Quarterly Activities Report

October to December 2011

NEW STANDARD ENERGY

ASX Code: NSE
ACN 119 323 385

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BOARD OF DIRECTORS:

Arthur Dixon, AM
Chairman

Sam Willis
Managing Director

Mark Hagan
Technical Director

Ian Paton
Non-Executive Director

Mark Clements
Company Secretary

David Hansen-Knarhoi
Company Secretary/CFO

ISSUED CAPITAL
at 31 December 2011
283,314,434 Shares
25,500,000 Unlisted Options

MARKET CAPITALISATION
~ $93m
(last @ 33c per share)

CASH ON HAND
at 31 December 2011
~ $23m

INVESTMENT IN BURU
$20.1m (@ 1.34c per share)

HIGHLIGHTS

Australian Exploration

- Planning for Phase 1 of the Goldwyer exploration program accelerates
- Lawford #1 deepening completed on Laurel Project
- Merlinleigh Project technical studies and permitting efforts progressed
- Increasing levels of onshore exploration and corporate activity

United States Exploration and Production

- Independent assessment confirms Heintschel field potential
    - Substantial in-ground resource and initial 2P reserves
- Horizontal well planning progresses
- Remedial work undertaken on production wells
- Revenue of $312,000 banked during the quarter

Corporate & Finance

- Significant capital raising completed
- Strong balance sheet with cash and liquid assets of $43M

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW

Significant time and effort has been put into planning and preparation for the 2012 field work leading into Phase 1 of the Goldwyer exploration program in the Canning Basin. New Standard has worked hard to establish a team that is capable of executing the first onshore exploration to be undertaken in the remote southern Canning Basin for many decades. The execution of such a program requires careful and detailed planning and personnel with a unique skill set and experience in remote operations and frontier exploration environments.

New Standard has spent the last few months pulling together a team with experience in remote logistics, civils and site works and experience with drilling frontier wildcat exploration wells. The execution team that New Standard has established includes the following key personnel:

- Commercial and Legal Manager
- Health, Safety, Environment and Community Officer
- Native Title Lawyer
- Land Access and Liaison Officer
- Joint Venture Accountant
- Project and Contracts Co-ordinator
- Drilling Superintendent
- Rig Supervisor/Company Man
- Well-site Geologist
- Road Access and Construction Manager

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW (cont'd)

This team provides New Standard with a solid operating foundation from which to execute the on-ground activity in both the onshore Canning Basin in the short term and the Merlinleigh Basin once it progresses to field planning and exploration operations in the coming months. This core competence can also be leveraged into other opportunities where New Standard perceives it can create value for its shareholders.

From an operational perspective, the deepening of the Lawford #1 on EP417 was completed during October 2011. The results of the drilling were inconclusive given the target Laurel formation was not encountered at the expected depths and as a result the Rig reached its operating depth capacity without a Laurel intersect. The Laurel play however, remains an exciting secondary asset in the Canning Basin for New Standard. The Company remains well positioned with a large acreage holding in this emerging regional play that will continue to be significantly enhanced through ongoing exploration activities to be undertaken by other regional operators over the coming 12 to 24 months.

Exploration and corporate activity generally continued to accelerate in relation to onshore hydrocarbon exploration in Western Australia. Strong interest was evident during the most recent bidding rounds for onshore acreage in Western Australia and encouraging initial results were forthcoming from the Beetaloo and Georgina Basins and activity continued to accelerate in the Cooper Basin. New Standard's Canning Basin neighbour Buru Energy (**Buru**), is providing further encouraging results with the successful drilling of the Ungani #2 well drilled as part of its joint venture with Mitsubishi Corporation. These results confirmed the presence of a significant oil column at Ungani with encouraging flow rates being experienced during initial flow testing. This provided a positive step towards delineating what may be one the largest oil discoveries in Western Australia for many years and further highlights the growing intrinsic and strategic value of New Standard's equity stake in Buru.

Corporately the Company continues to experience a growing interest in the prospectivity of the Canning Basin from both participants in the industry and the broader investment community. Work was also undertaken on assessing the technical and commercial merits of a select number of assets and investment opportunities during the quarter with a view to potential expansion of the exploration portfolio. This work will continue to ensure opportunities are thoroughly screened in an effort to bolster the exploration pipeline if the opportunity arises.

