



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

Chris Saddler
Non-Executive Director

Mark Clements
Company Secretary

David Hansen-Knarhoi
Company Secretary/CFO

ISSUED CAPITAL
as at 31 March 2012
292.3m Shares
24.3m Unlisted
Options

CASH ON HAND
as at 31 March 2012
~ \$23.5m

MARKET CAPITALISATION
as at 30 April 2012
~ \$168m
(last @ 57.5c per share)

INVESTMENT IN BURU
as at 30 April 2012
~ \$42.5m (@ \$2.83 per
share)

INVESTMENT IN ELIXIR
as at 30 April 2012
\$2.7m (@ \$0.07 per share)

Quarterly Activities Report

January to March 2012

HIGHLIGHTS

Australian Exploration

- Planning and preparation for Phase 1 of the Goldwyer exploration program accelerates
- MB Century Rig #14 contracted for a multi-well program
Five firm wells with options over up to six additional wells
Rig #14 has successfully arrived in Darwin ahead of Phase 1 Goldwyer drilling
- Advancement of civils and construction, leading towards the commencement of the Goldwyer drilling program at Nicolay #1
- Amendments to ConocoPhillips farm-in agreement reached
ConocoPhillips Phase 1 expenditure caps increased to US\$13m per well
- Laurel play continues to emerge via encouraging results from Canning Basin neighbours
- Merlinleigh technical appraisal close to finalisation and native title negotiations continue

Corporate & Finance

- Equity investment in Elixir Petroleum Limited (ASX: EXR) completed, giving New Standard a strategic 13.7% corporate equity holding
- SPP shortfall and option exercise raises additional cash
- Appointment of experienced Exploration Manager
- Board strengthened through appointment of experienced non-executive Director

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW

The planning and preparation for the commencement of Phase 1 of the Goldwyer Project was given a significant boost during the quarter, with New Standard securing a drill rig to undertake the Phase 1 drilling program in 2012.

New Standard has spent the last few months on planning the civil works in order to facilitate the mobilisation of MB Century Rig #14 to the initial Phase 1 drill location in mid 2012. The civil works are now well underway and have been carefully managed in conjunction with all stakeholders given they form a key component of exploration work from Phase 1 onwards. At this point in time the civil works are proceeding on time and budget and in light of the good progress, New Standard should be well placed to spud the first well in the Phase 1 drilling program (Nicolay #1) in July 2012.



AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW (cont'd)

Securing MB Century Rig #14 - A Significant Milestone






During the quarter, New Standard announced that the MB Century Rig #14 had been successfully contracted for a five well program with options for up to six additional wells - all exercisable at New Standard's election. The MB Century contract provides New Standard with the flexibility to assign any of the drill slots (firm or optional) to third parties should it elect to do so for any reason—a contractual term that helps New Standard to de-risk the financial exposure of taking on a substantial commitment. In what remains a competitive and tight rig market, New Standard considers the ability to secure a suitable drilling rig with an experienced onshore drilling contractor over an extended period of time to be a key development for the Goldwyer Project. The drilling contract is a key platform that will facilitate the commencement of Phase 1 drilling on the Goldwyer Project in 2012 and provides the opportunity to use the rig for an initial exploration phase at the Merlinleigh Project in 2013, assuming native title agreements can be adequately bedded down and the permits granted.

As previously outlined, securing the rig leaves New Standard well placed to commence Phase 1 of the farm-in agreement with ConocoPhillips over the Goldwyer Project, pursuant to which ConocoPhillips will (subject to agreed expenditure caps) meet the costs associated with drilling, coring and logging three vertical wells and in addition contribute towards funding scientific studies and initial reservoir evaluation.

The MB Century Rig #14 has now been successfully mobilised from its previous contract location and has arrived at the port of Darwin. The rig is currently undergoing customs, quarantine and safety compliance inspections and once these inspections are complete it will be released to New Standard to be mobilised to site ahead of an intended July 2012 spud date.

