusive of superannuation.
  - The term of the contract is until Dr Elliott resigns or is not re-elected as a Director by the shareholders of the Company.
  - Dr Elliott resigned as a Director on 28 July 2008 and this agreement terminated as a result.

- On 1 June 2007, Mr Winton Willesee, entered into an Executive Services Agreement with the company with the following key terms:
  - Annual Directors fee of $25,000 per annum inclusive of superannuation.
  - The term of the contract is until Mr Willesee resigns or is not re-elected as a Director by the shareholders of the Company.
  - Mr Willesee resigned as a Director on 28 July 2008 and this agreement terminated as a result.

- On 29 June 2007, Mr Winton Willesee, entered into an Agreement with the company with the following key terms:
  - Company Secretarial fees of $4,000 per month.
  - The term of the contract is until Mr Willesee ceases to act as Company Secretary of the Company.
  - Mr Willesee resigned as Company Secretary on 28 July 2008 and this agreement terminated as a result.

- On 11 June 2007, Mr Harry Hill, entered into an Executive Services Agreement with the Company with the following key terms:
  - A daily rate of $1,000 per day, based on actual days worked for the Company, inclusive of superannuation.
  - Annual Directors fees of $30,000 per annum inclusive of superannuation.
  - The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered.
  - Mr Hill resigned as Director on 28 July 2008 and this agreement terminated as a result.

The following Executive Consultancy Agreements were in place at the date of this report;

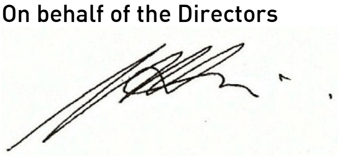
On 28 July 2008, Mr Sam Willis entered into an Executive Consultancy Agreement with the company on the following key terms;

- Monthly fees of $15,000 on a four day a week basis for a period of one year from settlement of the merger.
- A maximum termination fee equivalent to 9 months at the monthly fee rate.

On 28 July 2008, Dr Mark Hagan entered into an Executive Consultancy Agreement with the company on the following key terms;

- Monthly fees of $15,000 on a three day a week basis for a period of one year from settlement of the merger.
- A maximum termination fee equivalent to 9 months at the monthly fee rate.

Signed in accordance with a resolution of the Directors made pursuant to *s.298 (2)* of the *Corporations Act 2001.*
On behalf of the Directors



Gordon Hill
Non-Executive Chairman
PERTH, 26 September 2008

DIRECTOR'S DECLARATION

The Directors declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity; and
c) the Directors have been given the declarations required by *s.295A* of the *Corporations Act 2001.*

Signed in accordance with a resolution of the Directors made pursuant to *s.295(5)* of the *Corporations Act 2001.*

On behalf of the Directors

Gordon Hill
Non-Executive Chairman

PERTH, 26 September 2008

AUDITOR'S INDEPENDENCE DECLARATION

LeydinFreyer
ABN: 25 338 005 253

Suite 304, 22 St Kilda Road, St Kilda, Vic 3182
Telephone: +613 9692 7222
Facsimile: +613 9529 6057
email: admin@leydinfreyer.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of New Standard Energy Limited:

I declare that to the best of my knowledge and belief, in relation to the Independent Audit for the year ended 30 June 2008, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

MELANIE J LEYDIN
Registered Company Auditor
Registration: 212298

26 September 2008

INDEPENDENT AUDIT REPORT

LeydinFreyer
ABN: 25 339 006 263

Suite 304, 22 St Kilda Road, St Kilda, Vic, 3182
Telephone: +613 9692 7222
Facsimile: +613 9529 8057
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INDEPENDENT AUDITOR'S REPORT
To the members of New Standard Energy Limited (ABN 20 119 323 385)

Report on the Financial Report

We have audited the accompanying financial report of New Standard Energy Limited (the company), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with the International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. This Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures of the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair preparation of the financial report in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall preparation of the financial report.

We believe that the audit evidence with have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of New Standard Energy Limited on 26 September 2008, would be in the same terms if provided to the Directors as at the date of this auditors report.

LeydinFreyer

Electronic presentation of audited financial report

The auditor's report relates to the financial report of New Standard Energy Limited for the year ended 30 June 2008 included on the New Standard Energy Limited's web site. The Company's Directors are responsible for the integrity of the New Standard Energy Limited's web site. We have not been engaged to report on the integrity of the New Standard Energy Limited's website. The auditor's report only refers to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the web site.

Auditor's Opinion

In our opinion:

(a) the financial report of New Standard Energy Limited is in accordance with the Corporations Act 2001, including:
   i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of its performance for the year ended on that date; and:
   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with the International Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of New Standard Energy Limited for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

MELANIE J LEYDIN
Registered Company Auditor
Registration: 212298

26 September 2008

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	CONSOLIDATED ENTITY		PARENT ENTITY	
		2008	2007	2008	2007
		$	$	$	$
Interest received	2	330,068	5,187	330,068	5,187
Administrative expenses		(265,302)	(8,541)	(270,012)	(8,541)
Employment expenses		(166,713)	(10,000)	(166,713)	(10,000)
Occupancy expenses		(3,102)	-	(3,102)	-
Finance expenses		(3,632)	-	(3,632)	-
Exploration costs written off		(7,090)	-	(7,090)	-
Share based payments		(18,520)	-	(18,520)	-
Loss before income tax expense	3	(134,291)	(13,354)	(139,001)	(13,354)
Income tax expense	4	-	-	-	-
Loss attributable to members of the parent entity		(134,291)	(13,354)	(139,001)	(13,354)

		Cents Per Share	Cents Per Share
Earnings/(Loss) per Share			
Basic Earnings per Share	21	(0.43)	(0.20)
Diluted Earnings per Share	21	(0.30)	(0.20)

This statement is to be read in conjunction with the notes to the financial statements.