The Company's primary focus remains on preparing for and executing the Phase 1 exploration program for the Goldwyer Project as part of the ConocoPhillips farm-in arrangement during 2012.

Goldwyer Project, Canning Basin (New Standard 25% operated, 75% COP)

EP's 443, 450, 451, 456 and application areas 1/09-0, 2/09-0 and 5/09-0

Following the execution of a binding farm-out agreement with ConocoPhillips (Canning Basin) Pty Ltd (**ConocoPhillips**) in September 2011, all efforts have focused on preparation and planning for Phase 1 of the agreed joint venture program to be carried out in 2012.

Phase 1 of the four phase farm-in program as set out below requires ConocoPhillips to fund 100% of the costs (subject to agreed funding caps) to:

- drill, log, core and suspend three (3) vertical wells;
- complete detailed core lab analysis of the cores from each well; and
- undertake formation evaluation tests for each well.

The outline of the intended four phase work program pursuant to the binding farm-in agreement will see the project progress from early stage data acquisition and evaluation, through further exploration and appraisal work and hopefully culminate in a pilot development project. This is summarised in some more detail below:

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW (cont'd)

Figure 1: Four Phase Farm-in Program with ConocoPhillips

	Phase 1	Phase 2	Phase 3	Phase 4
Working Interest	NSE 25% COP 75%	NSE 25% COP 75%	NSE 25% COP 75%	NSE 25% COP 75%
Indicative Timing	2012	2013	2014	2015
Work program	Drilling 3 vertical wells, coring and logging; Completing detailed core lab analysis; Undertaking formation evaluation tests on each well	Drilling, logging, coring, stimulating and testing 1 horizontal well; or Drilling 2 additional vertical wells and completing detailed core lab analysis; or Alternative exploration activities of equal or greater value	Drilling, logging, coring, stimulating and testing 1 horizontal well; or Drilling 2 additional vertical wells and completing detailed core lab analysis; or Alternative exploration activities of equal or greater value	COP is to fund 100% of the cost of a pilot development program; being the drilling, logging, coring, stimulating and flow testing of 2 additional horizontal wells.
Expenditure Cap (COP 100%)	US$26m - $28.5m	US$20m	US$20m	US$40m
Excess Expenditure	NSE 100% (drilling) NSE 50% (other)	NSE 25%	NSE 25%	NSE 25%

Current intentions are for the drilling and coring activities outlined for Phase 1 work to be conducted during Q3 and Q4, 2012, subject to rig availability and all necessary approvals being obtained. The scientific studies and analysis component together with reservoir evaluation activities will be progressed in parallel with the 2012 drilling and coring program where possible with the balance of any work to be undertaken in early 2013. The primary objective is to complete Phase 1 work and reach a decision point regarding participation in Phase 2 of the joint venture program in sufficient time to facilitate the planning and execution of the potential horizontal drilling, coring, logging and stimulation program contemplated for 2013.

At this stage planning remains on track for commencement of Phase 1 drilling and coring in late Q2 or early Q3, 2012 with the finalisation of a rig contract in the short term being a key milestone. Finalisation of a rig contract in the near future will crystallise operational timelines and allow program delineation to accelerate. Once this occurs, more finite timelines for activity and fieldwork will be achievable and a more comprehensive update will be able to be provided to the market. Despite the extremely tight rig market in Australia and globally, discussions have been underway with potential rig providers for some months and New Standard remains hopeful a conclusion can be reached in this regard in the near future.

Well design and engineering for the Phase 1 drilling and coring program is nearing completion and the planning for procurement of equipment and long lead time items is also well advanced. Initial field work is scheduled for mid to late Q1, 2012 subject to environmental and heritage approvals processes being finalised – both of which are well advanced. The New Standard team is poised for activity to commence and the entire operational program will accelerate rapidly once a suitable drilling rig has been secured.

