



NEW STANDARD  
ENERGY

7 August 2019

ASX Limited  
Level 40, Central Park  
152 – 158 St Georges Terrace  
PERTH WA 6000

**Attention: Dale Allen**

Via e-mail: [listingscomplianceperth@asx.com.au](mailto:listingscomplianceperth@asx.com.au)

Dear Dale

**ASX Appendix 5B Query – Response by New Standard Energy**

New Standard Energy Limited ('the Company') refers to the ASX Limited ('ASX') Appendix 5B Query letter dated 1 August 2019.

The Company has addressed the questions and requests in the same order as the ASX letter dated 1 August 2019 as follows:

**1. Does NSE expect that it will continue to have negative operating cash flows for the time being and, if not, why not?**

The Company has been and continues to explore opportunities to diversify its existing portfolio in the interests of its shareholders, while seeking to continue exploration activities on its existing and new onshore exploration permits.

While the market conditions of the Australian tight gas market continue to be challenging, the Company intends to focus on searching for overseas projects for potential acquisitions and has been engaged in looking at new opportunities in Morocco and South Sudan, however no transaction has developed to a stage where they are capable of being announced to ASX.

NSE does expect to continue to have negative operating cash flows in the foreseeable future as its main assets, as well as any assets in which it is likely to acquire an interest, would require exploration expenditure. This is expected of exploration companies generally.

That being said, the Company is aware of its current cash situation and cash burn, and is considering ways in which it can reduce its cash expenditures in the immediate term. It has already undertaken significant measures to reduce the cash burn over the past two years.

**2. Has NSE taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?**

NSE has taken steps and proposes to take additional measures to access further cash to fund its operations until such time as its operations become cash flow positive.

The Company did complete a placement in May to meet its cash needs and considers that it has the ability to raise further funds as needed to ensure that it can remain as a going concern.



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The Company is searching for potential acquisitions of various oil and gas projects, both in Australia and overseas and intends to utilize the Company's management and technical expertise to derive value from any potential acquisitions that the Company may acquire. Any such acquisition is seen as the likely opportunity to raise significant funds to secure the development of those new opportunities.

**3. Does NSE expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?**

Yes, the Company expects to be able to continue its operations and meet its business objectives.

The Company is continuing to negotiate a potential new exploration onshore block, which in turn will lead to additional cash flow to the Company. The Company did successfully complete a placement in May 2019, and has reason to believe that if further funds were needed to meet short term cash requirements that it could raise additional funds, either through straight equity or convertible debt to ensure it can meet its objectives until it can close a new opportunity.

**4. Please confirm that NSE is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.**

The Company confirms that it is compliant with Listing Rule 3.1 and there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

**5. Please confirm that NSE's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of NSE with delegated authority from the board to respond to ASX on disclosure matters.**

The Company confirms that its responses to the questions above have been authorised and approved by its Board.

Yours sincerely

**Li Ming**  
**Non-Executive Director/Company Secretary**



1 August 2019

Reference: 04708

Mr Ming Li  
New Standard Energy Limited

By email:

Dear Mr Li

**New Standard Energy Limited ('NSE'): Appendix 5B Query**

ASX refers to NSE's Appendix 5B quarterly report for the period ended 30 June 2019 lodged with ASX Market Announcements Platform on 31 July 2019 (the 'Appendix 5B').

ASX notes that NSE has reported:

- negative net operating cash flows for the quarter of \$55,000;
- cash at the end of the quarter of \$211,000; and
- estimated cash outflows for the next quarter of \$169,000.

It is possible to conclude, based on the information in the Appendix 5B that if NSE were to continue to expend cash at the rate indicated by the Appendix 5B, NSE may not have sufficient cash to continue funding its operations.

In view of that, ASX asks NSE to respond separately to each of the following questions and requests for information:

1. Does NSE expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has NSE taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does NSE expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that NSE is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that NSE's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of NSE with delegated authority from the board to respond to ASX on disclosure matters.

**When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Tuesday, 6 August 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in NSE's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, NSE's obligation is to

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disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1 and Listing Rule 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to NSE’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that NSE’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in NSE’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**Dale Allen**  
Principal Adviser, Listings Compliance (Perth)