Rig #14 Drilling Highlights

The MB Century Rig #14 is a large land based rig that is well suited to onshore exploration involving the drilling of deep petroleum wells. More specifically the rig and associated contract have attractive characteristics including the following:

-  Depth capacity of up to 4,300m with sufficient hook-load to handle horizontal drilling
-  Potential to drill both vertically and horizontally (meeting New Standard's immediate operational requirements)
-  MB Century is an established onshore drilling contractor with solid Canning Basin experience
-  Rig inspections to date have satisfied all parties that the rig is capable of meeting required compliance with various Western Australian electrical and safety standards
-  All drilling slots (firm and optional) are assignable at New Standard's election providing New Standard with the ability to control rig for extended period of time if appropriate

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

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

Following the execution of the MB Century Rig contract, New Standard and ConocoPhillips are quickly moving ahead with plans to initially target zones in the Goldwyer that have the potential to host a substantial hydrocarbon resource with an attractive component of liquids rich hydrocarbons. Should exploration and evaluation of the Goldwyer delineate a liquid rich hydrocarbon resource over time, the project could possess attractive economic parameters that are similar to the North American shales being aggressively developed currently including both the Bakken and the Eagleford plays.

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW (cont'd)

New Standard's current primary objective is to successfully commence and complete Phase 1 of the agreed farm-in work and based on the review and assessment of the data acquired during Phase 1, reach a mutual decision with ConocoPhillips regarding moving into the work commitments outlined for Phase 2.

Farm-in Agreement Update

New Standard and ConocoPhillips have agreed to amendments to the farm-in agreement executed in September 2011 that reflect changes to costs associated with Phase 1 activities including (but not limited to) the following:

- ◆ additional mobilisation and operating costs of the bigger MB Century Rig #14 which has been contracted for the Phase 1 wells;
- ◆ well design and well engineering that has been specifically tailored for detailed data acquisition during early stage unconventional exploration; and
- ◆ expedited infrastructure expenditure being incurred during Phase 1 that will also be utilised in future phases of exploration and evaluation work

The agreed amendments include an increase to ConocoPhillips' 100% funding cap for each of the three Phase 1 wells to US\$13m per well (i.e. total funding cap of US\$39m for Phase 1 drilling). New Standard will be required to fund the costs of any overruns in excess of these Phase 1 well caps (as is currently the case) and has also agreed to fund 25% of the scientific studies and formation evaluation work (estimated at a total joint venture cost of approximately US\$5m). The increase in funding caps for the Phase 1 wells will not impact ConocoPhillips' 100% capped expenditure commitments for Phase 2 (US\$20m), Phase 3 (US\$20m) or Phase 4 (US\$40m) programs nor will it result in any adjustment to the project equities under the agreement.

All conditions precedent to the farm-in agreement have now been either met or waived and the Phase 1 costs are now being borne in accordance with the revised terms of that agreement as outlined above. As a result of the above amendments, the revised terms and proposed work commitments pursuant to the ConocoPhillips farm-in agreement are summarised below:

Figure One: Summary of the ConocoPhillips farm-in agreement terms (as revised) and associated work commitments

	Phase 1	Phase 2	Phase 3	Phase 4
Working Interest	<ul style="list-style-type: none"> ◆ NSE 25% ◆ COP 75% 	<ul style="list-style-type: none"> ◆ NSE 25% ◆ COP 75% 	<ul style="list-style-type: none"> ◆ NSE 25% ◆ COP 75% 	<ul style="list-style-type: none"> ◆ NSE 25% ◆ COP 75%
Indicative Timing	◆ 2012	◆ 2013	◆ 2014	◆ 2015
Work program	<ul style="list-style-type: none"> ◆ Drilling 3 vertical wells, coring and logging; ◆ Completing detailed core lab analysis; ◆ Undertaking formation evaluation tests on each well 	<ul style="list-style-type: none"> ◆ 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 	<ul style="list-style-type: none"> ◆ 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 	<ul style="list-style-type: none"> ◆ 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%)	<ul style="list-style-type: none"> ◆ US\$39m (US\$13m per well) 	<ul style="list-style-type: none"> ◆ US\$20m 	<ul style="list-style-type: none"> ◆ US\$20m 	<ul style="list-style-type: none"> ◆ US\$40m
Excess Expenditure	<ul style="list-style-type: none"> ◆ NSE 100% (drilling) ◆ NSE 25% (other) 	<ul style="list-style-type: none"> ◆ NSE 25% 	<ul style="list-style-type: none"> ◆ NSE 25% 	<ul style="list-style-type: none"> ◆ NSE 25%