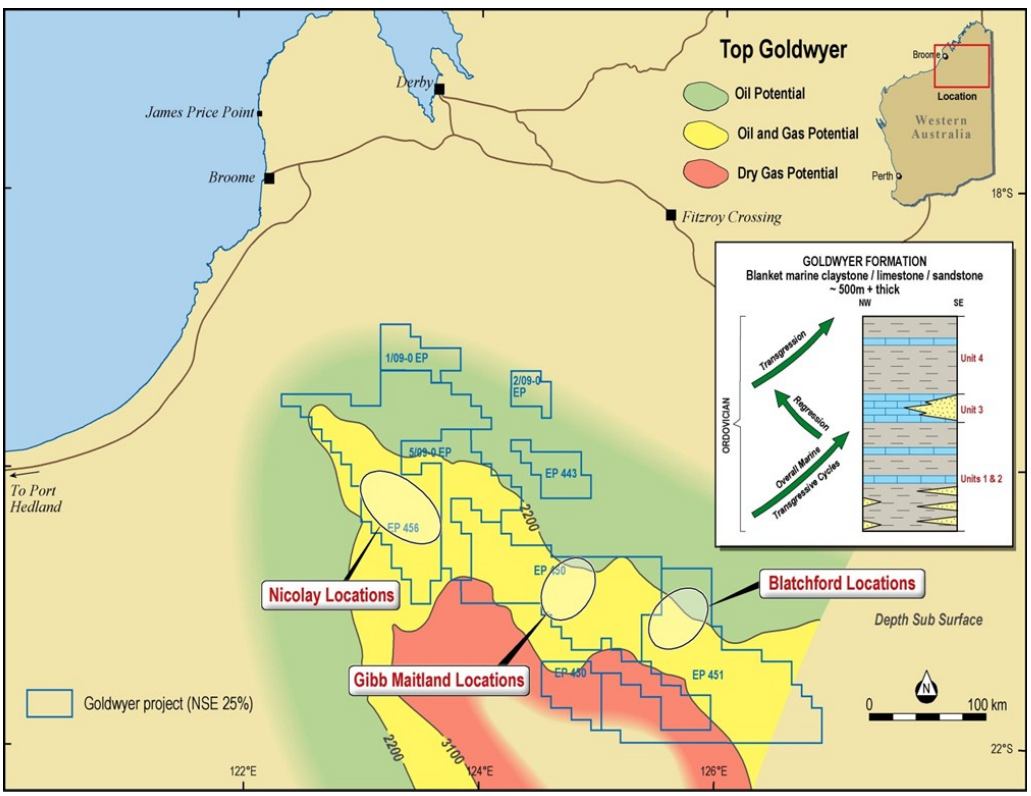
AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW (cont'd)

Targeting Wet Gas Zones

As previously released to the market, one of the key attributes that has attracted ConocoPhillips to the Goldwyer Project is the fact the Goldwyer formation is comprised of marine source rock of Ordovician age and as a result, possesses excellent generative capacity for oil and condensate. As a result, the Goldwyer Project has the potential to host a substantial hydrocarbon resource with a high component of liquid hydrocarbons. Should this be proven to be the case, the potential development economics would be significantly enhanced. In this regard, the Goldwyer Project is potentially similar to the very attractive North American shales being aggressively developed currently including the Bakken and the Eagleford plays – both of which have been very successful projects for ConocoPhillips.

The figure below illustrates the potential "wet gas" zone (highlighted in yellow) to be targeted during Phase 1 drilling and the three areas of primary interest (being Nicolay, Gibb Maitland and Blatchford) within that prospective "wet gas" zone that will be the initial focus of the Phase 1 exploration program scheduled for 2012. Final well locations within these zones of interest have been identified and detailed planning is underway for the construction of access tracks, well site and camp locations. It is anticipated that construction equipment could be mobilised into the region in late Q1, 2012 assuming all necessary approvals are obtained and an appropriate rig contract is finalised.

