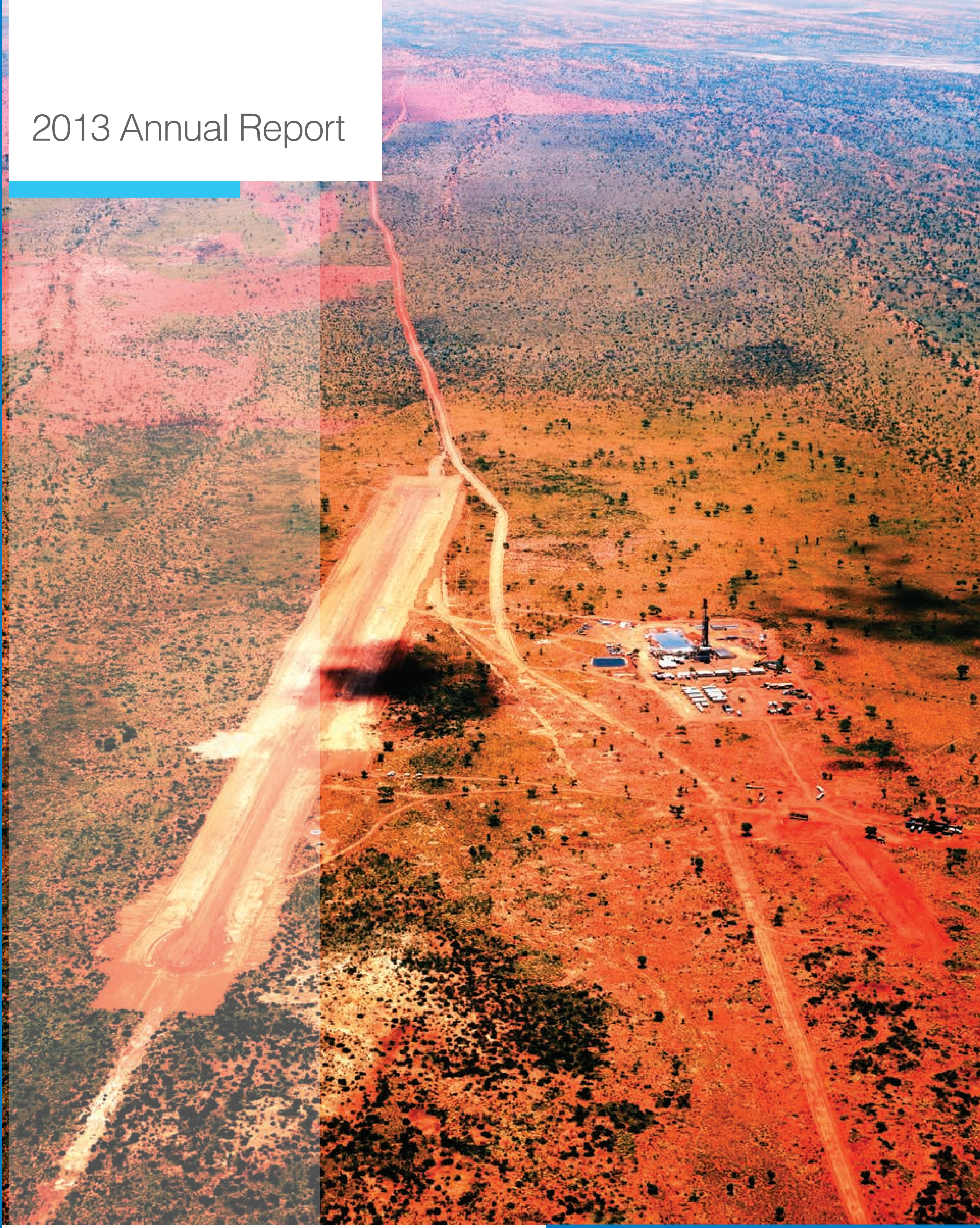
2013 Annual Report



Annual Report 2013

New Standard Energy Limited

ACN 119 323 385

NEW STANDARD ENERGY

The New Energy Frontier

Competent Person

The information in this report 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 was Technical Director of New Standard Energy during the financial year and consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

Company Directory

Board of Directors
Arthur Dixon AM
(Non-Executive Chairman)
Phil Thick (Managing Director)
Sam Willis (Non-Executive Director)
Mark Hagan (Non-Executive Director)
Chris Sadler (Non-Executive Director)

Joint Company Secretary
David Hansen-Knarhoi
Mark Clements

Place of Business
Level 2, 7 Ventnor Avenue
West Perth WA 6005
Ph: +61 8 9481 7477
Fax: +61 8 9486 7670
www.newstandard.com.au

Auditors
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Legal Advisors
Murcia Pestell Hillard Pty Ltd
MPH Building
23 Barrack Street
Perth WA 6000

Share Registry
Security Transfer Registrar Pty Ltd
770 Canning Highway
Applecross WA 6153

ASX Code:
NSE

Please be aware that this publication may contain the names and/or images of Aboriginal and Torres Strait Islander people who may now be deceased.

About New Standard Energy

New Standard Energy is an emerging oil and gas explorer, with a core focus on Western Australian onshore shale and tight gas projects. The Company's exploration program is underpinned and complemented by targeted corporate activity to take advantage of opportunities and build an extensive pipeline of exploration projects. New Standard's board and management have extensive technical and commercial experience in the oil and gas sector.

Highlights

Drilling to commence

- Secured Drilling Services Agreement (DSA) with Enerdrill for its Rig #3 (subsequent to year end) which will commence drilling at the Merlinleigh Project in late 2013 and is then set to drill one to three wells in the Canning Basin in 2014

Southern Canning Project

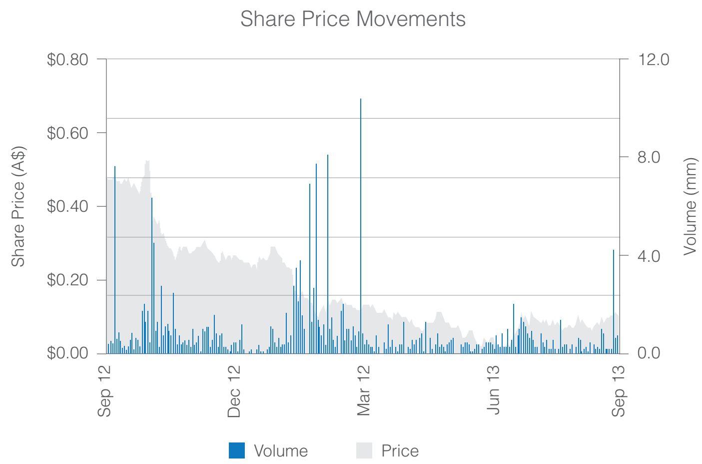
- PetroChina became the third partner in the Southern Canning Project following a separate business transaction with ConocoPhillips
- Nicolay-1 well successfully drilled, cored and logged
  - Post drilling analyses showed gas in place, giving strategic insight into the Basin's geology
- Gibb Maitland-1 well drilled to 2,900 metres
  - Complications and issues with drill rig operator resulted in cancellation of drilling contract and suspension of well
- JV partners committed an additional $1.4 million for additional geological and geophysical work in preparation for the drilling of a third well

Merlinleigh Project

- Application Areas successfully converted to Exploration Permits (EP) 481 and 482
- Firm one well program announced to begin drilling in late 2013 with the drilling of exploration well Condon-1 (subsequent to year end)
- Miro Advisors appointed to progress farm-out opportunities of project (subsequent to year end)

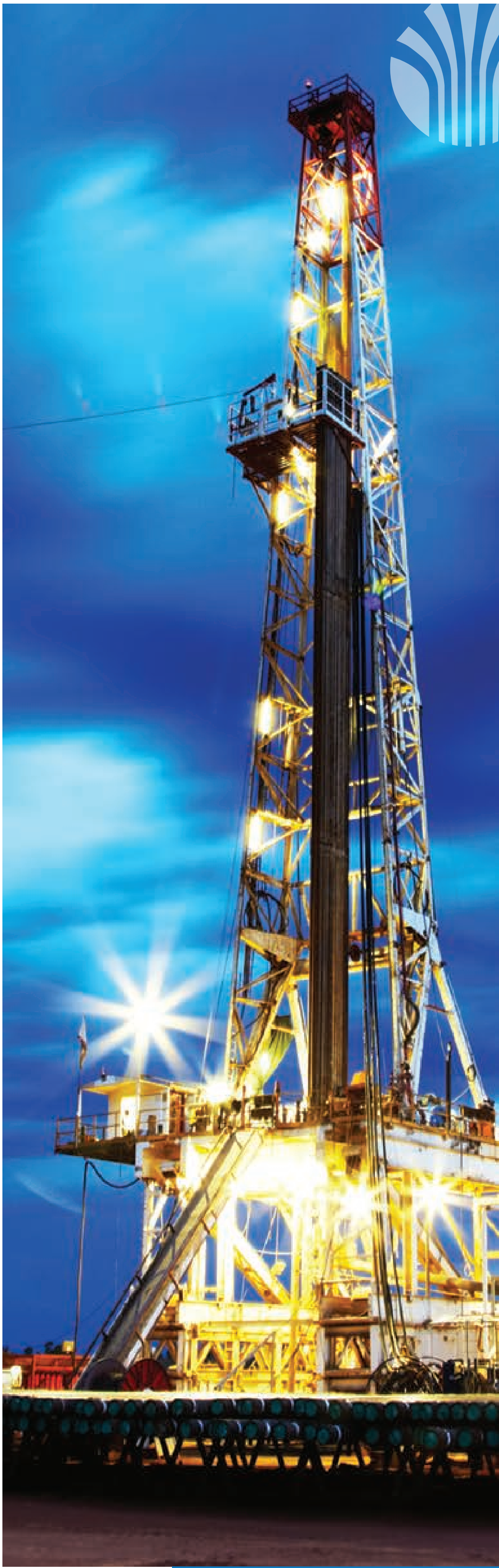
Laurel Project

- The Company successfully executed an agreement with Green Rock Energy Ltd (ASX: GRK) in which Green Rock agreed to relinquish 100 per cent of its interests in the Laurel Project to New Standard
- Comprehensive aerial gravity survey completed over Laurel acreage in late 2012 to assist in identifying key areas of interest across the project



Corporate

- Strengthening of senior management through the appointment of Phil Thick as Managing Director
- A strategic decision to sell the Company's substantial share in Buru Energy Ltd resulted in a cash result of approximately $43 million (before associated costs)
- Strategic investment in Elixir Petroleum (Elixir, ASX:EXR) increased to 28.2 per cent via placement and underwriting of an entitlement issue



Company Profile

New Standard Energy Limited (New Standard or the Company) is an ASX-listed (ASX:NSE) with onshore oil and gas exploration assets in the Canning Basin in the North-West of Western Australia, the onshore Carnarvon Basin in the Mid-West of Western Australia and in Colorado County in the onshore Texas Gulf Coast region, USA.