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW (cont'd)

New Standard and ConocoPhillips have also agreed to begin the Phase 1 drilling operations at the Nicolay #1 well site on EP456 (refer Figure Two below) with rig mobilisation from Darwin to the Nicolay #1 location to commence once the rig has been released to New Standard following the necessary customs, quarantine and compliance inspections.

Well design and engineering has been completed on the basis the initial three wells have been specifically tailored for the early stages of unconventional exploration. Nicolay #1 is designed to be drilled to approximately 3,200m and is aimed at gathering a comprehensive understanding of the Goldwyer play through the intended acquisition and analysis of a substantial section of full core over the thickness of the Goldwyer formation. In addition to significant coring programs, the Phase 1 drilling program will incorporate a comprehensive suite of electric wireline logs and substantial scientific studies of the cores in order to gather specific geomechanical and geotechnical data to facilitate targeted formation evaluation work to be undertaken on the most attractive sections of the Goldwyer formation.

The civil works for the Nicolay #1 location are now well underway and have been carefully managed in conjunction with all stakeholders given they form a key component of exploration work from Phase 1 onwards. At this point in time the civil works are proceeding on time and budget and should facilitate the ability to spud the first well in the Phase 1 program (Nicolay #1) in July 2012. In addition to this, long lead time items have been secured and other key contractual arrangements are either finalised or in the process of currently being finalised.

Similarly preparatory work to that being conducted for Nicolay #1 is also underway for the second and third well locations (Gibb Maitland #1 and Blatchford #1 respectively) to ensure these locations are prepared ahead of intended inter-well moves which will occur following the completion of Nicolay #1 drilling operations.