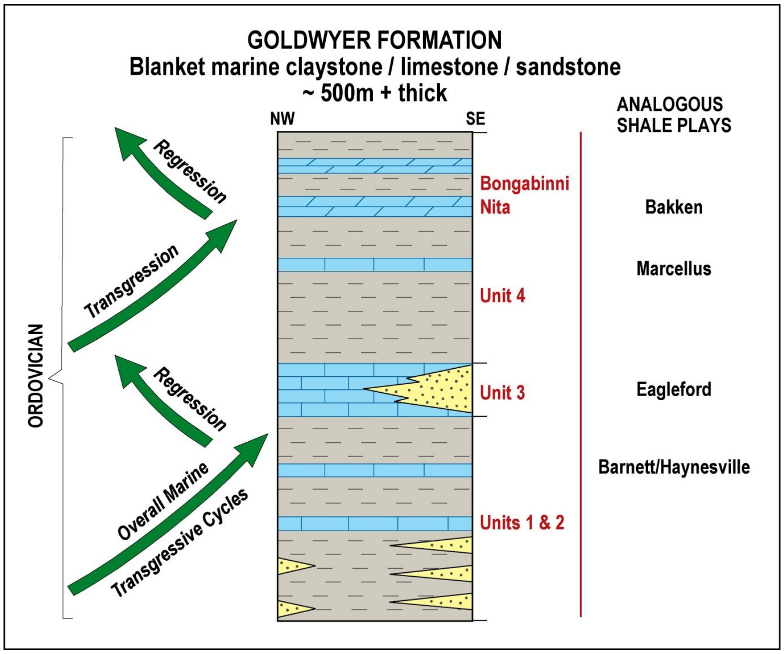
Figure 2: Goldwyer acreage highlighting the prospective "wet gas" window (yellow) and the three initial areas of interest



The Goldwyer formation is an Ordovician marine section comprised of a number of discrete units that vary slightly due to the differing depositional settings. These marine source rocks exhibit excellent indicative properties that support the potential for the Goldwyer formation to generate and host significant quantities of hydrocarbons. As a result, the discrete Goldwyer units present multiple sizeable targets of interest within the overall formation rather than one homogenous shale target (refer image below).

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW (cont'd)

Figure 3: Goldwyer formation highlighting the multiple discrete zones of interest



The Phase 1 drilling and coring program is designed to gather a comprehensive modern dataset over the majority of the Goldwyer formation in each of the first three wells, which will in turn assist with the technical evaluation of the various discrete Goldwyer units for further appraisal work in Phases 2 and 3 of the farm-in program.

Assuming that the results of Phase 1 of the program produce some encouraging results, it is envisaged that the value of the Goldwyer Project will begin to increase exponentially. Such valuation increases for an early stage project provides enormous potential leverage for New Standard shareholders.

Laurel Project, Canning Basin (New Standard 65% [50%] operated; Buru 35%, GRK earning 15%)

During October 2011, the deepening of the Lawford #1 well on EP417 was completed. The well encountered very thick sections of claystones and red beds of what is interpreted to be the Lower Anderson Formation and drilling was very slow due to very hard and abrasive formations. Based on the slow drilling progress, geological uncertainty about the depth of the target Laurel Formation, depth limitations of the rig and the lack of significant hydrocarbon shows, the joint venture partners decided to terminate the drilling of the well prior to reaching the Laurel Formation. The well was logged and plugged and abandoned and the Century Rig #7 released to Buru.

Given the Laurel Formation is present below the Anderson Formation in all wells drilled to sufficient depth within the Fitzroy Trough, the Laurel is still expected to be present across EP417 and the Lawford Ridge. The Lawford #1 deepening does, however, indicate that the Laurel Formation is at a significantly greater depth on the Lawford Ridge than indicated by previous geological modeling. Whilst the result of the Lawford #1 deepening means the Laurel Formation remains untested in the basin centre of the Fitzroy Trough, the overall hydrocarbon prospectivity for the region remains intact, albeit at greater than expected depths.

The deepening of the Lawford #1 well importantly fulfills the immediate minimum work commitments across EP417 and enables its continued retention. The EP417 and Seven Lakes SPA joint venture partners currently intend to conduct further geoscience studies on both acreage areas over the next 12 to 24 months which at this point in time is being proposed to be completed ahead of any further drilling activity. This work will involve both targets in the centre of the basin as well as basin margin prospects similar to those being pursued elsewhere in the Fitzroy Trough.

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW (cont'd)

Over the coming 12 to 24, months the joint venture partners will benefit from data obtained from an acceleration of exploration drilling and appraisal activity in the region via the joint venture between Buru and Mitsubishi. Further appraisal wells are planned for both the Valhalla and Yulleroo regions, the Paradise #1 well will be deepened and additional work will be undertaken at Ungani – all of which reside in the Fitzroy Trough and are likely to be sourced by the Laurel formation.

New Standard retains a substantial acreage holding in this emerging regional play and is ideally positioned to benefit from other work being conducted in the region over the coming years whilst minimal expenditure commitments are required to be met. This results in the Company's ability to effectively sit on an option over a substantial secondary project in the Canning Basin whilst the prospectivity is enhanced by other operators in the region.