BALANCE SHEET
AS AT 30 JUNE 2008

	Note	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Current Assets					
Cash and cash equivalents	19(a)	4,994,771	597,295	4,984,671	597,195
Trade and other receivables	7	21,967	3,977	21,949	3,959
Other current assets	8	46,611	11,297	46,611	11,297
Total Current Assets		5,063,349	612,569	5,053,231	612,451
Non-Current Assets					
Intangibles	9	250,292	250,292	-	-
Other financial assets	10	-	-	368,302	250,000
Other non-current assets	11	244,203	4,926	131,601	-
Total Non-Current Assets		494,495	255,218	499,903	250,000
Total Assets		5,557,844	867,787	5,553,134	862,451
Current Liabilities					
Trade and other payables	12	161,920	32,269	161,920	26,933
Total Current Liabilities		161,920	32,269	161,920	26,933
Total Liabilities		161,920	32,269	161,920	26,933
Net Assets		**5,395,924**	**835,518**	**5,391,214**	**835,518**
Equity					
Issued Capital	13	5,526,867	850,690	5,526,867	850,690
Option Reserve	14	18,520	-	18,520	-
Accumulated losses		(149,463)	(15,172)	(154,173)	(15,172)
Total Equity		**5,395,924**	**835,518**	**5,391,214**	**835,518**

This statement is to be read in conjunction with the notes to the financial statements.

NEW STANDARD ENERGY LIMITED
(FORMERLY HAWK RESOURCES LIMITED) ACN 119 323 385

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

CONSOLIDATED				
	Issued Capital **Note 13**	Retained Earnings	Option Reserves **Note 14**	Total
Equity as at 1 July 2006	25,001	(1,818)	-	23,183
Loss for the period (A)		(13,354)	-	(13,354)
Issue of Options	-	-	-	-
Issue of Shares	868,750	-	-	868,750
Costs of Capital Raising	(43,061)	-	-	(43,061)
Equity as at 30 June 2007	**850,690**	**(15,172)**	**-**	**835,518**
Equity as at 1 July 2007	850,690	(15,172)	-	835,518
Loss for the period (A)	-	(134,291)	-	(134,291)
Issue of Options	-	-	18,520	18,520
Issue of Shares	5,028,000	-	-	5,028,000
Costs of Capital Raising	(351,823)	-	-	(351,823)
Equity as at 30 June 2008	**5,526,867**	**(149,463)**	**18,520**	**5,395,924**

PARENT				
	Issued Capital **Note 13**	Retained Earnings	Option Reserves **Note 14**	Total
Equity as at 1 July 2006	25,001	(1,818)	-	23,183
Loss for the period (A)	-	(13,354)	-	(13,354)
Issue of Options	-	-	-	-
Issue of Shares	868,750	-	-	868,750
Costs of Capital Raising	(43,061)	-	-	(43,061)
Equity as at 30 June 2007	**850,690**	**(15,172)**	**-**	**835,518**
Equity as at 1 July 2007	850,690	(15,172)	-	835,518
Loss for the period (A)	-	(139,001)	-	(139,001)
Issue of Options	-	-	18,520	18,520
Issue of Shares	5,028,000	-	-	5,028,000
Costs of Capital Raising	(351,823)	-	-	(351,823)
Equity as at 30 June 2008	**5,526,867**	**(154,173)**	**18,520**	**5,391,214**

(A) Loss for the period equals total recognised income and expense for the period.

This statement is to be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Cash Flows From Operating Activities					
Receipts from customers		2,257	-	2,257	-
Interest received		212,961	5,187	212,961	5,187
Payments to suppliers and employees		(362,401)	(8,778)	(361,775)	(8,778)
Net cash used in operating activities	19(c)	(147,183)	(3,591)	(146,557)	(3,591)
Cash Flows From Investing Activities					
Payment for investments		(578,847)	-	(578,847)	-
Proceeds from sale of investments		693,696	-	693,696	-
Payment for exploration expenditure		(188,868)	-	(81,192)	-
Advances to subsidiaries		-	-	(118,302)	-
Payment for deposits		(2,500)	-	(2,500)	-
Payment for subsidiary		-	(50,000)	-	(50,000)
Net cash used in investing activities		(76,519)	(50,000)	(87,145)	(50,000)
Cash Flows From Financing Activities					
Proceeds from issue of equity securities		3,500,000	668,750	3,500,000	668,750
Proceeds received for equity securities not yet allotted		1,473,000	-	1,473,000	-
Payment for share issue costs		(351,822)	(43,060)	(351,822)	(43,060)
Net cash flows provided by financing activities		4,621,178	625,690	4,621,178	625,690
Net Increase in cash and cash equivalents		4,397,476	572,099	4,387,476	572,099
Cash and cash equivalents at beginning of the financial year		597,295	25,096	597,195	25,096
Cash acquired on acquisition of subsidiary		-	100	-	-
Cash and cash equivalents at the end of the financial year	19(a)	**4,994,771**	**597,295**	**4,984,671**	**597,195**

This statement is to be read in conjunction with the notes to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

Corporate Information
New Standard is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 24th September 2008.

Basis of preparation
The financial report has been prepared on the basis of historical cost except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2008.

Adoption of new and revised Accounting Standards
In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The Company has also adopted the following standards as listed below which impacted on the Company's financial statements with respect to disclosure.

- AASB 101 'Presentation of Financial Statements' (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'
- AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'
- AASB 2007-7 'Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128] and Erratum: Proportionate Consolidation [AASB 101, AASB 107, AASB 121, AASB 127, Interpretation 113]'

Principals of Consolidation
A controlled entity is any entity New Standard has the power to control the financial and operational policies of so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operational results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the year financial report:

(a) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(b) Financial Assets
<u>Loans & Receivables</u>
Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(c) Financial instruments issued by the company
<u>Transaction costs on the issue of equity instruments</u>

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

<u>Interest and dividends</u>

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.
The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.
Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

(e) Impairment of assets
At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient

taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

(g) Exploration Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:
   - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
   - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.
Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(h) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(i) Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', ' held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at

the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(j) Goodwill
Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.
For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU's), or groups of CGU's, expected to benefit from the synergies of the business combination. CGU's (or groups of CGU's) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

(k) Share-Based Payments
Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes model.
The above policy is applied to all equity-settled share-based payments.