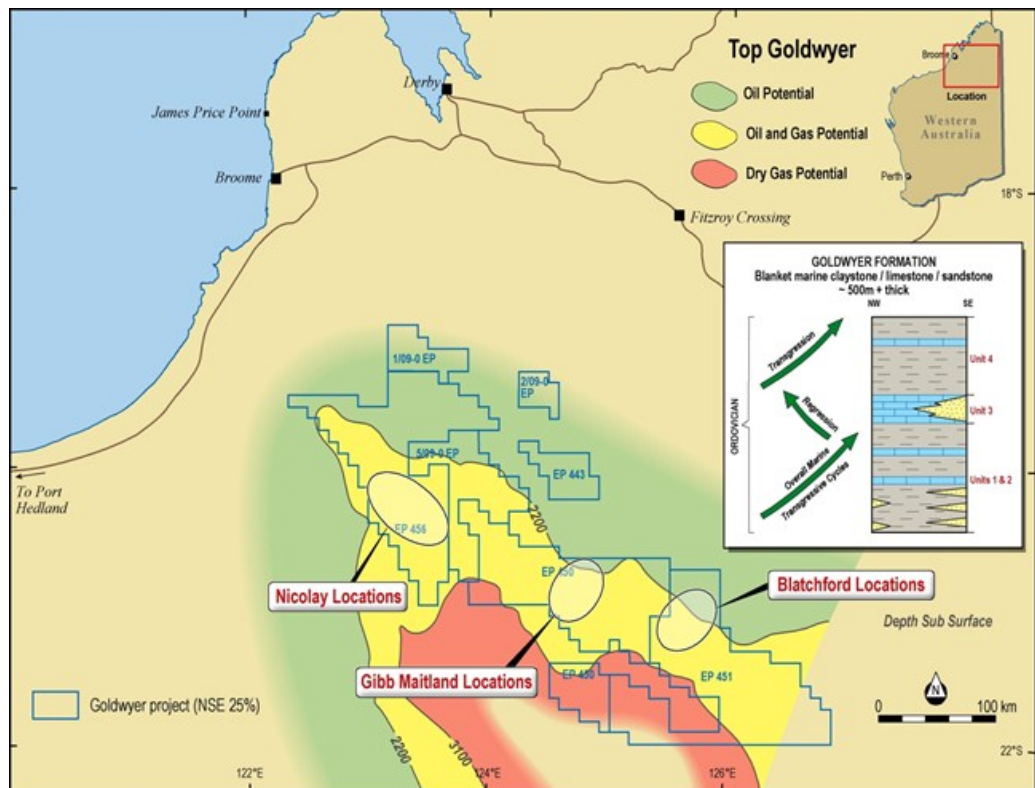


Figure Two: Map of the Goldwyer Project, highlighting the wet gas window (yellow band) with target drilling locations for Phase 1

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW (cont'd)

As operator of the Goldwyer Project, New Standard has been undertaking regular consultation with government regulators and traditional owners to build awareness of the drilling program and communicate its commitment to responsible and safe exploration practises.

The team at New Standard is now well positioned with a good combination of people, resources and technical support to ensure the acceleration of this project maintains a smooth course on its path to value creation for the Company. The commencement of the Phase 1 drilling at the Nicolay #1 is scheduled for early July 2012 and will form an historic milestone for the Company as it seeks to enhance the value of its Goldwyer acreage. The Phase 1 drilling program has the potential to create significant value for New Standard shareholders as activity unfolds over the three planned wells during the second half of 2012.

Laurel Project, Canning Basin (New Standard 50%; Buru 35%, Green Rock 15%)

Whilst New Standard is not undertaking any operational activities on the Laurel Project the acreage remains an exciting asset in the New Standard portfolio. From a regional perspective, the Laurel play continued to be progressed through additional drilling success experienced at Valhalla North-1 by Buru Energy Limited (**Buru**) and its joint venture partner Mitsubishi.

Valhalla North-1 was drilled "off structure" from the Valhalla-2 well location to determine whether the gas accumulation seen in the Valhalla-2 well was structurally controlled or whether the accumulation is part of a much larger potential multi-TCF "resource" accumulation. The gas shows in the Valhalla North-1 well were consistent with those observed in Valhalla-2, and extend over a similar interval of some 1,300 metres to the total depth of the well at 3,356 metres. The Valhalla North-1 well, together with further analysis of existing wells in the Valhalla area, confirmed Buru's interpretation of the regional extent of the Valhalla area Laurel Formation wet gas accumulation. This has led Buru to estimate a prospective resource in the immediate Valhalla area of at least 2 TCF of recoverable gas and the potential for tens of millions of barrels of associated liquids.

If the currently interpreted extent of the accumulation is verified by the further appraisal drilling which is planned during 2012, Buru estimates the greater Valhalla area Laurel Formation accumulation has the potential to hold prospective resources in excess of 20 TCF of recoverable gas and hundreds of millions of barrels of liquids.

In addition to the above momentum being generated by Buru and Mitsubishi, New Standard is currently undertaking additional regional studies in the vicinity of both EP417 and the Seven Lakes SPA acreage to help enhance the understanding of the play's potential hydrocarbon bearing potential.

New Standard will revisit its Laurel play in the future, but for the time being the company, alongside its joint venture partners (Buru and Green Rock Energy Ltd) has completed all necessary work commitments in order to keep EP417 in good standing. Plans are currently being formulated to undertake some initial aerial gravity work pursuant to the work commitments forming part of the SPA application over the Seven Lakes SPA area immediately adjacent to EP417. Further news on these plans will be forthcoming as contractor availability and timing firms up.