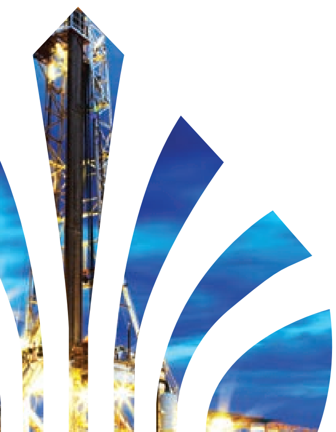
Over the last twelve months the Company's primary focus has been on the following:

- Progressing its flagship Southern Canning Project (formerly Goldwyer Project) located in the onshore Canning Basin in Western Australia, via the selection of a suitable drilling operator and rig in order to return to exploration activities in the region
- Finalising and planning all operational and regulatory requirements in order to drill one firm well in late 2013 at the company's Merlinleigh Project

The Company has made excellent progress in achieving both of these key targets which crystallised once a drilling rig was secured. The Enerdrill Rig #3 was contracted in July 2013 following an extensive tendering period. New Standard is now well positioned to explore the potential prospectivity on its major Australian projects.

The Company has maintained a strong balance sheet over the past year during a busy operational period and is pleased with its current cash position of $41.5 million at the end of the June quarter. The sale of the company's Buru Energy shares supported this strong year end position and was a strategic decision made by management and the Board to allow the company flexibility and assurance for its future operational activity.

Staff numbers have remained consistent during the year, having earlier devoted considerable time to assessing the best possible candidates for internal team structure across the organisation. The team is well suited to progress operational activities with a focus on outcome driven objectives. Newly appointed Managing Director Phil Thick has taken over the leadership role comfortably and is positioning the Company to be able to meet key operational objectives over the coming year.



Oil and Gas Assets

The following table provides an overview of the Company's exploration portfolio holdings as at 30 June 2013.

Australian Oil and Gas Exploration	Type	Interest	Operator	Joint Venture Partner
Canning Basin				
EP417	Exploration permit	65%	New Standard Onshore Pty Ltd	Buru Energy Limited
STP-SPA-0017	Special Prospecting	100%	New Standard Onshore Pty Ltd	-
EP443	Exploration permit	25%	New Standard Onshore Pty Ltd	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd
EP450	Exploration permit	25%	New Standard Onshore Pty Ltd	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd
EP451	Exploration permit	25%	New Standard Onshore Pty Ltd	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd
EP456	Exploration permit	25%	New Standard Onshore Pty Ltd	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd
STP-EPA-006**	Application area	100%*	New Standard Onshore Pty Ltd	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd
STP-EPA-007**	Application area	100%*	New Standard Onshore Pty Ltd	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd
STP-EPA-010**	Application area	100%*	New Standard Onshore Pty Ltd	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd
STP-EPA-0092***	Application area	100%	New Standard Onshore Pty Ltd	-
Carnarvon Basin				
EP481	Exploration permit	100%	New Standard Onshore Pty Ltd	-
EP482	Exploration permit	100%	New Standard Onshore Pty Ltd	-

US Oil and Gas Exploration	Type	Interest	Operator	Joint Venture Partner
Colorado County Project				
Heintschel-1	Working interest in mineral rights	32.5%	AKG Energy LLC	Burleson Energy Ltd, AKG Energy LLC and minority interests
Heintschel-2	Working interest in mineral rights	32.5%	AKG Energy LLC	As above
D Truchard-1	Working interest in mineral rights	32.5%	AKG Energy LLC	As above
Joann-1	Working interest in mineral rights	33.68%	AKG Energy LLC	As above

*Diluting to 25%

** Permits formerly referred to by their application names of Application area 1/09-0, 2/09-0 and 5/09-0

***Subsequent to year end, the Company was awarded this acreage block in the northern Canning Basin

Australian Shale Gas and Tight Gas Portfolio

New Standard Energy is an emerging oil and gas explorer, with a core focus on Western Australian, onshore shale and tight gas projects.

With a gross acreage of 15.66 million acres (63,363 square kilometres) across Western Australia, New Standard is strategically positioned within the rapidly expanding shale gas industry in Australia. Over the past two years the Company has secured two top tier partners; ConocoPhillips and PetroChina, to fund and progress the company's Southern Canning Project, located in the onshore Canning Basin.

New Standard retains 100% ownership of its emerging Merlinleigh Project (onshore Carnarvon Basin) which is focussed on exploration for shale and conventional gas and holds operated interests of between 65% and 100% in its Laurel Project within the Canning Basin.

The Company's early position in this rapidly emerging sector has positioned it to assess and participate in strategic exploration and corporate activity. Large project equities of between 25% – 100% provide New Standard and its shareholders with both significant exposure to value creation and corporate/project flexibility.

New Standard's Board and senior management has been expanded to reflect the growth and development of its exploration program so it possesses significant technical skills and expertise in hydrocarbon exploration, project development and corporate strategy – providing New Standard with a skillset to achieve the company's corporate objectives.

WA Gas Market: An Overview

Western Australia is currently well positioned to extract value from the attractive exploration environment for shale and tight gas opportunities within the state. WA has some of the most favourable onshore outlooks across the country, with the Canning Basin potentially holding one of the largest hydrocarbon resources in the world.

As the worldwide demand for gas increases, petroleum companies are exploring undeveloped onshore prospects in Western Australia, aiming to tap major energy resources. Looking locally, there has been an increasing, and sustained, upward pressure on WA gas prices. Limited existing supply in the WA energy market has led to an opening for the development of shale and tight gas opportunities. A major contributing factor in this growing pressure has been spurred by the declining North-West Shelf domestic gas supply and the increasing costs of incremental supply especially within the offshore fields of Western Australia.

With domestic gas prices likely to remain high, a clear opportunity for shale gas and tight gas resources is emerging in Western Australia, with New Standard at the forefront of unlocking such value. With a substantial acreage position ahead of the growing curve New Standard is well positioned for the rise in the WA energy market.

Growing infrastructure in the Canning Basin region is a key contributing factor in the shale development, with multiple LNG developments and large players positioning to extract maximum value from the emerging market. Recently, the Natural Gas (Canning Joint Venture) Agreement was signed between Buru Energy, its joint venture partner Mitsubishi Corporation and the WA State Government. The agreement will facilitate the development of a domestic gas project and pipeline in the regional area ensuring the potential of the Canning Basin to supply long term domestic gas security and appropriate development is realised in a way that benefits all stakeholders.

Natural gas will play a critical role in the Australian Government's planning for the national energy sector in the next decade. The Government's draft Energy White Paper on reform outlines how gas could account for approximately 44 per cent of Australia's electricity supply by 2050 – which is nearly triple the 15 per cent it accounted for in 2009-10.

There is enough shale gas potential in the Canning Basin alone to meet Australia's energy needs for decades to come without support from any other reserve. In terms of the Western Australian domestic market, the Canning Basin gas potential will quickly and easily meet the gap, with substantial potential for export to global markets in the future.

Southern Canning Project: Canning Basin, Western Australia

The Southern Canning Project (formerly Goldwyer Project) covers in excess of 48,000km^2 of the most prospective acreage in the Canning Basin across EP's 443, 450, 451 and 456 as well as areas STP-EPA-006, STP-EPA-007 and STP-EPA-010. During the financial year New Standard did not meet all its work commitments related to the permits for the Southern Canning Project due to the unforeseen circumstances surrounding the termination of the DSA for the MB Century Rig. However, in light of the difficulties encountered, the Department of Mines and Petroleum has granted extensions to facilitate the meeting of these work commitments.

Following months of planning and preparation, Phase 1 of the Southern Canning Project reached a major execution phase in August 2012 as New Standard approached the commencement of drilling at the first exploration well location Nicolay-1. Nicolay-1 was the first of three vertical wells planned to target the potential wet gas window of the Goldwyer formation within the Project acreage.

The original Southern Canning Project partners (New Standard and ConocoPhillips) jointly agreed the drilling locations for the Phase 1 exploration program with the drilling campaign focused on data acquisition to provide initial validation of the potential for a substantial resource play across the Southern Canning Project acreage.

Data is being acquired through a combination of full coring throughout the Goldwyer formation, sophisticated mud logging and a comprehensive suite of electric wireline logs. Following data acquisition, a detailed set of scientific studies and analysis will be undertaken in specialised laboratories to fully assess the Goldwyer formation's prospectivity in addition to reservoir evaluation to be undertaken on site to gather detailed information on reservoir pressures and fracture potential of the formations of interest. This information will assist to identify which section(s) within the Goldwyer formation has the most prospective characteristics and help refine the target zones as a result. It will also contribute valuable information to facilitate the early design of Phase 2 work should a decision be made to proceed.