(l) Revenue
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.
Interest Revenue
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(m) Standards and Interpretations issued not yet effective

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

At the date of authorisation of the financial report, the Standards and Interpretation listed below were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the company's financial report:

•	AASB 101 'Presentation of Statements' (revised September 2007)	Effective for annual reporting periods beginning on or after 1 January 2009

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the company:

•	AASB 123 'Borrowing Costs' (revised)	Effective for annual reporting periods beginning on or after 1 January 2009
•	AASB 2008-5 and AASB 2008-6 'Amendments to Australian Accounting Standards – Annual Improvements Project, amend 26 Standards'	Effective for annual reporting periods beginning on or after 1 January 2009
•	AASB 2008-7 'Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	Effective for annual reporting periods beginning on or after 1 January 2009

The potential effect of the initial application of the expected issue of an Australian equivalent accounting standard to the following Standard has not yet been determined:

•	IFRS 3 'Business Combinations' and IAS 27 'Separate and Consolidated'	Effective for annual reporting periods beginning on or after 1 July 2009

Critical accounting judgements and key source of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

<u>Key sources of estimation uncertainty</u>
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was $250,292. The Directors considered the carrying amount and determined that no impairment was necessary.

Carrying value of Exploration Expenditure
The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
2. REVENUE				
Revenue from continuing operations consisted of the following items:				
Other Income				
Interest revenue	212,960	5,187	212,960	5,187
Other revenue	2,258	-	2,258	-
Gain on disposal of investments classified as available for sale	114,850	-	114,850	-
Total Revenue	**330,068**	**5,187**	**330,068**	**5,187**
3. PROFIT/(LOSS) FROM OPERATIONS				
Loss before income tax has been arrived at after crediting/ (charging) the following gains and losses from continuing operations:				
Share based payments	18,520	-	18,520	-
Exploration costs written off	7,090	-	7,090	-
Interest expense	351	41	-	41

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
4. INCOME TAX EXPENSE				
(a) The Components of Tax Expense comprise:				
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
	-	-	-	-
(b) The prima facie tax from ordinary activities before income tax is reconciled to the income tax expense as follows:				
Cash outflows from Ordinary Activities	(134,291)	(13,354)	(139,001)	(13,354)
Income (benefit) calculated at 30%	(40,287)	(4,006)	(41,700)	(4,006)
Add/(Less) Temporary Differences:				
- Share Based Payments	5,556	(2,584)	5,556	(2,584)
- Deductible Share Issue Costs	(23,799)	-	(23,799)	-
- Deductible Exploration Expenditure	(73,161)	-	(40,858)	-
- Various Timing Differences	(1,200)	-	(1,200)	-
- Various Timing Differences	2,127	-	2,127	-
	(130,764)	(6,590)	(99,873)	(6,590)
Less: Income Tax losses carried forward not taken up as benefit	130,764	6,590	99,873	6,590
Tax Expense	-	-	-	-
Deferred tax assets not brought to account as assets:				
- Tax Losses	135,055	4,551	102,569	4,551
- Temporary Differences	22,811	2,584	56,592	2,584
	157,866	7,135	159,161	7,135

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

i) The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised,

ii) The consolidated entity continues to comply with the conditions for deductibility imposed by law, and

iii) No change in tax legislation adversely affects the consolidated entity in realising the benefits from deducting the losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

5. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Key Management Personnel Compensation

Details of Key Management Personnel Remuneration and Policies are detailed in the Remuneration Report contained within the Directors Report.

(b) Option holdings by Key Management Personnel or their nominees

	Balance 1.7.2007	Granted as Compensation	Net Change Other [3]	Balance 30.6.2008	Vested but not exercisable No.	Vested and Exercisable
Mr H Hill	700,000	-	-	700,000	-	700,000
Dr M Elliott	2,650,000	-	-	2,650,000	-	2,650,000
Mr W Willesee	550,000	-	-	550,000	-	550,000
	3,900,000	**-**	**-**	**3,900,000**		**3,900,000**

	Balance 1.7.2006	Granted as Compensation	Net Change Other [3]	Balance 30.6.2007	Vested but not exercisable No.	Vested and Exercisable
Mr H Hill	-	500,000	200,000	700,000	-	700,000
Dr M Elliott [1]	-	250,000	2,400,000	2,650,000	-	2,650,000
Mr W Willesee [1]	-	350,000	200,000	550,000	-	550,000
Mr M Davies [2]	-	-	-	-	-	-
Mr A Finlayson [2]	-	-	-	-	-	-
	-	**1,100,000**	**2,800,000**	**3,900,000**		**3,900,000**

(1) Appointed as a Director on 11 May 2007.
(2) Resigned as a Director on 11 May 2007.
(3) Net change other refers to options purchased during the year.

(c) Shareholdings by Key Management Personnel or their nominees

	Balance 1.7.2007	Received as Compensation	Options Exercised	Net Change Other [3]	Balance 30.6.2008	Balance held nominally at 30.06.2008
Mr H Hill	450,000	-	-	-	450,000	450,000
Dr M Elliott	1,600,000	-	-	-	1,600,000	1,600,000
Mr W Willesee	200,000	-	-	-	200,000	200,000
	2,250,000	**-**	**-**	**-**	**2,250,000**	**2,250,000**

	Balance 1.7.2006	Received as Compensation	Options Exercised	Net Change Other [3]	Balance 30.6.2007	Balance held nominally at 30.06.2007
Mr H Hill	-	-	-	450,000	450,000	450,000
Dr M Elliott [1]	-	-	-	1,600,000	1,600,000	1,600,000
Mr W Willesee [1]	-	-	-	200,000	200,000	200,000
Mr M Davies [2]	-	-	-	-	-	-
Mr A Finlayson [2]	-	-	-	-	-	-
	-	**-**	**-**	**2,250,000**	**2,250,000**	**2,250,000**