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES OVERVIEW (cont'd)

Merlinleigh, Carnarvon Basin (New Standard 100%)

New Standard continued with additional internal technical reviews on its Merlinleigh permits during the quarter and has further progressed its native title negotiations during the past few months. The detailed technical and geochemistry assessment of the plays are nearing completion and are providing New Standard with a greater understanding of the conventional prospects across the acreage together with further insight into the properties of the shales involved in the potential regional resource play across the permits.

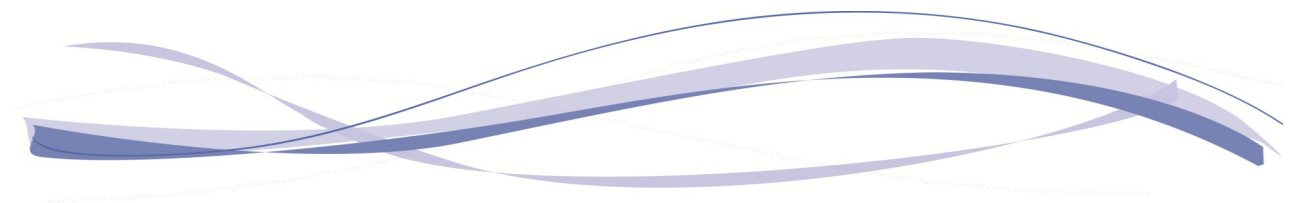
Whilst the native title agreements with the respective traditional owners remain to be finalised, discussions have progressed significantly. New Standard has attended numerous meetings with the traditional owner groups to discuss the future plans for exploration and negotiations have been slowly and carefully managed to work towards a mutually beneficial arrangement between the parties involved. New Standard remains hopeful that a satisfactory outcome can be achieved in the coming months which will facilitate the granting of the permits comprising the project.

Should native title negotiations and agreements be successfully finalised and executed it is envisaged that partnering discussions may accelerate alongside internal planning being undertaken for potential exploration activities in Q1, 2013. Interest surrounding the potential for unconventional resources in the region is growing as evidenced by the recent farm-in agreement announced by Tap Oil which saw it secure an option to earn an interest in the acreage immediately surrounding New Standard's Merlinleigh Project from privately owned Rusa Resources Pty Ltd.

UNITED STATES EXPLORATION PORTFOLIO & ACTIVITIES

During the month New Standard elected not to participate in the horizontal well that has been proposed for the Heintschel Field in the Colorado County Project, in onshore Texas. The board has formed a view that the US assets are not likely to be a material value driver within New Standard's portfolio moving forward. As a result a decision has been made to undertake a more thorough assessment of the potential value crystallisation pathways available for the US portfolio following an assessment of the outcome of the upcoming horizontal well to be drilled during the coming few months. A positive result on the upcoming horizontal well may assist to elevate potential field economics and create additional value for the US portfolio.

The four producing wells continued to generate modest cashflows during the quarter that ensure the US assets are not currently a significant drain on New Standard's financial resources.



CORPORATE

Senior Executive and Board Appointments

New Standard has been adding to its skills at the management, operational and board levels as the company progresses its unconventional gas projects along the value creation pathway. As part of this process significant experience was added to both senior management and the board during the period.

Senior Exploration Manager

Following a lengthy recruitment process, New Standard was pleased to finalise the appointment of Mr Brett Walker as Exploration Manager during the quarter. Brett will work closely with New Standard Technical Director Mark Hagan to oversee the impending drilling program on the Goldwyer Project in the Canning Basin, the progression of the Merlinleigh Project in the Carnarvon Basin and the ongoing management and enhancement of the New Standard portfolio.

Brett is a qualified geoscientist with nineteen years' experience and has worked for major and mid-sized companies, including the most recent 12 years in senior geological and Exploration Manager roles for OMV in addition to previous roles with Mobil, Ampolex, Woodside and NorWest Energy. He has lived and worked in four countries on three continents, all in an active operating environment and has significant experience in both onshore and offshore exploration discovering a number of commercial oil and gas fields.