The information being acquired through the Phase 1 drilling program and subsequent scientific analysis and reservoir evaluation is aimed at obtaining a comprehensive, modern data set in order to more fully appraise the potential for presence of a regional hydrocarbon resource of significant scale and prospectivity. In particular, the data being sought is aiming to establish the following attributes that are important for successful shale plays:

- Quality of the source rock (TOC, Kerogen type, Maturity, Gas to Condensate Ratio, Rock Evaluation)
- Quality of the reservoir (Facies, GRI Porosity, Saturation, Permeability)
- Containment (Seal, Faults, Burial History, Residence Time)
- Brittle and breakable rock (Mineralogy, Contiguous Thickness, Depth, Pressure, Stress Regime)

Establishment of encouraging results for each of these aspects during Phase 1 will help provide the basis for making a decision to proceed to Phase 2 of the farm-in program.

Nicolay-1 Drilling Summary

The Nicolay-1 well was drilled on EP456 during the third and fourth quarters of 2012 representing the first modern exploration well to penetrate the Goldwyer Formation in the remote parts of the southern Kidson basin. The Goldwyer Formation at Nicolay-1 was intersected slightly higher than the prognosed depth and was developed as a shale-dominated sequence over a thick section.

Based on mudlogs and wireline log analysis the Goldwyer Formation, together with the overlying Nita Formation and parts of the underlying Willara Formation contained potential hydrocarbon indications over significant intervals. However, preliminary TOC values, a measure of the organic matter richness of the sediments, were less than anticipated at this location.

Importantly, positive results have been received from the thermal maturity (organic reflectance) analysis which together with the well temperature data, suggests that the Goldwyer Formation has reached the late-oil window to the wet-gas window at the Nicolay-1 location.

Gibb Maitland-1 Drilling Summary

The Gibb Maitland-1 well was commenced on EP450 late in 2012. In late January 2013 at a depth of approximately 2,900 metres and prior to penetrating the Goldwyer formation the drill pipe and bottom hole assembly became stuck. Despite considerable effort to rectify this it was not successful and plans were progressed to side-track the well. This plan was abandoned when the Drilling Services Agreement was cancelled due to a combination of concerns around competence, safety, reliability and efficiency. The company then set about seeking a new drilling contractor to continue the program.

The considerable new information gathered from the Nicolay-1 and Gibb Maitland-1 wells has led to a review of the geological model for the location of shales within the wet gas to oil rich window in the southern Canning Basin. The delay in securing a new rig for the Canning allowed the JV partners to commit an additional $1.4 million towards a full review of existing data, including seismic reprocessing and interpretation and well sample analysis of cores and cuttings from multiple locations across the basin. This information in addition to the two Phase 1 well results will allow the JV to select the best possible target for the third well, which in turn gives the best chance of progressing to Phase 2.

The Southern Canning Project has a gross footprint of in excess of 48,000km^2 within the Canning Basin, Western Australia

Laurel Project: Canning Basin, Western Australia

The Laurel Project is located in the northern Canning Basin in the Fitzroy Trough and comprises of a 65 per cent operated interest in EP417 and a 100 per cent operated interest in the Seven Lakes Special Prospecting Authority (Seven Lakes SPA). The Laurel Project provides a second substantial asset for New Standard in the Canning Basin and is emerging as an attractive regional play following the recent exploration success being experienced by Buru Energy Ltd (ASX: BRU) and its joint venture partners in the region.

During the year the Company announced that it has successfully executed an agreement with Green Rock Energy Ltd (ASX: GRK) in which Green Rock has agreed to relinquish 100 per cent of its interests in the Laurel Project to New Standard. As part of the transaction the parties have also terminated the Area of Mutual Interest agreement (AMI Agreement) involving the Laurel formation across the broader Canning Basin.

This transaction results in New Standard retaining the 15 per cent equity interest in EP417 that was due to be transferred under the farm-in agreement with Green Rock, and New Standard assuming Green Rock's remaining 40 per cent interest in the immediately adjacent Seven Lakes SPA as a result of terminating the AMI Agreement.

A comprehensive aerial gravity survey was successfully completed in late 2012 over acreage incorporating both EP417 and the Seven Lakes SPA area. This survey was funded through the respective joint venture partners (at the time) with Buru Energy and Green Rock. The survey data underwent quality control reviews and was interpreted and integrated with the existing database across the region.

The 2013 work program on the Laurel Project will involve the following activities:

- EP417 seismic data reprocessing and 2014 drill target selection
- Sampling and geological studies
- Regional information collation to understand recent Laurel successes
- Seven Lakes SPA acreage retention

The above program has been designed primarily to refine and de-risk the drill prospects on EP417 ahead of an intended drilling campaign to target Valhalla and Yulleroo style prospects in 2014. The program will also ensure that the most prospective acreage is retained across the Seven Lakes SPA acreage position ahead of making an application to convert the acreage into a granted exploration permit in the coming months.

Any ongoing success from this continued activity will provide solid ongoing encouragement regarding the potential of the emerging Laurel play across the region.

Merlinleigh Project: Carnarvon Basin, Western Australia

The Merlinleigh gas/condensate project is based around the 5,500km^2 (1.36 million acres) held by the Company in the onshore Carnarvon Basin. New Standard owns a 100 per cent operated interest in the project which is presently comprised of two exploration permits; EP481 and EP482. A significant milestone for the project's progression came in August with the signing and finalisation of Native Title agreements allowing for the application areas to be converted to exploration permits. The exploration permits are strategically located adjacent to the Dampier to Bunbury Natural Gas Pipeline (DBNGP) which supplies gas to a large number of industrial, mining and domestic customers in Western Australia.

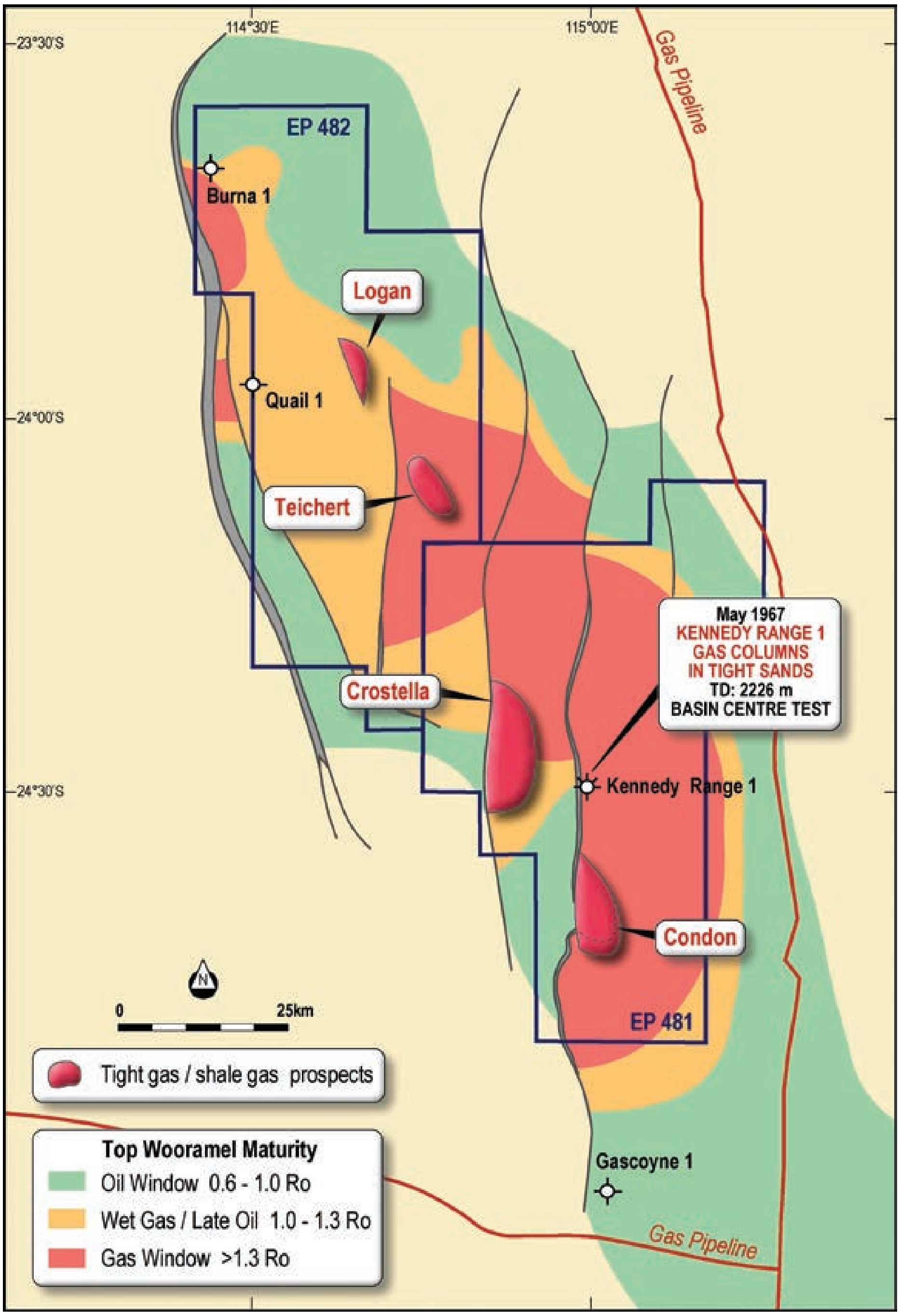
The project lies within the Merlinleigh sub-basin of the greater Carnarvon basin and comprises the majority of the mature geological settings within the proven working petroleum system. The project has significant potential for unconventional hydrocarbons as evidenced by the encouraging presence of thick, organic rich source rocks with excellent TOC measurements, elevated hydrocarbon readings on historical logs and evidence of gas bleeding from various associated cores.