Merlinleigh Project, Carnarvon Basin (New Standard 100%)

New Standard has been conducting internal technical reviews and evaluations of the Merlinleigh Project for the past few months. Additional geochemical studies have recently been commissioned to provide a more complete analysis of the generative capacity of the source rocks and shales across the basin. It is anticipated that this work will be completed in the coming weeks following which it will be compiled with the other work undertaken to date and an appropriate update provided to the market.

During the quarter New Standard also progressed the permitting of the acreage at the Merlinleigh Project such that both acreage areas are ready to be offered to New Standard as granted permits once native title agreements have been successfully negotiated and concluded. All other notice periods and processes have been served and completed.

Numerous native title discussions and meetings have now been held with the traditional owners and liaison bodies and draft agreements have been tabled. Further meetings are now being scheduled for Q1, 2012 in an effort to finalise these discussions and negotiations. The intention remains to reach agreement with the traditional owners as quickly as possible to facilitate the conversion of the acreage into granted permits.

Significant work is concurrently being undertaken on the environmental planning with detailed studies and reports currently being finalised. Once complete, the reports will form the basis of future Environmental Management Plans that will be required as part of any future exploration program. The completion of this environmental work will help fast track the approvals process associated with future exploration activity being planned for late 2012, assuming the permits are granted to New Standard as envisaged. Similar planning is also being undertaken on road access and associated civils in an effort to be well advanced in all aspects of project planning.

Interest continues to be shown by various groups in relation to the Merlinleigh Project and following completion of the technical review, a more thorough assessment of potential partnering opportunities will be considered. New Standard is currently balancing the desire to explore the partnering alternatives with other factors that could considerably strengthen its negotiating position.

UNITED STATES EXPLORATION PORTFOLIO & ACTIVITIES

The December 2011 quarter saw reduced production from the Colorado County Project due to downtime on two wells whilst various remediation work was completed.

Remediation work and pressure testing was undertaken on the Heintschel field wells and compressors were installed in order to "lift" the wells and enhance productivity where required. The Joann #1 well was also shut in for the entire quarter and a decision was made to perforate and test a thin reservoir sand slightly deeper in the formation. This process is well advanced and the well is currently undergoing flow testing with a view to bringing production back online in the immediate future. Assuming this process is successful, the new zone will be produced prior to reassessing the original reservoir sand for additional production.

An independent assessment of resources and reserves was completed by DeGolyer and MacNaughton (**D&M**) during the quarter, providing third party confirmation that the Heintschel field represents a substantial in-ground gas condensate field that is capable of being developed. Significant technical work and studies were also completed on the reservoir performance in the Heintschel field wells to ascertain important information for planning and designing an appraisal program for the Heintschel field. Following receipt of the D&M report and the results of these additional technical studies, AKG Energy (**AKG**) (US based operator and partner) has pressed on with the final design and planning for a horizontal well as the next step for the appraisal and development of the Heintschel field. It is anticipated that a recommendation will be made in this regard by AKG within the next few weeks, following which a decision will be required regarding potential participation by the JV parties.

New Standard remains of the view that attractive potential upside remains in the Colorado County Project and is awaiting further recommendations and assessments from AKG in order to better assess the risks and rewards of the proposed appraisal work. Once all of this is more fully digested, New Standard will be better placed to make an informed view as to the most appropriate manner of extracting value for New Standard shareholders. In the meantime the project is generating monthly cashflow with minimal holding costs.

Production Update

During the quarter total gross production of 66,149 mcf gas and 3,213 bbls condensate was produced from the Colorado County Project as per the table below:

Table 1: Gross production summary from the Heintschel Field and Joann #1 well for the December 2011 Quarter

Well (NSE Working Interest)	Gas (thousand cubic feet, mcf)	Condensate (barrels)
*Heintschel #1 (32.5%)	1640	538
Heintschel #2 (32.5%)	41,956	901
D Truchard #1 (32.5%)	23,097	1,425
**Joann #1 (33.68%)	932	349
TOTALS	**66,149**	**3,213**

* Heintschel#1 well was shut in for all of October until 18 November to install compressor to lift the well to enhance production
** Joann#1 well was shut in on 2 October and remained shut in for the remainder of the December quarter

New Standard's net revenue receipts from production that were banked during the quarter totalled $312,000.