(1) Appointed as a Director on 11 May 2007.
(2) Resigned as a Director on 11 May 2007.
(3) Net change other refers to shares purchased during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
6. AUDITORS REMUNERATION				
Auditor of the Parent Entity – Leydin Freyer				
Auditing or reviewing the financial report	20,000	6,000	20,000	6,000
Independent Accountants Report	-	4,000	-	4,000
	20,000	**10,000**	**20,000**	**10,000**

7. TRADE AND OTHER RECEIVABLES

Current				
Goods and services tax recoverable	21,967	3,944	21,949	3,926
Other receivables	-	33	-	33
	21,967	**3,977**	**21,949**	**3,959**

The average credit period on trade and other receivables is 30 days. No interest is charged on the receivables. The Consolidated Entity has financial risk management policies in place to ensure that all receivables are received within the credit timeframe. Due to the short term nature of these receivables, their carrying value is assumed to be approximately their fair value.

8. OTHER CURRENT ASSETS

Prepayments	**46,611**	**11,297**	**46,611**	**11,297**

9. INTANGIBLES

Goodwill on Consolidation	**250,292**	**250,292**	**-**	**-**
Movement in Goodwill				
Balance at beginning of financial year	250,292	-	-	-
Amounts recognised from business combinations occurring during the year	-	250,292	-	-
Balance at end of financial year	**250,292**	**250,292**	**-**	**-**

During the financial year the Group assessed the recoverable amount of goodwill and determined that the goodwill associated with the acquisition of Tungsten Australia Pty Ltd was not impaired.

10. OTHER FINANCIAL ASSETS

Investments carried at cost

Non-Current				
Investments in Subsidiaries	**-**	**-**	**250,000**	**250,000**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
11. OTHER NON-CURRENT ASSETS				
Exploration Expenditure (Note 1(g))	241,703	4,926	129,101	-
Deposit Paid	2,500	-	2,500	-
	244,203	**-**	**131,601**	**-**
Movement in Exploration Expenditure				
Balance at beginning of the year	4,926	-	-	
Acquisition of exploration expenditure	236,777	4,926	129,101	-
Balance at end of the year	**241,703**	**4,926**	**129,101**	**-**

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Capitalised cost of $188,868 (2007: Nil) have been included in cash flows from investing activities in the cash flow statement.

12. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT 2008	PARENT 2007
Current				
Trade payables [1]	149,920	9,983	149,920	9,983
Amounts payable to:				
- Key management personnel	-	10,000	-	10,000
- Key management personnel related entities	-	5,336	-	-
Sundry payables and accrued expenses	12,000	6,950	12,000	6,950
	161,920	**32,269**	**161,920**	**26,933**

(1) The average credit period on purchases is 30 days. No interest is charged on the trade payables.
The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
13. ISSUED CAPITAL				
33,637,501 fully paid ordinary shares (2007: 16,000,001)	**5,526,867**	**850,690**	**5,526,867**	**850,690**

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Changes to the corporations' law abolished the authorised capital and par value concept in relation to the Share Capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2008		2007	
	No.	$	No.	$
(a) Fully paid ordinary shares				
Balance at beginning of financial year	16,000,001	850,690	5,000,001	25,001
Shares issued to seed investors	-	-	9,000,000	668,750
Shares issued as consideration for purchasing subsidiary	-	-	2,000,000	200,000
Shares issued in IPO	17,500,000	3,500,000	-	-
Shares issued as consideration for acquisition of exploration licence	137,500	55,000	-	-
Funds raised under June prospectus – not allotted at 30 June 2008	-	1,473,000	-	-
Less: Costs of capital raising	-	(351,823)	-	(43,061)
Balance at end of financial year	**33,637,501**	**5,526,867**	**16,000,001**	**850,690**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Terms and Conditions of Issued Capital

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Options

Directors Options

Options granted to Directors or their nominees as remuneration are disclosed in Note 25 of the financial statements.

14. RESERVES

Option Reserve

The option reserve records items recognised as expenses on valuation of employee and promoter share options.

During 2008, 200,000 options were issued to the Company's geologist. These options were valued at $18,520 and details of this valuation are in Note 25.

15. DIVIDENDS

There have been no dividends paid or proposed in the 2007 or 2008 financial years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

16. COMMITMENTS FOR EXPENDITURE

Exploration Tenements – Commitments for Expenditure

In order to maintain current rights of tenure to exploration tenements, the Company and economic entity is required to outlay rentals and to meet the minimum expenditure requirements of the State Mines Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable:

	Consolidated		Parent	
Expenditure Commitments	**2008**	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Not longer than 1 year	46,067	29,400	16,667	-
Longer than 1 year and not longer than 5 years	182,200	141,600	70,000	-
Longer than 5 years	-	-	-	-
	228,267	**171,000**	**86,667**	**-**

17. SEGMENT INFORMATION

During the financial year the company operated in the mineral exploration industry within Australia.

18. RELATED PARTY DISCLOSURES

Key Management Personnel Compensation

Details of key management compensation are disclosed in Remuneration Report within the Directors Report.

Transactions with Key Management Personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No transactions have occurred with Key Management Personnel during 2008.

The following transactions occurred with Key Management Personnel during 2007:

Dr Mark Elliott was the sole Director and shareholder (indirectly) of Tungsten Australia Pty Ltd a company in which New Standard Energy Limited acquired 100% of the issued capital through a share sale agreement dated 7 May 2007.

Option holdings by Key Management Personnel or their nominees

Refer to Note 5 (b).