During the second half of the year New Standard's technical team undertook a significant amount of in-house work that was primarily focussed on the following:

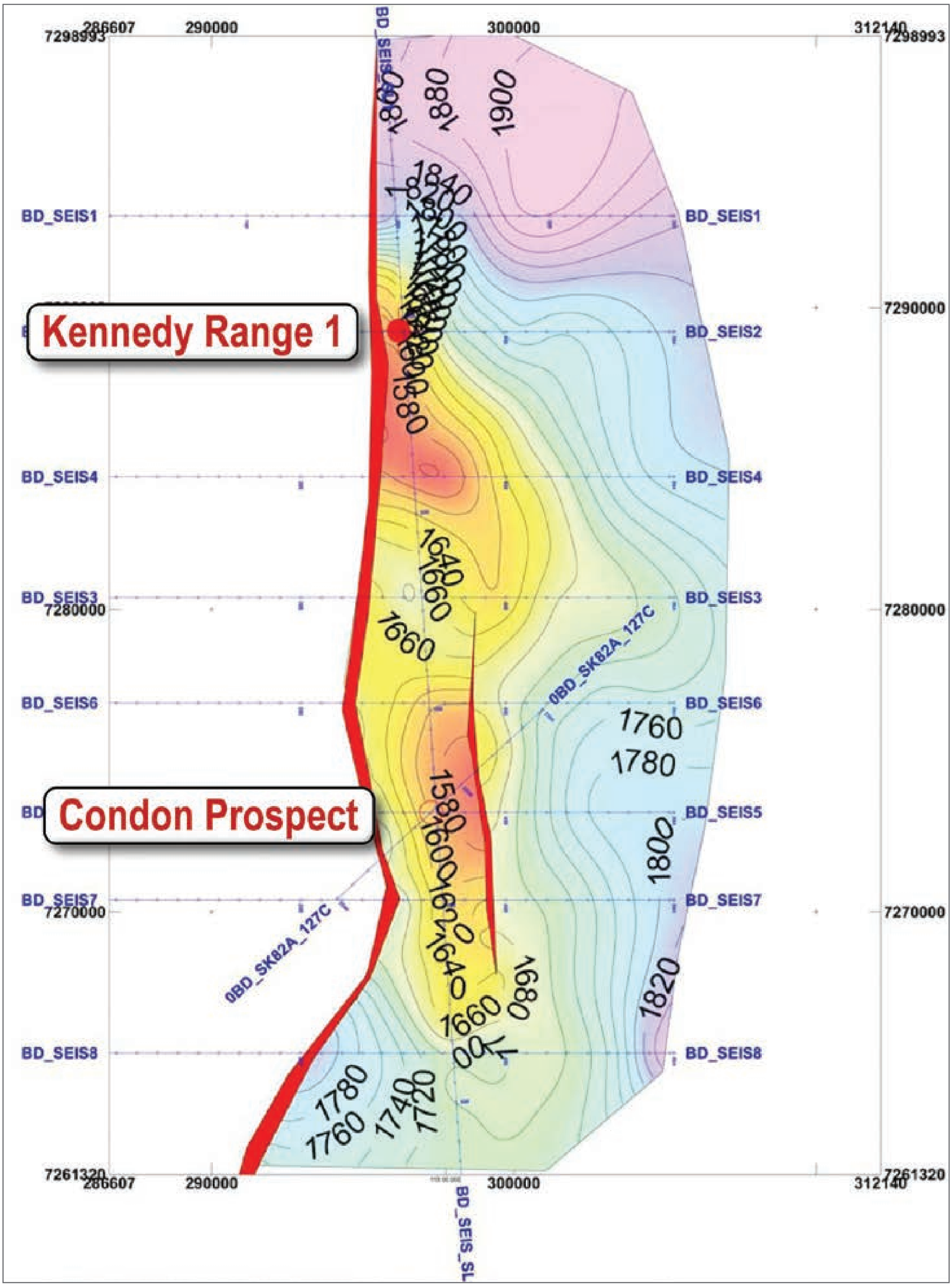
- Further assessing the unconventional potential of the numerous shales and source rocks within the project area;
- Refining the potential target areas of interest for the unconventional resource plays within the large 1.36 million acre holding to a primary zone of interest covering 1,100km^2 zone;
- Finalising the contractors, suppliers and environmental/native title approvals for the drilling of Condon-1 (to commence late 2013);
- Refining the conventional targets and enhancing their prospectivity based on seismic reprocessing and further analysis of sand quality and hydrocarbon composition apparent from previous wells; and
- Ensuring potential drilling prospects are ranked on the basis they provide attractive targets for both unconventional and conventional tests.

The work completed to date has confirmed the presence of a working petroleum system in the Merlinleigh Basin which is supported by evidence from Kennedy Range-1 drilled as a basin centre test in 1967. Kennedy Range-1 included a coring program, and further analysis of the well completion data, logs and cores taken from this well confirms the presence of thick, organic rich shales with TOC ranges of between 2-4 per cent over significant thicknesses of up to 300m.

Subsequent to year-end New Standard has awarded a Drilling Services Agreement to Enerdrill to drill its first well in the Carnarvon Basin in Quarter 4 2013. The company commenced ancillary works to prepare access roads, the drill pad, water bores and other necessary site amenities in preparation for spudding Condon-1 late this year. Heritage clearance has been granted and an environmental management plan (EMP) has been submitted and approved. The application for approval to drill a well has also been submitted to the Department of Mines and Petroleum (DMP). The Enerdrill Rig #3 is in Mandurah, Western Australia, undergoing a series of final operations testing, which is expected to be finalised by mid-October, after which the rig will be mobilised to site. New Standard has also commenced a farm-out process for the Merlinleigh Project and is assessing potential partnering options, looking for the right partner on the right terms for an agreement prior to spudding the well. If the right deal cannot be done the company is equally prepared to drill the well on a 100% basis and look at further options for farm-out after drilling.



The Merlinleigh Project has the potential for abundant quantities of natural gas.



Top Wooramel depth map for the Merlinleigh Project.

Conventional Onshore United States Portfolio

New Standard retains working interests of between 32.5 per cent and 33.7 per cent in various properties in onshore Texas, United States (US). The largest asset within the US portfolio is the Colorado County Project, which hosts the Heintschel field that was discovered in 2010 by the joint venture partners. New Standard continues to receive monthly income from the producing wells within the Colorado County Project and continues to assess its strategic alternatives in relation to the US assets.

Equity Investments

Buru Energy Limited

In August 2012, New Standard sold 5 million Buru shares at a price of $3.18 per share to realise cash proceeds of $15.9 million before costs. Then in October 2012, in line with the board endorsed capital management plan to manage and balance the risk and volatility associated with its balance sheet and leave the Company well positioned for growth, the company sold its remaining stake in Buru. New Standard sold 10 million Buru shares at an agreed price of $2.74 per share to realise cash proceeds of $27.4 million before costs. The sale price represents a return of more than 1,600 per cent for New Standard shareholders.

The transactions helped to strengthen the Company's balance sheet and were a positive reflection of the Board's ability to make the right decisions at the times for optimal shareholder value creation.

Elixir Petroleum

New Standard's investment into Elixir Petroleum for a 13.7 per cent corporate equity stake in the company offers exposure to a 100 per cent owned Moselle Project in the Paris Basin in France. The Moselle Project spans an area of 5,360km^2 and is the largest single exploration block in onshore France, and has the potential for both conventional and unconventional exploration opportunities.

Subsequent to year end New Standard agreed to increase its equity position in Elixir by providing cornerstone support for an underwritten entitlements issue being undertaken by Elixir at 1.2 cents per share. The entitlements issue raised a total of $1.85 million (before costs) and New Standard purchased 83,655,036 shares at a total cost of approximately $1 million, and as a result increased its equity stake in Elixir from 13.7 per cent to 28.2 per cent.

The new shares were acquired as a result of New Standard following its existing entitlements and taking up $0.75 million of the shortfall in the issue. New Standard was also granted the right (but not the obligation) to appoint a nominee to the Elixir board, post completion of the raising. Subsequently, New Standard director Sam Willis has joined the Elixir board. The funds raised give Elixir the ability to retain and continue to develop its position in the world class Paris Basin petroleum province.

This opportunistic investment positively met assessment criteria, project evaluation and the long term strategy goals for New Standard. The investment has been made more attractive by a minimal ongoing financial and management commitment.

Summary

Corporately New Standard remains well positioned in a rapidly emerging energy sector in Australia and is well placed with large equity positions in technically attractive projects providing the opportunity to effectively progress exploration on its portfolio of assets in the coming years.

The Company is well positioned to extract value from within the current exploration portfolio and will continue to assess and progress other opportunities on an ongoing basis in an effort to further enhance the potential for ongoing New Standard shareholder wealth creation.

Chairman's Report

Dear New Standard Shareholders,

The past year has been full of both challenging and rewarding outcomes for New Standard Energy. Our Company's ability to overcome those challenges and capture opportunities has been important as we progress each of our projects along the value creation pathway.

In particular, I am delighted with how we have been able to keep advancing our operations and forward programs. We are now poised to discover the potential of the Merlinleigh Project later this year, with planning also underway to return to the Canning Basin in 2014 for a multiple well program. Importantly, we are approaching this exploration campaign with a healthy cash balance.

During the past year, the Board and shareholders of New Standard have participated in a tremendous transformation. There have been challenges we have had to overcome, particularly our decision to terminate the Century Energy Services Pty Ltd (MB Century) Drilling Services Agreement (DSA) in the Canning Basin in February 2013. This decision was taken based on a combination of concerns about competency, operational performance, reliability and safety.

I, along with my fellow Board members, am acutely aware of the frustration and disappointment the decision created, but even more so on reflection, I am certain that we made the best decision for our operations and for long term project viability.

The decision to terminate the DSA, coupled with changing investor sentiment towards the natural resources sector in the second half of the financial year and the absence of liquids rich gas at Nicolay-1, has impacted on the NSE share price, which is disappointing. However, we remain focussed on creating shareholder value through moving our projects up the valuation creating pathway through safe, methodical and efficient exploration.

The knowledge gained from our Canning Basin drilling campaign to date has reaffirmed to us that we have a substantial foothold in prospective acreage, and we remain focussed on unlocking that potential.