As outlined above production for the quarter was impacted by downtime on two wells including the Joann #1 well which was shut in for the entire quarter. The low flow rates on the Heintschel #1 well during the quarter reflect issues with the gas meters that are currently being addressed. Decline rates were also observed for production across the other two producing wells during the quarter and the continued monitoring of production rates and reservoir performance was undertaken as part of ongoing appraisal and development planning for the Heintschel field.

Revenue receipts from production during the December 2011 quarter will largely be reflected in the March 2012 quarterly as a result of the 2 month time lag in cash receipts resulting from product sales.

UNITED STATES EXPLORATION PORTFOLIO & ACTIVITIES (cont'd)

Independent Reserves/Resources Assessment

US based petroleum consultancy firm D&M completed their independent assessment of the Heintschel field during the quarter. The assessment confirmed a substantial quantity of hydrocarbons in place at the Heintschel field at the Colorado County Project in Texas with **gross in-place hydrocarbons of 124.55 Billion Cubic Feet (BCF) of wet gas and 3.56 Million Metric Barrels of Oil (MMBO)** in addition to the 2P reserves set out below:

Table 2: Summary of 2P Reserves for the Heintschel Field

D&M Report	Gross		Net to NSE (Net Royalty Interest)		
	Wet Gas (BCF)	Condensate (MMBO)	Dry Sales Gas (BCF)	Natural Gas Liquids (MMBO)	Condensate (MMBO)
Total Proved	14.35	0.39	3.26	0.16	0.10
Total Probable	19.35	0.57	4.39	0.22	0.15
Total 2P Reserves	**33.70**	**0.96**	**7.65**	**0.38**	**0.25**

Note: Net volumes have been calculated based on New Standard's net royalty interest after royalties and taxes have been paid on its 32.5% working interest in the Heintschel field.

The D&M findings confirm a substantial in-place volume of hydrocarbons of 124.55 BCF wet gas and 3.56 MMBO which could provide attractive upside value for the joint venture partners. As expected the 2P reserves are initially modest given there has only been three wells drilled and completed in the Heintschel field to date – none of which have been fracture stimulated and completed optimally.

The 2P reserves confirmed by D&M were calculated based on the following 48 vertical well locations assuming a 20 acre spacing for offset wells:

- 3 producing wells in the field: Heintschel #1, Heintschel #2 and D.Truchard #1;
- 16 Proven Undeveloped Locations (**PUDs**) restricted to one offset location surrounding the 3 producing wells; and
- 29 Probable Locations restricted to one offset location from the PUD locations and including locations between the 3 producing wells.

Given D&M has assumed vertical wells for their modeling, the locations utilized to derive the 2P Reserve calculations cover just over 20% of the overall 4,400 acre closure of the Heintschel field as mapped by US-based operator and partner AKG Energy (**AKG**) from newly acquired 3D seismic data. Furthermore, as a result of the conservative offsetting location restrictions applied by D&M to assign 2P reserves, none of these 2P locations step out far enough to encompass other structurally higher locations on the Heintschel field which may be of interest for any future appraisal or development plans.

The in place hydrocarbon volumes determined by D&M were lower than those previously calculated by AKG and published to the market. The primary drivers behind the difference between the D&M volumes and AKG's volumes include the following:

- D&M attributed volumes to just 4 of the 6 reservoir units mapped by AKG
  - units "PB 1 to 4" were included but "PB5 and 6" were excluded from their analysis which resulted in significant potential reservoir rock volumes (circa 35% of the total) being excluded from their calculations.
- D&M used a lower net to gross sand figure in their calculations - AKG used a higher number generated by another consulting firm specialising in reservoir analysis (NuTech).
- D&M did not include some of the areal closure of the field as mapped by AKG.

Overall the D&M assessment confirms the Heintschel field is a sizeable gas-condensate discovery with valuable potential upside for New Standard shareholders.