Shareholdings by Key Management Personnel or their nominees

Refer to Note 5 (c).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
19. NOTES TO THE STATEMENT OF CASH FLOWS				
(a) Reconciliation of Cash and Cash Equivalents				
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash and cash equivalents	**4,994,771**	**597,295**	**4,984,671**	**597,195**

(b) Financing Facilities

The company has no financing facilities in place at 30 June 2008

(c) Reconciliation of Net(Loss) From Ordinary Activities After Related Income Tax to Net Cash Flows From Operating Activities

(Loss) after related income tax	(134,682)	(13,354)	(139,001)	(13,354)
Non-cash expenditure:				
- Share Based Payments	18,520	-	18,520	-
- Gain on sale of investments	(114,850)	-	(114,850)	-
- Exploration costs written off	7,091	-	7,091	-
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase) in assets:				
Other current assets	(59,590)	(15,362)	(53,304)	(15,362)
Decrease) in liabilities:				
Current payables	136,328	25,125	134,987	25,125
Net cash used in operating activities	**(147,183)**	**(3,591)**	**(146,557)**	**(3,591)**

(d) Non-cash Financing and Investing Activities

In 2008 the Company issued 137,500 fully paid ordinary shares (at a deemed issue price of $0.40) as consideration for the acquisition of an exploration licence.

In 2007 the Company issued 2,000,000 fully paid shares and 3,000,000 options exercisable at $0.30 expiring 14 May 2010 as part of the consideration for the purchase of the shares in Tungsten Australia Pty Ltd.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise cash and cash equivalents.
The main purpose of these financial instruments is to finance the consolidated entity's operations. The consolidated entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the consolidated entity's policy that no trading in financial instruments shall be undertaken.
The main risks arising from the consolidated entity's financial instruments are cash flow interest rate risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

(a) Cash flow interest rate risk

The consolidated entity's exposure to the risks of changes in market interest rates relates primarily to the consolidated entity's short-term deposits with a floating interest rate. These financial assets with variable rates expose the consolidated entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The consolidated entity does not engage in any hedging or derivative transactions to manage interest rate risk.
The following tables set out the carrying amount by maturity of the parent entity and consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.
The consolidated entity has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the consolidated entity continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

Consolidated Entity

	Note	Float Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity -10%		+10%	
		2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
Financial Assets											
Cash at bank	19	4,994,670	597,194	101	101	4,994,771	597,295	(33,564)	(3,255)	33,564	3,255
Trade and other receivables	7	-	-	21,967	3,977	21,967	3,977	-	-	-	-
Total		**4,994,670**	**597,194**	**22,068**	**4,078**	**5,016,738**	**601,272**	**(33,564)**	**(3,255)**	**33,564**	**3,255**
Weighted average interest rate		6.12%	5.27%								
Financial Liabilities											
Trade and other payables	12	-	-	161,920	32,269	161,920	32,269	-	-	-	-
Total		-	-	**161,920**	**32,269**	**161,920**	**32,269**	-	-	-	-
Weighted average interest rate		-	-								
Net Financial assets (liabilities)		**4,994,670**	**597,194**	**(139,852)**	**(28,191)**	**4,854,818**	**569,003**	**(33,564)**	**(3,255)**	**33,564**	**3,255**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Parent Entity

	Note	Float Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity			
								-10%		+10%	
		2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
Financial Assets											
Cash at bank	19	4,984,671	597,194	-	-	4,984,671	597,195	(33,497)	(3,255)	33,497	3,255
Trade and other receivables	7	-	-	21,949	3,959	21,949	3,959	-	-	-	-
Investment in subsidiaries		-	-	250,000	250,000	250,000	250,000	-	-	-	-
Loans to subsidiaries		-	-	118,302	-	118,302	-	-	-	-	-
Total		**4,984,671**	**597,194**	**390,252**	**253,960**	**5,374,922**	**851,154**	**(33,497)**	**(3,255)**	**33.497**	**3,255**
Weighted average interest rate		6.12%	5.27%								
Financial Liabilities											
Trade and other payables	12	-	-	161,920	26,933	161,920	26,933	-	-	-	-
Total		**-**	**-**	**161,920**	**26,933**	**161,920**	**26,933**	-	-	-	-
Weighted average interest rate											
Net Financial assets (liabilities)		**4,984,671**	**597,194**	**228,332**	**227,027**	**5,213,002**	**824,221**	**(33,497)**	**(3,255)**	**33,497**	**3,255**

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% sensitivity would move short term interest rates at 30 June 2008 either upwards or downwards by approximately 68 basis points.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure the ability to meet debt requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company aims at maintaining flexibility in funding by having in place operational plans to source further capital as required.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk is measured using liquidity ratios such as working capital as follows:

	Consolidated 30 June 2008	Consolidated 30 June 2007
Current Assets	5,063,349	612,569
Current Liabilities	161,920	32,269
Surplus/(Deficit)	**4,901,429**	**580,300**

Financial Assets

The following tables detail the Company's and the Groups expected maturity for its non-derivative financial assets.

	Consolidated		Parent	
Contracted maturities of receivables:	**2008 $**	**2007 $**	**2008 $**	**2007 $**
Receivable:				
• less than 6 months	5,016,738	601,272	5,006,620	601,154
• 6-12 months	-	-	-	-
• 1-5 years	-	-	368,302	250,000
• later than 5 years	-	-	-	-
Total	**5,016,738**	**601,272**	**5,374,922**	**851,154**

Financial Liabilities

The following tables the Company's and the Groups remaining contractual maturity for its non-derivative financial liabilities.

	Consolidated		Parent	
Contracted maturities of payables year ended 30 June 2008:	**2008 $**	**2007 $**	**2008 $**	**2007 $**
Payable:				
• less than 6 months	161,920	32,269	161,920	26,933
• 6 to 12 months	-	-	-	-
• 1 to 5 years	-	-	-	-
• later than 5 years	-	-	-	-
Total	**161,920**	**32,269**	**161,920**	**26,933**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

(c) Commodity Price Risk

The consolidated entity is exposed to commodity price risk. This risk arises from its activities directed at exploration and development mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The consolidated entity does not hedge its exposures.

(d) Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The consolidated entity has no financial assets where carrying amount exceeds net fair values at balance date.