The technical data and insight gathered from drilling two wells in the Canning Basin in 2012 is helping to structure the drilling campaign for 2014. It is important to remember that this was the first modern exploration program undertaken for over 30 years in that area of the Basin. This information has certainly further encouraged our views of the potential prospectivity of our large exploration acreage.

The desire by PetroChina to buy into our acreage in a deal with ConocoPhillips supports that belief.

Enerdrill, our new drilling contractor, fully supports our safety ethos, and it was part of the reason the new DSA was awarded to Enerdrill for their Rig #3.

Using that rig, New Standard expects to commence drilling at the Merlinleigh Project in the Carnarvon Basin late this year. The fit-for-purpose rig will also be used when we re-enter the Canning Basin for one to three wells in 2014.

The technical analysis conducted by New Standard indicates that the Merlinleigh Project has the potential to host a significant amount of hydrocarbons in both conventional structures and shale\tight source rocks. I look forward to watching this project grow and develop.

Moving from operations to the corporate side of the Company, we were delighted to appoint Phil Thick as the Company's Managing Director role following the resignation of Sam Willis in April this year.

I would like to take this opportunity to thank Sam for his dedicated enthusiasm and note that under Sam's guidance the Company has grown into an organisation with a substantial portfolio of valuable assets, world class joint venture partners, a strong balance sheet and an excellent team of people.

I am delighted that Sam agreed to remain a member of the Board to concentrate on developing and managing numerous corporate initiatives and decisions.

I have no doubt Phil, with his strong operational experience; will build on the base that Sam and the team have developed. It was testament to Phil's integrity that he demanded a full external search and evaluation be conducted to assess whether there were any better credentialed candidates before he accepted the role as Managing Director in addition to his board duties. During this transitional period, the Company has remained agile and moved fast to ensure proper management processes and controls are in place to accommodate the next period of growth.

New Standard has been liaising with various stakeholders across all of its projects to ensure they are fully aware of the activities we are conducting. We have been proactive in opening the lines of communication with key stakeholders as we become familiar faces in the communities in which we operate.

As a Company, we have been proactive in providing information to the communities in which we operate about our drilling operations. Even though our past wells and planned 2013/14 wells are traditional vertical wells, much of the discussion has focussed on hydraulic fracturing, which has become a prominent point of discussion in the media and general public. I am concerned by the large amount of misinformation currently being provided to the public by activist groups. It is unfortunate that in many cases their campaigns are based on a fear, emotion and a complete lack of understanding about the oil and gas industry which creates unnecessary anxiety in the community. At New Standard we are committed to talking with our stakeholders and the broader public about the fundamentals, safegaurds and advanced technology of techniques used in onshore oil and gas exploration and production.

Protecting the health and safety of our people and the surrounding environment is at the forefront of everything we do, and our commitment to the APPEA code of practice for onshore operators is representative of that principle.

I would also like to thank the Traditional Owners on whose land we operate for their continued support of our operations, and for providing their services for a range of work relating to our projects. The team at New Standard has enjoyed the opportunity to form strong and long-lasting relationships with those groups we work closely with.

Looking forward, the coming years will become increasingly busy for the team at New Standard with drilling activities recommencing this year at Merlinleigh and one to three wells planned for the Canning Basin in 2014. Our team has been diligently planning all logistics for a comprehensive, safe exploration program aimed at gaining a more extensive understanding for our prospective and expansive acreage positions.

The Canning Basin, via the Southern Canning and Laurel Projects, will be a key focus for the technical team this year as drilling operations are set to commence in 2014 once the Enerdrill Rig #3 is mobilised from Carnarvon after completing the Condon-1 well.

An extensive amount of hard work is conducted at a desktop level prior to commencing drilling operations. It is a truly rewarding experience for the team internally when we are able to spud on any of our projects. It is this end result that drives our team every day as they work to create shareholder value.

Yours Sincerely,

Arthur Dixon AM
Chairman

Directors' Report

The Directors of New Standard submit herewith the annual financial report of the Company and the entities it controlled at the end of, or during the financial year ended 30 June 2013.

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.

Mr Arthur Dixon AM

Non-Executive Chairman
(Appointed 1 May 2011)

Age 71

Qualifications

B.E. (Chem)

Experience

Arthur Dixon graduated from Melbourne University as a Chemical Engineer. Arthur is a 40 year oil and gas year veteran with Shell and of that, more than 20 years in the LNG business. He has served on the boards of Australia LNG Ship Operating Company (ALSOC), Brunei LNG, Brunei Shell Tankers and Shell International Gas and has considerable experience working with joint venture partners.

Arthur currently advises selected clients, conducts executive training courses on LNG and was Chairman of the Board of the Australian Centre for Natural Gas Management, a joint venture between the University of Western Australia and Curtin University of Technology. Arthur was made a Member of the Order of Australia in January 2008.

Current and Former Directorships in listed entities in the last 3 years

Nil

Relevant interests in shares and options

221,212 fully paid ordinary shares

450,000 options over fully paid shares exercisable at $0.385 and expiring 20 December 2014

300,000 options over fully paid shares exercisable at $0.430 and expiring 20 December 2014

Mr Phil Thick

Managing Director
(Appointed 16 July 2012 as Non-Executive Director, became Managing Director on 02 April 2013)

Age 54

Qualifications

B.E. (Hons), FAICD

Experience

Phil has extensive experience in the downstream oil sector and particularly in the areas of logistics, terminals and transport through his experience at Coogee Chemicals and Shell. Phil also brings a valuable understanding of the WA energy market as a result of his most recent role as Managing Director at Coogee Chemicals – a company that remains a significant end user of energy in the WA market.

Phil is a Civil Engineer from the University of Western Australia and a Fellow of the Australian Institute of Company Directors. He commenced his career in Perth with Alcoa before joining Shell in 1986. A 20 year career with Shell saw stints in London and in most cities around Australia, culminating in 8 years in Melbourne, where Phil was on the Board of Shell Australia Limited. He was also Chairman of Shell Fiji Limited and a Director of the Australian Institute of Petroleum.

Current and Former Directorships in listed entities in the last 3 years

Argosy Minerals Ltd (ASX:AGY)

MHM Metals Ltd (ASX:MHM)

Relevant interests in shares and options

650,000 fully paid ordinary shares

150,000 options over fully paid shares exercisable at $0.390 and expiring 12 December 2015

150,000 options over fully paid shares exercisable at $0.440 and expiring 12 December 2015

1,000,000 options over fully paid shares exercisable at $0.400 and expiring 02 April 2016*

1,000,000 options over fully paid shares exercisable at $0.500 and expiring 02 April 2016*

*The issue of these options is subject to shareholder approval at the 2013 AGM.

Mr Sam Willis

Non-Executive Director
(Appointed 28 July 2008 as Managing Director, resigned from this position on 2 April 2013 and moved into Non-Executive Director role on 01 July 2013)

Age 41

Qualifications

B.Com

Experience

Prior to his role at New Standard, Sam worked in the corporate advisory and financial markets fields for over 10 years where his primary duties 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 also 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.

Current and Former Directorships in listed entities in the last 3 years

Base Resources Ltd (ASX:BSE)

Northern Energy Corporation (ASX:NEC)

Elixir Petroleum Ltd (ASX:EXR)

Relevant interests in shares and options

11,130,762 fully paid ordinary shares

2,500,000 options over fully paid shares exercisable at $0.385 and expiring 20 December 2014

1,500,000 options over fully paid shares exercisable at $0.430 and expiring 20 December 2014

Dr G. Mark Hagan

Non-Executive Director
(Appointed 28 July 2008 as Technical Director, moved into Non-Executive Director role on 01 September 2013)

Age 66

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

Current and Former Directorships in listed entities in the last 3 years

Nil

Relevant interests in shares and options

4,088,893 fully paid ordinary shares

1,750,000 options over fully paid shares exercisable at $0.385 and expiring 20 December 2014

1,000,000 options over fully paid shares exercisable at $0.430 and expiring 20 December 2014

Mr Chris Sadler

Non-Executive Director
(Appointed 23 April 2012)

Age 51

Qualifications

BCA, MBA

Experience

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.

With approximately 20 years' experience in investment banking, working for Deutsche Bank, JP Morgan, SG Warburg and Salomon Brothers in Melbourne, London, New York and Sydney, Chris brings extensive experience in mergers and acquisitions, corporate restructurings, equity and debt financings.

Current and Former Directorships in listed entities in the last 3 years

Austock Group Limited (ASX: ACK) (resigned February, 2012)

Eastern Star Gas (ASX:ESG) (resigned November 2011)

Relevant interests in shares and options

100,000 fully paid ordinary shares

150,000 options over fully paid shares exercisable at $0.390 and expiring 12 December 2015

150,000 options over fully paid shares exercisable at $0.440 and expiring 12 December 2015

Mr David Hansen-Knarhoi

Chief Financial Officer and Joint Company Secretary (Appointed 7 September 2011)

Qualifications

B.Com, CA, CSA (Cert)

Experience

David has a Bachelor of Commerce degree from the University of Western Australia. David is a Fellow of the Institute of Chartered Accountants of Australia and a member of the Institute of Directors of the United Kingdom. He has over 18 years' management, corporate administration, finance and accounting experience working for a number of listed and unlisted public companies both in Australia and the United Kingdom.

Mr Mark Clements

Joint Company Secretary
(Appointed 28 July 2008)

Qualifications

B.Com, FCA, MAICD

Experience

Mark has a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants of Australia. Mark is also a member of the Australian Institute of Company Directors and an affiliated member of the Institute of Chartered Secretaries in Australia. He has over 16 years management, corporate administration, finance and accounting experience working for a number of listed and unlisted public companies for which he has held the role of Company Secretary for over 11 years. Mark previously worked for an international accounting firm.

Principal Activities

The principal activities of the Company during the course of the year were the continued exploration for oil and gas in the Canning Basin in north-west Western Australia and investments in onshore development in the Texas Gulf region, Southern USA. In addition, resources were applied to reviewing and securing Exploration Permits for the Merlinleigh Project in the onshore Carnarvon Basin.