UNITED STATES EXPLORATION PORTFOLIO & ACTIVITIES (cont'd)

Heintschel Field Appraisal Program

Considerable work has now been completed by operator AKG, in conjunction with specialist consulting companies Integrated Petroleum Technologies (**IPT**) and NuTech, on the analyses of data related to the production histories of the three existing wells, as well as on planning future well designs, fraccing and completions. IPT has generated models for theoretical horizontal wells in the Heintschel field, based on the rock, reservoir and production properties in the existing wells. The models indicate that a multi-stage fracced 2,000 foot (610m) horizontal lateral in the Heintschel reservoir could produce at rates, and generate hydrocarbon volumes, several times greater than from the existing vertical wells, with marginal added cost. Assuming such elevated rates could be achieved, the Heintschel Field will be clearly commercial to develop, however IPT's theoretical work will need to be confirmed by drilling and fraccing of a horizontal well.

AKG are close to finalizing a horizontal well proposal incorporating a multi stage fracture stimulation program. In conjunction with this work, the Colorado County JV parties have collectively decided to explore potential partnering alternatives with a view to ascertaining the commercial opportunities that may exist for the introduction of a suitable partner to assist with the potential appraisal and development of the Heintschel field. This process will be driven by AKG over the coming few months whilst planning continues for the horizontal well for late Q1, 2012.

As a result of the recently completed capital raising, New Standard remains well funded to participate in this next appraisal well should the decision be made to do so.

CORPORATE & FINANCE

During the December quarter New Standard successfully completed a significant capital raising at 30c per share, which raised approximately $24.8m (prior to costs). The capital raising comprised the following elements:

- Two tranche placement of $23m to institutional and sophisticated investors with the second tranche approved by shareholders in early December 2011 (**Placement**); and
- Shareholder Purchase Plan (**SPP**) for all eligible shareholders that raised approximately $1.84m (prior to costs).

The additional capital significantly strengthens New Standard's balance sheet in a volatile equities market and leaves the Company well placed ahead of a major increase in potential exploration activity associated with multiple exploration projects in 2012. The funds from the Placement and SPP are primarily being used to:

- Accelerate the Merlinleigh and review other Australian tight gas and shale projects;
- Fund working capital; and
- Strengthen the balance sheet for future growth opportunities

The raising also provides significant flexibility to retain the equity holding in Buru which continues to grow in both inherent and strategic value whilst providing exposure to the emerging Laurel Project and the additional conventional prospectivity of the Acacia oil play that was involved with the genesis of New Standard's Buru holding in 2009.

Since the decision was made to undertake the equity raising, the dollar value of the Buru shareholding has increased substantially to approximately $20m and it's strategic value has been highlighted with Buru being mentioned in numerous corporate updates and research notes on the sector.

CORPORATE (cont'd)

Executive Appointments and Contracts

During the quarter the remuneration committee and board finalised the renegotiation of the remuneration package for the Managing Director which now encompasses the following:

Agreement Item	Details
Base Salary:	$330k per annum (inclusive of super)
Short Term Incentive:	up to 50% of Base Salary annually split as follows: • up to 20% of Base Salary in cash based upon achievement of weighted KPIs set by agreement with the remuneration committee and the board • up to 30% of Base Salary to be funded via a non-recourse, interest free loan to subscribe for fully paid shares at a price based on 5 day VWAP prior to the date of shareholder approval to issue the shares. This component is assessed by measuring the relative and absolute performance of NSE shares over a 12 month period
Appointment and Term:	Sam Willis as Managing Director for an indefinite period of time
Termination Notice:	3 months written notice by either party

During the quarter David Hansen-Knarhoi was also appointed Joint Company Secretary in addition to his permanent role as Chief Financial Officer.

Finance

Following the capital raising during Q4, 2011 New Standard is currently in a sound financial position with a cash balance of $23M and liquid assets (Buru shares) valued at $20M.

The attached quarterly Cashflow report reflects outflows for the costs of the Lawford #1 deepening and expenses associated with progressing the Merlinleigh and Goldwyer Projects. At this stage New Standard is carrying preliminary costs for the Goldwyer JV but anticipates cash calls commencing with ConocoPhillips during the current quarter. Administration costs have increased reflecting the higher staffing levels required ahead of Phase 1 exploration activity commencing on the Goldwyer Project and staff bonuses paid during the quarter.

Outflows for the March 2012 quarter are budgeted to be approximately $3.5M which includes amounts for progressing the Australian portfolio, a contingent amount for potential participation in the horizontal well being planned for the Heintschel field in the US, as well as general administrative costs.

These outflows will be offset by income from the Colorado County Project and anticipated cash calls under the Goldwyer JV.

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