The consolidated entity's receivables at balance date are detailed in Note 7 and comprise primarily GST input tax credits refundable by the ATO. The balance of receivables comprises amounts receivable from related parties and prepayments.

The credit risk on financial assets of the economic entity which have been recognised on the Balance Sheet is generally the carrying amount.

(e) Capital Risk Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares, enter into joint ventures or sell shares.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2007 and no dividends are expected to be paid in 2008.

There is no current intention to incur debt funding on behalf of the company as on-going exploration expenditure will be funded via equity or joint ventures with other companies.

The consolidated entity is not subject to any externally imposed capital requirements.

Management reviews management accounts on a monthly basis and reviews actual expenditure against budget on a quarterly basis.

21. EARNINGS PER SHARE

	2008 Cents Per Share	2007 Cents Per Share
Basic earnings (loss) per share	(0.43)	(0.20)
Diluted earnings (loss) per share	(0.30)	(0.20)

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Earnings	(134,291)	(13,354)

	2008 No	2007 No
Weighted average number of ordinary shares used in the calculation of basic EPS	31,504,099	6,599,412
Weighted average number of ordinary shares used in the calculation of diluted EPS [1]	45,237,433	6,599,412

[1] The potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of shares, used in the calculation of diluted earnings per share.

22. SUBSIDIARIES

Name of Entity	Country of Incorporation	Ownership Interest 2008 %	Ownership Interest 2007 %
Parent Entity			
New Standard Energy Limited (formerly Hawk Resources Limited)	Australia		
Subsidiaries			
Tungsten Australia Pty Ltd	Australia	100	100

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

23. ACQUISITION OF BUSINESSES

On 7 May 2007, New Standard Energy Limited (formerly Hawk Resources Limited) acquired 100% of the share capital of Tungsten Australia Pty Ltd, a company with a principal activity of mineral exploration.
Net assets acquired:

	$
Cash and cash equivalents	100
Other receivables	18
Exploration assets	4,926
Other payables	(5,336)
Goodwill on acquisition	250,292
Consideration	**250,000**
Consisting of:	
Cash Consideration	50,000
2,000,000 shares issued at $0.10	200,000
3,000,000 options, exercisable at $0.30 expiring 14 May 2010 valued at $0.00 (Note 5 (c))	-
	250,000

24. SHARE BASED PAYMENTS

During the financial year the Company issued 200,000 options to its senior geologist as follows:

	Grant Date	Number of Options	Expiry Date	Exercise Price	Vesting Date	Fair Value at Grant Date
1.	31 Oct 07	50,000	31.12.10	$0.35	26.04.08	$0.233
2.	31 Oct 07	50,000	31.12.10	$0.50	26.10.08	$0.096
3.	31 Oct 07	100,000	31.12.10	$0.75	26.04.08	$0.021

Options were priced using a binomial option model. Where relevant the expected life used in the model has been adjusted based on management's best estimate of the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the options) and behavioural considerations.

Model Inputs	Series 1	Series 2	Series 3
Grant Date share price	$0.46	$0.46	$0.46
Exercise Price	$0.35	$0.50	$0.75
Expected volatility	30%	30%	30%
Options Life	4.16 years	4.16 years	4.16 years
Dividend yield	Nil	Nil	Nil
Risk free interest rate	6.5%	6.5%	6.5%
Discount factor for vesting hurdles	20%	30%	40%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

25. EVENTS AFTER THE BALANCE SHEET DATE

At a general meeting on 18 July 2008 shareholders approved a series of resolutions to effect a merger of Hawk with New Standard.

New Standard is an oil and gas explorer focussing on the Canning Basin in north-west Western Australia.

New Standard currently holds an interest in 6 petroleum exploration permits (namely EPs 417, 442, 443, 450, 451 and 456) that cover in excess of 20 million acres (72,000km2) in the Canning Basin. Additionally, in June 2008, New Standard awarded 100% interest in application area 28/07-8 and has an option over a 50% interest in application area 30/07-8. Interests in both of these areas were awarded as part of a Canning Basin acreage release undertaken in March 2008 and are contiguous to existing granted permits in the portfolio and increase New Standard's Canning Basin holdings to in excess of 90,000km^2.

The material resolutions approved by Hawk shareholders at the general meeting held on 18 July 2008 were to:

1. Change the nature of the Company's activities to an oil and gas explorer
2. Issue 70,405,508 shares for the acquisition of 100% of New Standard
3. Elect Gordon Hill, Sam Willis, Mark Hagan and Ian Paton to the Board of the Company ("Incoming Directors")
4. Change the name of the Company to New Standard Energy Limited
5. Authorise the issue of up to 37,500,000 shares at 20c per share to raise $7,500,000 in additional capital
6. Issue 13,500,000 options to the Incoming Directors of the Company
7. Issue 1,000,000 options to Cygnet Capital Pty Ltd – the Company's promoter

Since those resolutions were passed the Company has closed its public offering of shares, having raised $7,500,000 and issued 37,500,000 shares to the public, issued the 70,405,508 consideration shares, granted the various options, and relisted on ASX. Of the $7,500,000 raised, $1,473,000 was received from the date of lodgement of the prospectus to 30 June 2008 and is included in the cash balance as at 30 June 2008. However the allotment of shares in relation to these funds did not occur until 28 July 2008 following closure of the prospectus.

On 28 July 2008 the Company merged with New Standard Energy Limited (formerly New Standard Exploration Limited) and changed its name to New Standard Energy Limited. New Standard Energy Limited (formerly New Standard Exploration Limited) changed its name back to New Standard Exploration Limited and is now a wholly owned subsidiary of New Standard Energy Limited (formerly Hawk Resources Limited).
On 25 August 2008, ARC Energy Limited (formerly ASX: ARQ), New Standard's joint venture partner on 5 permits (EP 442, EP 443, EP 450, EP 451 and EP 456), assigned the joint venture rights and obligations to Buru Energy Limited (ASX: BRU) as part of Buru Energy's demerger from ARC. Buru was admitted to the official list of ASX on 28 August 2008 with $84 million in cash, of which approximately $20 million was escrowed in support of their Alcoa arrangements, leaving Buru with over $64 million in cash to fund their exploration program in the Canning Basin.