Operating Results

The consolidated entity's net profit attributable to members of New Standard for the year ended 30 June 2013 after applicable income tax was $17 million (2012: profit of $205,129).

Future Developments

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

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.

Operating and Financial Review

New Standard's Western Australian drilling and exploration operations continued to be the focal point of the Company's financial year. The Company drilled two wells (Nicolay-1 and Gibb Maitland-1) in the Canning Basin as part of Phase 1 of the Southern Canning Project. The two wells were drilled in a remote and underexplored region of Western Australia, requiring the construction of more than 500km worth of road, airstrips and drill pads. Data from these two wells have been used in a comprehensive review, including reprocessing of seismic data and analysis of core samples from other nearby wells, in further defining the resource structure and potential and in determining the best possible target for the third well in Phase 1 of this project.

Another significant milestone was reached once the Company successfully converted its Merlinleigh Special Prospecting Authority acreage to granted Exploration Permits after securing native title agreement with the Gnulli Native Title Claim Group (**Gnulli**) and executing all necessary agreements and State Deeds with both the Gnulli and Western Australian Department of Mines and Petroleum (**DMP**). The execution of these documents triggered an offer for the grant of two Exploration Permits from the DMP which New Standard formally accepted via its wholly owned subsidiary New Standard Onshore Pty Ltd. The granting of the Exploration Permits paves the way for access to the Merlinleigh Project acreage and provides the ability for on ground exploration activity to commence during 2013.

Other operational expenditure was focused on developing the Company's Laurel Project, which was the subject of an extensive aerial gravity survey resulting in a detailed suite of geological information and analyses on the acreage, to support a drilling campaign planned for 2014.

The Company retains its interest in the Colorado Country Project, onshore Texas, US, which is operated by AKG Energy. The wells continued to produce income throughout the period. The future of these assets, considered non-core by the Company, is under review.

The Company also began a formal farm-out process for its Merlinleigh Project by appointing Miro Advisors with a view to finding a partner for the project prior to commencement of drilling. However, if a suitable agreement cannot be reached for a farm-out New Standard is committed to proceeding with its drilling program later this year, with nearly all necessary approvals and plans in place to commence on ground operations.

Other key highlights from the FY2013 were focussed around securing a new Drilling Services Agreement (**DSA**) after the New Standard Board made the decision to terminate an existing drilling contract with MB Century. The decision to terminate the DSA was made based on concerns relating to operational performance, reliability, competency and safety, supported by an independent audit of the drill rig commissioned by New Standard and finalised on 6 February.

PetroChina received approval from the Chinese and Australian Governments to proceed with the acquisition of a 29 per cent interest from ConocoPhillips in the New Standard-operated joint venture in the Southern Canning Basin. The value of the cash transaction implies a current value in excess of AUD$110 million for the Southern Canning Basin assets, valuing New Standard's retained 25 per cent interest at approximately AUD$28 million.

New Standard expanded its workforce to 25 staff and strengthened its senior management, via the placement of Phil Thick as Managing Director, in order to ensure the upcoming drilling campaigns were adequately prepared for operational activity. The internal team is prepared to deliver on a number of key corporate objectives over the coming financial year.

Financial summary

Year ended 30 June 2013	2013	2012
Revenue	42,590,776	844,077
Depreciation, Amortisation & Impairment	(7,392,531)	(66,485)
Net Interest (Paid)/Received	1,969,310	814,536
Operating Profit Before Tax	30,308,167	(3,454,500)
Operating Profit After Tax	16,699,068	205,129
Exploration Costs	21,299,880	4,305,357
Net Assets	71,126,358	83,605,745

Whilst the Company posted a significant profit for the year, no tax liabilities are expected due to the carry-forward losses available to the Company, as well as the tax deductible exploration expenditure incurred in the financial year.

New Standard maintained a strong cash position despite up scaling its operational activities after a decision was made to sell the Company's shares in Buru Energy Ltd. A total of $43 million was received from the sale, which occurred at two separate occasions. The strong cash position was further enhanced via $2 million interest income.

An impairment assessment was made on all assets which resulted in the booking of the following impairments:

- $5.4 million impairment of the Colorado County exploration assets in the US in line with current market value expectations, based on the declining production from the producing fields and the likely relinquishment of some acreage in the exploration areas.
- $1.7 million impairment of the Company's investment in Elixir Petroleum Ltd (EXR) in line with AASB 139 as the EXR share price has been trading at levels below New Standard's purchase consideration over a prolonged period of time.

A total of $28.6 million exploration costs were invested in the year ended 30 June 2013, including $24.3 million related to the Southern Canning Project drilling campaign, $2.1 million related to aerial gravity survey and other geological studies on the Laurel acreage, and $1.2 million on progression of the Merlinleigh permits.

The net assets of the Group have decreased by $12.5 million from $83.6 million at 30 June 2012 to $71.1 million as at 30 June 2013. This net decrease is primarily due to the recording of impairments as described above.

Outlook

The Company will focus on its Western Australian operations in the upcoming financial year, with an aim at meeting milestones across all three of its Projects. Management of permits continues to be a critical activity for New Standard. The Company will seek to meet all of its exploration, operational and expenditure obligations for each project in order to retain the rights over its application and exploration acreage.

The Company plans to drill an exploration well at the Condon-1 site in its Merlinleigh Project in the onshore Carnarvon Basin in late 2013. In addition the recently signed DSA provides options for drilling up to three wells in 2014, most likely in the Canning Basin. As a result, the opportunity exists to undertake exploration drilling to test all three projects by the end of 2014, and the Company will be planning and progressing this program through the next financial year. Plans and decisions for the Southern Canning Project and the Laurel Project are both subject to negotiations and agreement with the respective JV partners.

New Standard will continue to manage its portfolio of assets and projects to reduce risk and best utilise the Company's resources. Suitable farm-in partners will be sought wherever appropriate to add expertise and share cost. New investment opportunities will continue to be pursued and reviewed in line with the Company's long term strategy and risk profile.

Environmental Regulations

The economic entity holds participating interests in oil and gas Exploration Permits. The New Standard group is subject to environmental regulations under relevant Australian and Western Australian legislation in relation to its oil and gas exploration activities, particularly with the Western Australian Department of Mines and Petroleum and the Western Australian Department of Environment and Conservation. The Directors actively monitor compliance with the regulations and as the date of this report, the Directors are not aware of any material breaches in respect of the regulations.

Greenhouse gas and energy data reporting requirements

Given the nature and location of the Group's operations in Australia and the USA, both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007 are not expected to have a material impact.

Share Options

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	Date of Issue	Exercise Price of Options	Expiry Date of Options
Unlisted Options	500,000	29/03/2011	$0.225	30/06/2015*
Unlisted Options	500,000	29/03/2011	$0.275	30/06/2015*
Unlisted Options	6,250,000	20/12/2011	$0.385	20/12/2014
Unlisted Options	3,750,000	20/12/2011	$0.430	20/12/2014
Unlisted Options	300,000	24/04/2012	$0.810	24/04/2015
Unlisted Options	300,000	24/04/2012	$0.905	24/04/2015
Unlisted Options	300,000	09/05/2012	$0.535	09/05/2015
Unlisted Options	300,000	09/05/2012	$0.600	09/05/2015
Unlisted Options	375,000	10/08/2012	$0.745	10/08/2015
Unlisted Options	375,000	10/08/2012	$0.835	10/08/2015
Unlisted Options	300,000	12/12/2012	$0.390	12/12/2015
Unlisted Options	300,000	12/12/2012	$0.440	12/12/2015
Unlisted Options	1,00,000	02/04/2013	$0.400	02/04/2016**
Unlisted Options	1,00,000	02/04/2013	$0.500	02/04/2016**

* On 28 June 2013 the ASX granted New Standard a waiver from listing rule 6.23.3 to the extent necessary to permit New Standard to amend the terms of 1,000,000 unlisted options to extend the expiry date to 30 June 2015, subject to New Standard obtaining shareholder approval, which is to be sought at the 2013 AGM.

** The issue of these options is subject to shareholder approval, which is to be sought at the 2013 Annual General Meeting.

During the year and up to the date of the report no options were exercised prior to expiry.

Refer to the notes to the financial statements for details of options granted during the period.

Proceedings on Behalf of the Company

No person has applied for leave of the Court under Section 237 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 purposes 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.

Events Subsequent to Year End

On 3 July 2013, the Company announced it will resume drilling operations towards the end of 2013 after it signed a Drilling Services Agreement (DSA) for a firm two well program with the option for an additional two wells at New Standard's election. This arrangement will provide New Standard with flexibility as operator of all its joint ventures and projects to allocate drilling slots as exploration programs are firmed up over the coming 6-12 months. Subject to the DSA receiving final approvals, drilling will commence at the Company's Merlinleigh Project in the onshore Carnarvon Basin in late 2013, to be followed by up to three wells in the Canning Basin after the wet season in mid-2014.

On 13 August 2013, New Standard announced it had significantly increased its equity position in Elixir Petroleum Ltd (ASX: EXR) following its support of a $1.85 million entitlements issue completed by Elixir at a price of 1.2 cents per share. New Standard purchased 83,655,036 shares at a total cost of $1 million, and as a result increased its equity stake in Elixir from 13.7 per cent to 28.2 per cent. Subsequently New Standard director Sam Willis has joined the Elixir board.

On 11 July 2013, the Company announced that China's largest energy company, PetroChina Company Limited (PetroChina), has received Chinese and Australian federal government approval to proceed with acquiring a 29 per cent interest from ConocoPhillips in New Standard's joint venture in the Southern Canning Basin. The deal between PetroChina and ConocoPhillips had been closed by a cash payment, and PetroChina's full participation only awaits approval and registration by Western Australia's Department of Mines and Petroleum.