As part of Brett's remuneration the company has agreed to an options package of 300,000 unlisted options exercisable at 53.5 cents and 300,000 unlisted options exercisable at 60 cents, all with an expiry date of 30 June 2014. These options will be issued once employment commences and will be exercisable after periods of 12 months and 24 months respectively.

Non Executive Director Appointment

New Standard has also added additional unconventional gas and corporate finance expertise to the company's board with the appointment of Chris Saddler as non-executive director.

Chris has considerable experience in both the corporate finance and energy sectors, through his role on the Eastern Star Gas board prior to the takeover by Santos, and involvement in various mergers and acquisitions as a non-executive director at Gloucester Coal, Mitre 10 and Austock. Chris has almost 20 years of experience in investment banking, working for Deutsche Bank, JP Morgan, SG Warburg and Salomon Brothers.

As part of the agreement to join the New Standard board, Chris will be issued with 300,000 unlisted options. The issue and terms of these options will be subject to shareholder approval which will be sought at the next general meeting of New Standard shareholders.

These senior appointments to the New Standard team have added considerable experience and capabilities to ensure the rapid growth being experienced by the Company can be better managed as New Standard heads into busy operational times in an effort to add significant value to the asset portfolio.

CORPORATE (cont'd)

Strategic Equity Investment

In early March, New Standard announced to the market that it had agreed to acquire a strategic equity stake in ASX listed Elixir Petroleum (ASX: EXR) via a placement and underwriting of an entitlement issue.

Following the recent completion of the placement and rights issue, New Standard has acquired a 13.7% corporate equity stake in the company for an investment of \$2.25m. The investment offers exposure to the 100% owned Moselle Project in the Paris Basin in France which spans an area of 5,360km² and is the largest single exploration block in onshore France. The Moselle Permit has significant potential for both conventional and unconventional exploration opportunities and is well located in proximity to both infrastructure and attractive gas markets.

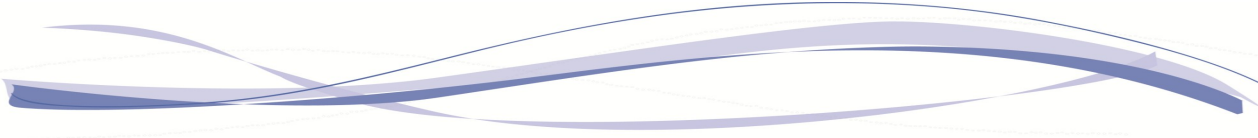
This opportunistic investment positively met New Standard's investment criteria and is a small investment providing meaningful exposure to a high quality asset with strong technical merit that despite the current moratorium on fracking in France, could provide highly leveraged returns for New Standard shareholders over time. The corporate investment has been made more attractive by the fact that minimal ongoing financial and management commitments are required by New Standard.

Finance

During the quarter New Standard's cash balances were enhanced by the successful placement of the Share Purchase Plan Shortfall shares with institutional and sophisticated investors in addition to the exercise of 1,750,000 unlisted options. These activities raised a total of approximately \$2.5m before costs.

New Standard's cash balance at the end of the quarter totalled \$23.5m including New Standard's interest in joint venture cash balances. The announcement post the end of the quarter that all conditions precedent to the farm-in agreement with ConocoPhillips (including the amendments outlined above) had been either met or waived, leaves New Standard well funded heading into the initial Phase 1 drilling campaign at the Goldwyer Project in the Canning Basin. The revised agreement terms see ConocoPhillips funding 100% of the first US\$13m for each Phase 1 well.

The expected outflows for the coming quarter in the attached Appendix 5B reflect the net amounts that New Standard anticipates expending on its asset portfolio over the quarter after taking into account the carried positions that ConocoPhillips will be providing.



Competent Person: *The information in this announcement in relation to the Colorado County Project is based on information 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.*