On 27 August 2008, the Company entered into a farm-in agreement in relation to the first two wells on EP 417 with Buru Energy. Farm-in agreement details are as follows:

Option Exercise

Buru may exercise the option above at any time up to the earlier of:
1. 12 months after the completion of the Lanagan 1 and Lawford 1 wells; or
2. The date the joint venture approves the commencement of a seismic survey or further well; or
3. The date one of the parties agrees to sole risk a seismic survey or further well on the Permit.

Material Terms of the Agreement

The following is a summary of the material terms of the NSE and Buru Farm-in Agreement:
1. Buru will be assigned a 35% participating interest in EP 417 (Buru Interest) in return for committing to fund 35% of the costs of drilling Lanagan 1 and Lawford 1 exploration wells; and
2. Buru will pay to NSE the sum of $75,000 which satisfies the previous expenditure on the Permit in relation to the Buru Interest; and
3. Pending approval and registration of the transfer of the Buru Interest, NSE shall hold the Buru Interest upon trust for Buru.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Option

NSE grants to Buru an option to earn a further 15% participating interest in EP 417 as follows:

1. In the "dry hole" case Buru can increase its equity interest in EP 417 from 35% to 50% by funding the cost of the next exploration well at a 60% level; or
2. In the discovery case on either Lanagan 1 or Lawford 1, Buru can increase its equity interest in EP 417 from 35% to 50% by:

   (i) Paying to NSE 100% of the NSE costs of drilling each discovery well to a maximum of $3.5 million per discovery well; and
   (ii) Funding 75% of the next well on EP 417; and
   (iii) Paying NSE a one-off payment equal to 5% of the value of the first 5 million barrels of oil produced from the field with the payment falling due after 5 million barrels have been produced.

On 29 August 2008, the Lanagan 1 well on EP 417 was spudded and on 17 September 2008 the Company announced that the primary reservoir target had been reached but that no significant hydrocarbon indications had been encountered and that as a result, preparations were being made to run logs for total depth following which it is anticipated that the well will be plugged and abandoned.

Other than the above, there has not been any matter or circumstance, other than has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 16 September 2008.

1. Distribution of Shareholders

(a) Analysis of number of shareholders by size of holding.

Category of holding	Holders	Number of Shares	% of Capital
1 – 1,000	9	2,471	0.00
1,001 – 5,000	30	94,413	0.07
5,001 – 10,000	38	357,262	0.25
10,001 – 100,000	602	27,039,773	19.10
100,001 and over	150	114,049,091	80.58
Total	**829**	**141,543,010**	**100.00**

(b) There are 25 shareholders with less than a marketable parcel of ordinary shares.

2. Twenty Largest Shareholders

The names of the twenty largest holders by account holding of quoted ordinary shares are listed below:

SHAREHOLDER	HOLDING	%
Buru Energy Ltd	13,749,999	9.71
Phoenix Properties International PL	9,405,005	6.64
TC Investments Pte Ltd	8,250,000	5.83
Seaswan Holdings PL	7,581,752	5.36
Alan Young	6,905,252	4.88
Robert Young	5,775,000	4.08
Deck Chair Holdings PL	3,575,000	2.53
Carossa Holdings PL	3,349,500	2.37
Seah Kee Khoo	2,024,000	1.43
Willis Samuel J C + C M	1,980,000	1.40
Fundhost Ltd	1,675,000	1.18
Venus Bay PL	1,650,000	1.17
Boongol PL	1,650,000	1.17
Kingsreef PL	1,625,000	1.15
Cyberspace Investments PL	1,610,000	1.14
Sodell Investments PL	1,600,000	1.13
Bayrunner PL	1,500,000	1.06
Widerange Corporation PL	1,470,000	1.04
Vision Asset Management Ltd	1,405,000	0.99
Harris Richard J + SE	1,337,500	0.94
	78,118,008	**55.19**

3. Restricted Securities

As at 16 September 2008, the Company had the following securities subject to ASX escrow arrangement:

Security	No	Escrow Expiry
Ordinary shares	5,281,250	15 August 2009
Ordinary shares	3,125,001	1 April 2009
Ordinary shares	41,596,509	8 August 2010
Total	**50,002,761**	
Options at $0.20 each expiring 14 May 2010	3,000,000	15 August 2009
Options at $0.32 each expiring 30 June 2010	5,350,000	15 August 2009
Options at $0.20 each expiring 30 June 2010	1,000,000	8 August 2010
Options at $0.225 each expiring 30 June 2010	6,750,000	8 August 2010
Options at $0.275 each expiring 30 June 2010	6,750,000	8 August 2010
Total	**22,850,000**	

As at 16 September 2008, the Company also had the following securities subject to voluntary escrow arrangements:

Security	No	Escrow Expiry
Ordinary shares	5,775,000	30 July 2009
Ordinary shares	11,274,999	14 September 2009
Total	**17,049,999**	

4. Substantial Shareholders

As at 16 September 2008 the substantial shareholders of the Company were as follows:

Name of Shareholder	No of Shares	% of Issued Capital
Buru Energy Ltd	13,749,999	9.71
Phoenix Properties International PL	9,405,005	6.64
TC Investments Pte Ltd	8,250,000	5.83
Alan Young & Associates	7,655,252	5.41
Seaswan Holdings PL	7,581,752	5.36

5. Voting Rights

At a general meeting of shareholders:

(a) On a show of hands, each person who is a member or sole proxy has one vote.
(b) On a poll, each shareholder is entitled to one vote for each fully paid share.