New Standard Energy increased its acreage position in Western Australia after being awarded a new exploration area in the northern Canning Basin by the Department of Mines and Petroleum following a successful bid submission for acreage release area L12-15. Exploration Permit Application STP-EPA-0092 covers an area of 3,305km^2. There are no work requirements for this area until Native Title and heritage negotiations are initiated and completed.

Other than the above, there has been no other matter or circumstance that has arisen since the end of the year that requires disclosure.

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 whilst in office. During the financial year, 12 Board meetings were held. There were four remuneration committee meetings and three audit committee meetings.

Directors	Board of Directors		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Mr A Dixon AM	12	12	3	2	4	4
Mr P Thick	12	11	3	3	4	2
Mr S Willis	12	11	3	3*	4	1*
Dr M Hagan	12	12	3	3*	-	-
Mr C Sadler	12	11	3	3	4	4

* Attended by invitation

Mr Thick's attendance at audit committee and remuneration committee meetings was during his tenure as Non-Executive Director. Upon appointment as Managing Director, Mr Thick immediately tendered his resignation from both committees.

Whilst there was no formal nomination committee established, during the year a sub-committee of the Board was delegated the responsibility for identifying suitable candidates to replace the outgoing Managing Director, as well as identifying potential candidates for a Non-Executive Director appointment to the Board. The sub-committee engaged independent external recruitment consultants as required.

Indemnification of Officers and Auditors

During and 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. This cover has also been extended to cover the activity in the USA through the wholly owned subsidiary, New Standard Energy Inc.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Company and/ or the consolidated entity are important.

Details of the amounts paid or payable to the auditor BDO Audit (WA) Pty Ltd for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as outlined below, did not compromise the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principle relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year no fees were paid or payable to the auditor or its related entities for any non-audit services.

Auditor's Independence Declaration

A copy of the auditor's independences declaration under s.307C of the *Corporations Act 2001* in relation to the audit of the full year is included on page 45.

Remuneration Report – Audited

This remuneration report sets out the remuneration arrangements for New Standard Energy Limited (New Standard) for the year ended 30 June 2013. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

Policy

Basic Policy:

- Executive remuneration comprises fixed remuneration, and variable (or "at-risk") remuneration, which is determined by individual and Company performance. Where targets for senior managers are achieved, New Standard sets total fixed remuneration (TFR) at the 50th percentile of salaries for comparable companies within the energy industry, and total remuneration package (TRP), including "at target" variable remuneration, at the 75th market percentile. As a consequence, New Standard's executives have a higher proportion of remuneration at risk than industry averages.
- The TRP consists of base pay (inclusive of superannuation) and short and long term incentives.
- Non-executive directors will receive fees in line with industry practice and with consideration of the independent remuneration consultant's recommendations.

Background

At the Company's 2012 Annual General Meeting (AGM), New Standard received approximately 28 per cent of 'no' votes on its Remuneration Report for the 2012 financial year. Prior to the 2012 AGM, the Company had already recognised that the legacy remuneration structure required updating and as such implemented a new remuneration structure for the 2013 financial year in line with best practice recommendations from an independent remuneration consultant. However the 2012 Remuneration Report required reporting to be on the legacy 2012 remuneration structure.

In addition, New Standard recognises that it does not currently comply with the ASX recommendation to have a majority of the Board being independent directors and is in the process of recruiting a third independent director to meet this requirement in future.

A summary of the key legacy issues identified and rectified and key characteristics of the new remuneration structure are as follows:

Previous (Legacy) Schemes Dropped:

- New Standard traditionally offered a small parcel of unlisted options to non-executive directors, subject to shareholder approval, as part of a sign-on package to promote strong alignment with shareholders as well as to effectively manage cashflow. The terms of the offers were in line with the Employee Share Option Plan (ESOP) that was approved by shareholders at the 2011 AGM. Australian investor guidelines now suggest that the grant of equity instruments to non-executive directors may be perceived to impair their ability to act in the long term best interests of the company. As such, New Standard has altered its remuneration policy to cease this practice.
- The legacy 2012 executive remuneration structure involved a share purchase plan with associated non-recourse loans as part of a long term incentive plan that was approved by shareholders at the 2010 AGM. Local market standards now generally oppose the use of non-commercial loans in providing executive remuneration. As such, New Standard has altered its remuneration policy to cease this practice.

Incentive Practices Adopted from September 2012:

- Short-term incentives are determined annually against Key Performance Indicators and paid as a percentage of base pay in cash.
- The Long Term Incentive Plan follows an independent review and benchmarking exercise to ascertain best practice remuneration structure and quantum and involves the grant of Incentive Rights with a three year measurement period (LTIP).
- The grant of Incentive Rights to executives may be in the form of Performance Rights or Retention Rights.
- Performance Rights are measured against New Standard's share price performance and will vest on a sliding scale against pre-determined absolute Total Shareholder Return (TSR) targets after a three year measurement period. Details of the absolute TSR targets are outlined later in this report.
- Retention Rights are linked to tenure and will vest if a three year continuous period of service is completed.
- Any Performance Rights or Retention Rights that do not vest after the measurement period will immediately lapse.
- The Incentive Rights granted under the new LTIP have a three year measurement period. To ensure incumbents are not penalised by the transition between plans, a shorter, 18 month measurement period has been applied to 50 per cent of the Incentive Rights issued in the first year of operation of the LTIP, whilst the remaining 50 per cent have a three year measurement period. All grants of LTIP Incentive Rights beyond the first year of its operation will also have a three year measurement period.

Absolute TSR is calculated by reference to share price growth and dividends (assuming dividends are reinvested into the Company's shares) over the measurement period. New Standard believes that absolute TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct benefit to shareholders.

Details of key management personnel

The remuneration report details the remuneration arrangements for key management personnel ('KMPs') who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, and comprise the Directors (whether executive or otherwise) of the Company and other executives. Details of KMP are set out below:

Name	Position	Appointed during the period
Executives		
P Thick (i)	Managing Director	2 April 2013
S Willis (i)	Executive Director	2 April 2013
M Hagan	Technical Director	
D Hansen-Knarhoi	Chief Financial Officer and Joint Company Secretary	
M Gracey	Commercial, Legal and Indigenous Affairs Manager	
P Achour	Health, Safety and Environment Manager	
K Aitken	Engineering and Operations Manager	30 July 2012
B Walker (ii)	Exploration Manager	
Non-executive		
A Dixon AM	Chairman	
C Sadler	Director	

(i) Mr Willis resigned from the role as Managing Director and moved into the Executive Director role effective 2nd April 2013. Mr Thick was appointed Managing Director effective the same date, after serving as Non-executive Director at New Standard for the 9 months prior.

(ii) Mr Walker left the Company on 31st May 2013.

Remuneration Committee

New Standard has adopted a Remuneration Committee as a sub-committee of the Board and does not include Directors that are either Executive or not Independent. The Remuneration Committee is responsible for oversight of the remuneration policy and system and reporting of such to the Board. It is also responsible for evaluating the performance of the Executive Directors and monitoring performance of the executive management team. The Board, upon recommendation of the Remuneration Committee, determines the remuneration of the Executive Directors and approves the remuneration of the executive management team.

The objective of the Remuneration Committee is to ensure that remuneration policies and systems attract and retain executives and directors who will create value for shareholders. As part of this process the Remuneration Committee may seek advice from independent remuneration consultants.

The Corporate Governance Statement provides further information on the role of this Committee.

Use of remuneration consultants

To ensure the Remuneration Committee is fully informed when making remuneration decisions, it may seek external remuneration advice. Any such advice is usually from independent sources with some expertise in their relevant field and that are sufficiently independent to allow independent and un-biased advice to be provided to the Remuneration Committee.

In 2012 the Remuneration Committee and the Board formed the view that the incumbent remuneration structure that was in place during the 2012 Financial Year was not reflective of accepted remuneration practices, and a review of the remuneration policy and structure was warranted to ensure the Company was in line with best practice to assist in securing and retaining quality staff.

As a result the Godfrey Remuneration Group Pty Ltd (Godfrey) was engaged to review the structure of the Company's remuneration components, advise on the policy positioning objectives and to provide recommendations in respect of executive long-term incentive plan design. Under the terms of the engagement, Godfrey was paid $63,850 for these services.

In order to ensure the Remuneration Committee is provided with advice, and as required, remuneration recommendations, free from undue influence by members of the KMP to whom the recommendations may relate, the engagement of the above consultants by the Remuneration Committee was based on an agreed set of protocols that would be followed by each external remuneration consultant, members of the Remuneration Committee and members of KMP. Those protocols included:

- Godfrey was engaged by, and reported directly to, the Remuneration Committee. The agreement for the provision of remuneration consulting services was executed by a member of the Remuneration Committee under delegated authority on behalf of the board;
- reports containing the remuneration recommendations were provided directly to the Remuneration Committee; and
- Godfrey were permitted to speak to management throughout the engagement to understand Company processes, practices and other business issues and obtain management perspectives. However, Godfrey was prohibited from providing advice or recommendations to KMP before the advice or recommendations were given to members of the Remuneration Committee and not in any case unless Godfrey had approval to do so from members of the Remuneration Committee. As a consequence, the board is satisfied that the recommendations were made free from undue influence from any members of the KMP.

Remuneration policy

New Standard is committed to the close alignment of remuneration to shareholder return, particularly that of the executives. To this end, the Company's remuneration system is designed to attract, motivate and retain people by identifying and rewarding high performers and recognising their contribution to the continued growth and success of the Company.

Key objectives of the Company's remuneration policy are to ensure that remuneration practices:

- facilitate the achievement of the Company's objectives;
- provide strong linkage between executive incentive rewards and creation of value for shareholders;
- attract, retain and motivate employees of the required capabilities;
- are simple to understand and implement, openly communicated and are equitable across the Company; and
- comply with applicable legal requirements and appropriate standards of governance.

Developments for 2013 Financial Year – A Revised Remuneration Structure

The Company went through considerable corporate and commercial change during the 2012 financial year and this has been reflected in the changes to the Company's remuneration policy and practices.

