



NEW STANDARD
ENERGY

ASX Code: NSE

ACN 119 323 385

CONTACT DETAILS

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BOARD OF DIRECTORS:

Gordon Hill

Chairman

Sam Willis

Managing Director

Mark Hagan

Technical Director

Ian Paton

Non-Executive Director

Mark Clements

Company Secretary

ISSUED CAPITAL

141,543,010 Shares

28,300,000 Unlisted Options

MARKET CAPITALISATION

\$5.7 m

(@ \$0.04 per share)

CASH ON HAND ATTRIBUTABLE TO NSE

at 31.12.08

\$7.1 m

Quarterly Report

October to December 2008

HIGHLIGHTS

- 🌿 **Lawford 1 well cased and temporarily suspended at a depth of approximately 1,325m**
- 🌿 **Forward exploration program for 2009 continuing to be assessed in conjunction with joint venture partner**
- 🌿 **Current cash position of \$7.1m with low short/medium term expenditure requirements and corporate overheads**
- 🌿 **Identification and assessment of opportunities for value creation continues**

CORPORATE & FINANCIAL

The December 2008 quarter saw widespread turmoil in global and domestic financial markets which inevitably translated to severe reductions in both share prices and access to capital for junior exploration companies. Although not immune from this, NSE is fortunately placed to be able to assess opportunities that may arise through these market conditions and is in a sound financial position to do so. The major JV that NSE has in place with Buru Energy (Buru) across EP's 442, 443, 450, 451 and 456 sees the majority of the short-term work obligations continuing to be managed on a sole funding basis by Buru across 5 of NSE's 6 granted permits. This agreement means NSE is well placed in the current climate to meet expenditure commitments across the majority of the Canning Basin permits.

At the end of the quarter NSE had a cash position of \$7.1m attributable to NSE. Work continues on assessing the viability of revisiting and completing the Lawford 1 well on EP417 in 2009 but this aside, no major exploration commitments are required to be met by NSE in either the short or medium term horizons. At this stage the firm intention is to ensure preservation of capital and shareholder wealth remains a high priority whilst management continues to work on progressing exploration targets in the Canning Basin in conjunction with our JV partner. The NSE board and management also continues to identify and assess opportunities for shareholder value creation.

EXPLORATION ACTIVITY

EP417 Drilling—NSE 65% (Operator), BRU 35%

The second well in the EP417 drilling program, Lawford 1, was successfully spudded on 4 October 2008 seeking to test a very large basin-centred anticlinal structure with in excess of 150 metres of vertical closure. The structure has an areal extent of more than 69 square kilometres and the large size of the Lawford structure means it has the potential to contain very significant volumes of oil and gas if hydrocarbons are present. Conservative volumetric calculations suggest that if hydrocarbons are present, the structure could hold in excess of 500 BCF of recoverable gas or some 440 million barrels of oil in place.

On 27 October 2008 it was announced that the Lawford 1 well had been temporarily suspended at a depth of approximately 1,325m – a decision made by NSE as operator of EP417 but in full consultation and agreement with JV partner Buru. The primary driver for the decision to suspend related to the operational and financial risks associated with the wet season which has now well truly set in across the Kimberley region coupled with the remote location of the Lawford 1 well. On balance, the risks and costs associated with having equipment and personnel stranded due to heavy wet season rains did not warrant progressing. An assessment of viable rig alternatives to revisit the Lawford 1 well for potential completion to a depth of around 1,800m in 2009 is continuing.

EP417 Drilling—NSE 65% (Operator), BRU 35% cont.

The Lawford 1 drill site has been temporarily rehabilitated such that NSE may revisit and complete the well in 2009. The Lanagan 1 well site, being the first well drilled in the EP417 campaign, was fully rehabilitated.

Buru Joint Venture (EP442, 443, 450, 451, 456) - NSE 90%, BRU 10% (Operator)

Buru (as operator) notified NSE in October 2008 that applications for 12 month suspension and extension of work commitments had been made to DoIR in relation to EP442, 443, 450 and 451. Assuming these applications are granted, all expenditure commitments on each permit will be pushed back by 12 months which will ease the financial exposure under the JV in the immediate term. These deferrals aside, the Buru commitments pursuant to the farm-in remain to sole fund the costs of acquiring 1,000km on 2D seismic data in addition to sole funding the drilling of at last 2 wells on the 5 permits subject to the JV. For the duration of the earning program under the farm-in, Buru is required to meet all costs of annual rentals, renewals, heritage clearance surveys and other administrative costs required to keep the permits in good standing.

No further work was undertaken on the JV permits during the December quarter.

EPC1070—Mt McDonald North

Partial relinquishment was undertaken on EPC1070 during the quarter as required under the terms of the permit. The permit was reduced from 4 graticular blocks to 2.

No further work was undertaken on EPC1070 during the quarter.

EL4944—Wilks Creek

Partial relinquishment was undertaken on EL4944 during the quarter as required under the terms of the permit. The permit was reduced by 24 graticular blocks.

No further work was undertaken on EL4944 during the quarter.

SUMMARY

Whilst the outlook for junior exploration companies remains difficult, NSE is well positioned to cope with the current environment and has taken steps to ensure that potential opportunities are able to be identified and assessed as and when appropriate. NSE has a strong financial position with in excess of \$7.1 m in cash and the majority of its work commitments relating to the Canning Basin portfolio remain farmed out on a sole funding basis and under operatorship with Buru. The NSE board will remain vigilant and act in a prudent manner whilst continuing to assess and identify potential opportunities for value creation for shareholders.