CORPORATE GOVERNANCE STATEMENT

The Directors of New Standard Energy Limited believe firmly that benefits will flow from the maintenance of the highest possible standards of corporate governance. A description of the company's main corporate governance practices adopted by the Company subsequent to year end is set out below. The Company has elected to early adopt the 2nd Edition of the "Corporate Governance Principals and Recommendations of the ASX Corporate Governance Council" issued by the ASX Corporate Governance Council in August 2007.

Principal No	Recommendation	Compliance	Reason for Non-compliance
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	The Board has adopted a formal charter setting out the responsibilities of the Board. This charter can be accessed at www.newstandard.com.au. Any functions not reserved for the Board and not expressly reserved for members by the Corporations Act and ASX Listing Rules are reserved for senior executives.	Not applicable
1.2	Disclose the process for evaluating the performance of senior executives.	The Board meets annually to review the performance of executives. The senior executives' performance is assessed against the performance of the company as a whole.	Not applicable
1.3	Provide the information indicated in the Guide to reporting on Principal 1.	A performance evaluation has been completed during the reporting period in accordance with the process detailed in 1.2 above.	Not applicable
2.1	A majority of the Board should be independent of Directors.	A definition of Director independence can be accessed at www.newstandard.com.au. Currently New Standard Energy Limited has one independent Director and three non-independent Directors.	Given the size and nature of the Company the Board feels the composition of the Board is appropriate at this stage.
2.2	The chair should be an independent Director.	The Chairman, Gordon Hill, is not an independent Director.	The non-executive Chairman is not independent but the Board strongly believes that due to the significant level of experience in the exploration sector and knowledge of the business that he brings to the Board, he is the most suitable person to occupy the position of Chairman.
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	New Standard Energy Limited's Chairman and Managing Director is not the same person.	Not applicable
2.4	The Board should establish a nomination committee.	Subsequent to year end, the Board has established a nomination committee	Not applicable
2.5	Disclose the process for evaluating the performance of the Board, its committee and individual Directors.	The performance evaluation of Board members occurs by way of an informal review by the full Board (in the absence of the relevant Board member).	Not applicable

2.6	Provide the information indicated in the Guide to reporting on Principle 2.	The skills, experience and expertise relevant to the position held by each Director is disclosed in the Directors' Report which forms part of the Annual Report. The Board consists of one independent Director, Mr Ian Paton. The Directors are entitled to take independent professional advice at the expense of the Company. The period of office held by each Director is disclosed in the Directors' Report which forms part of this Annual Report.	Not applicable
3.1	Establish a code of conduct and disclose the code for a summary of the code as to: • the practise necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company has adopted a Board Code of Conduct and a Company Code of Conduct, both of which can be accessed at www.newstandard.com.au.	Not applicable
3.2	Establish a policy concerning trading in Company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy.	The Company has adopted a Trading Policy which can be accessed at www.newstandard.com.au.	Not applicable
3.3	Provide the information indicated in the Guide to reporting on Principle 3.	The information has been disclosed in the Annual Report.	Not applicable
4.1	The Board should establish an audit committee.	Subsequent to year end, the Company has established an Audit Committee.	Not applicable
4.2	The audit committee should be structured so that it: • consists only of Non-Executive Directors; • consists of a majority of independent Directors; • is chaired by an independent chair, who is not chair of the Board; • has at least three members.	Subsequent to year end, the Company has established an Audit committee which consists primarily of Non-Executive Directors, is chaired by an independent Director and comprises three members. The Company Secretary acts as secretary to the committee and attends its meetings.	Due to the size of the Board the Audit Committee does not comprise primarily of Independent Directors.
4.3	The audit committee should have a formal charter.	The formal charter can be accessed at www.newstandard.com.au.	Not applicable

4.4	Provide the information in the Guide to reporting on Principle 4.	The names of the members of the Audit Committee established subsequent to year end are Mr Ian Paton, Mr Gordon Hill and Mr Mark Clements. The qualifications of the members of the Audit Committee are disclosed in the Directors' Report which forms part of this Annual Report. The audit committee will meet twice in each year, before sign off of the annual and half year financial statements. The external auditor has a rotation policy such that lead partners are rotated every 5 years and review partners are rotated every 5 years.	Not applicable
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has adopted a Disclosure Policy which can be accessed at www.newstandard.com.au.	Not applicable
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	The information has been disclosed in the Annual Report.	Not applicable
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	The Company has adopted a Shareholder Communications Policy which can be accessed at www.newstandard.com.au.	Not applicable
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	The information has been disclosed in the Annual Report.	Not applicable
7.1	Establish policies for the oversight and management of material business risk and disclose a summary of those policies.	The Company has adopted a Risk Management Policy which can be accessed at www.newstandard.com.au. This policy outlines the material risks faced by the Company as identified by the Board.	Given the size and scale of New Standard Energy Limited it does not have a Risk sub-committee or Internal Audit function.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Board believes the risk management and internal control systems designed and implemented by the Directors and the Financial Officer are adequate given the size and nature of the company's activities. The Board informally reviews and requests management to report on risk management and internal control.	Management has not formally reported to the Board as to the effectiveness of the Company's management of its material business risks. Given the nature and size of the Company and the Board's ultimate responsibility to manage the risks of the Company this is not considered critical. The Company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.

7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	For the year ended 30 June 2008, the Board receives assurance from former Executive Directors, Mr Harry Hill and Mr Winton Willesee in the form of a declaration, prior to approving financial statements. For future financial statements, the Board will receive assurance from Sam Willis (Managing Director) and Mark Clements (Company Secretary fulfilling the duties of chief financial officer)	Not applicable
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	The information has been disclosed in the Annual Report.	Not applicable
8.1	The Board should establish a remuneration committee.	Subsequent to year end, the Company has established a remuneration committee which consists primarily of Non-Executive Directors.	Not applicable
8.2	Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.	The structure of Non-Executive Directors' remuneration is clearly distinguished from that of Executive Directors and senior executives, as described in the Directors' Report which forms part of this Annual Report.	Not applicable
8.3	Companies should provide the information indicated in the guide to reporting on Principle 8.	The information has been disclosed in the Annual Report.	Not applicable