In conjunction with remuneration specialist Godfrey, the Company undertook a major review of the structure of the Company's remuneration components, and Godfrey's advice provided guidance and assisted to design a revised remuneration system to ensure the continued ability of the Company to attract and retain people of the required capability. The revised remuneration policy and structure has been implemented for the 2013 financial year, and reflects the following broad remuneration practices to ensure Policy target remuneration package positioning:

- A performance based remuneration system;
- A Short-Term Incentive Plan (STIP) with performance criteria assigned for both individual and Company performance; and
- A Long-Term Incentive Plan (LTIP) utilising Incentive Rights consisting of Performance Rights with performance hurdles linked to absolute total shareholder return (TSR) and Retention Rights linked to tenure.

As part of the above review, in October 2012, Godfrey also carried out a review of remuneration packages for all KMP's benchmarking against similar companies in the sector to ensure that packages were in line with the market. This resulted in new base salaries being established for all key positions.

During the course of the year the Company engaged with major shareholders and proxy advisors to canvass views on remuneration structure, and these views were important considerations in the development of all aspects of the remuneration policy.

Key principles of executive remuneration

Remuneration comprises fixed remuneration, and variable (or 'at-risk') remuneration, which is determined by individual and Company performance. The Company targets total fixed remuneration (TFR) at the 50th market percentile and total remuneration package (TRP), including 'at target' variable remuneration, at the 75th market percentile, for the executive management team. As a consequence, the Company's executives have a higher proportion of remuneration at risk than industry averages.

Questions and answers about executive remuneration are set out below:

Remuneration mix

What is the balance between fixed and 'at risk' remuneration?	The mix of fixed and at-risk remuneration varies depending on the organisational level of executives, and also depends on the performance of the Company and individual executives. More senior positions have a greater proportion of their remuneration at-risk. If target at-risk remuneration is earned, the proportion of total remuneration represented by fixed and at-risk remuneration would be: • Managing Director: 50% fixed and 50% at-risk • Other Executives who are KMP: 59% fixed and 41% at-risk

Fixed remuneration

What is included in fixed remuneration?	TFR includes a base salary plus superannuation. Allowances and other benefits may be provided and are as agreed, including leased motor vehicles and additional superannuation, provided that no extra cost is incurred by the Company.
When and how is fixed remuneration reviewed?	TFR is reviewed annually. Any adjustments to the TFR for the Executive Directors must be approved by the Board after recommendation by the Remuneration Committee. Any adjustments to the TFR for other senior executives must be approved by the Remuneration Committee after recommendation by the Managing Director within guidelines approved by the Board. The Company seeks to position the fixed remuneration at the 50th percentile of salaries for comparable companies within the energy industry, utilising datasets and specific advice provided by independent remuneration consultants.

STIP

What is the STI Plan?	The STI is the cash component of the at-risk remuneration, payable based on a mix of Company and individual annual performance standards.
Why does the Board consider an STI is appropriate?	At-risk remuneration strengthens the link between pay and executive performance. The purpose of these programs is to rewards executives for annual performance relative to expectations of their role accountabilities, required behaviours and KPI's as well as the delivery of annual business plans. A reward structure that provides at-risk remuneration is also necessary as a competitive remuneration package in the Australian and global marketplace for executives.
Does the STI take into account different levels of performance compared to objectives?	The size of any payment is linked to the extent of achievement. Levels of performance required for target levels of STI should be set such that they are challenging but achievable. Required performance levels for each performance criteria are set at three levels being: • Threshold - a performance level that is below optimal but nevertheless acceptable. It is the minimum for which a small STI award would be payable. The STIP is designed such that there is an 80% probability the executive will achieve or exceed this level of achievement. • Target - a performance level that represents a challenging but achievable level of performance. The STIP is designed such that there is a 50% to 60% probability the executive will achieve or exceed this level of achievement. • Stretch - a performance level that is clearly at the upper limit of what may be achievable. The STIP is designed such that there is a 10% to 20% probability the executive will achieve or exceed this level of achievement. The probabilities of achievement are set at these levels such that, over time, awards approximately equal to the target level would become payable, assuming performance to role. The achievement of this target level of award would support 75th percentile total remuneration package policy objective for executives.
What are the performance criteria?	Performance criteria are assigned for both individual and Company performance and may vary from year to year. Reflecting the importance attached to role clarity within New Standard, Individual Performance Criteria will be drawn directly from the role accountabilities in the participant's role description and demonstrated adherence to New Standard's values. The Performance Criteria for the Managing Director are set by the Board and for other executives are set by the Managing Director and reviewed by the Board. Corporate performance criteria are set by the Board at the commencement of each financial year and may vary from time to time to include other aspects of performance for which there is shared accountability and which the Company wishes to emphasise. Each performance criteria may be allocated a weighting for each year that reflects the relative importance of each performance criteria for the year.
What is the value of the STI award opportunity?	The Managing Director and other executives have a target STI opportunity of 10% of TFR, with a minimum opportunity (if only threshold level is met) of 5% and a maximum opportunity (if the stretch targets are achieved) of 20% of TFR. These percentages are set based on external advice to achieve the remuneration policy intent of 75th percentile total remuneration package market positioning.
How is STI assessed?	Individual performance criteria - are assessed using a performance rating scale. In making the assessment in respect of a particular area of accountability, consideration is given to the extent to which the behaviours and performance indicators identified in the role description have been modelled and observed. For Executives, this assessment is undertaken by the Managing Director and then signed-off by the Remuneration Committee. In the case of the Managing Director, the assessment is undertaken by the Remuneration Committee and approved by the Board. Corporate performance criteria – the Board and/or the Remuneration Committee will determine the extent to which each corporate performance criteria has been achieved.

LTIP

What is the LTI Plan (LTIP)?	The LTIP is the equity component of at-risk remuneration and is linked to the Company's TSR performance over a 3 year period. The LTIP aims to reward participants for New Standard's TSR performance in absolute terms such that LTI awards only become valuable to the recipient upon achievement of absolute TSR hurdles as set by the Remuneration Committee.
How often are LTIP awards made?	The LTIP operates on the basis of a series of cycles. Each cycle commences on 15 September and is followed by a 3 year performance period, with a test date on the 3rd anniversary of the commencement of the cycle. As a result, the LTIP awards may occur annually with the first cycle of the LTIP began on 15 September 2012.

Why does the Board consider an LTIP is appropriate?	The Company believes that a LTIP can: • attract executives with the requisite capability; • retain key talent; • maintain a stable leadership team; and • explicitly align and link the interests of New Standard's leadership team and shareholders.
What types of equity may be granted under the LTIP?	Under the LTIP Performance Rights may be granted to the Managing Director and other key employees as a percentage of TFR. In addition key employees also may be granted Retention Rights as an encouragement to stay with the Company for the longer term, as it is viewed as important for a relatively new company to maintain continuity of key management personnel where possible. Details of Performance and Retention Rights are outlined in the table below.

Role	Target Retention LTI (% of TFR)	Target Performance LTI (% TFR)	Total LTI (% TFR)
Managing Director	0%	90%	90%
Direct Reports	20%	40%	60%

All rights are a right granted to acquire one share in New Standard, subject to satisfying either performance or retention criteria that will be established and agreed from time to time.

A participant is not entitled to participate in or receive any dividends or other shareholder benefits until the right has vested and a share has been allocated and transferred to the participant.

What are the LTIP performance conditions?

The Company uses absolute TSR as the sole LTIP performance criteria to determine the proportion of Performance Rights which vest.

The Board considers that absolute TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct benefit to shareholders.

Absolute TSR performance rights

The proportion of Absolute TSR Performance Rights which vest will be determined on the basis of New Standard's TSR on the following scale:

New Standard 3-year TSR	Percentage of absolute TSR performance rights that vest
Less than 33%	Nil
33%	25%
Between 33% and 52%	Pro rata between 25% and 50%
52%	50%
>52% and <73%	Pro rata between 50% and 100%
73% or greater	100%

The Performance Rights issued in 2013 require a share price of 66.51c per share to reach the minimum vesting hurdle (33% 3 year TSR) and 86.35c per share to reach the maximum vesting hurdle (73% or greater 3 year TSR)

What are the LTIP Retention conditions?	The Company uses a retention period of 3 years as the standard benchmark for vesting of Retention Rights.
What happens to Incentive Rights granted under the LTIP when an executive ceases employment?	Where an executive who holds Incentive Rights ceases to be employed by a Group member (and is not immediately employed by another Group member) for any reason other than a qualifying reason, all unvested Incentive Rights of that participant are automatically forfeited. Where an eligible employee who holds Incentive Rights ceases to be employed by a Group member because of a qualifying reason, then the Board must determine, in its absolute discretion, the number of unvested Incentive Rights of a participant (if any) that will remain on foot and become capable of vesting in accordance with LTIP rules. The Board will generally exercise its discretion in the following manner: • Incentive Rights granted in the cycle beginning on the 15 September immediately prior to the participant ceasing to be employed by a Group member will be forfeited in the same proportion as the remainder of the cycle year bears to the full year; and • all other Incentive Rights that are not forfeited on the participant ceasing to be employed by a Group member will continue to be held by the participant and will be tested for vesting on the test date for the relevant Incentive Right. Qualifying reasons include but are not limited to death, total and permanent disablement, retirement or redundancy.
What happens in the event of a change of control?	In the event of a change-in-control including a takeover the vesting conditions attached to the tranche at the time of the Offer will cease to apply and vesting will be triggered at the Board's discretion.

Executive remuneration outcomes for 2013

Short Term Incentives

For the year ended 30 June 2013, the KPIs linked to the STIP were based on capital management, partner, contractor and stakeholder relations, operational, environmental and safety performance in the field, resource base and asset management, office and employee operations, management of technical team and database and corporate governance, weighted depending on the accountabilities of the role and impact on the Group's performance.

The Remuneration Committee is responsible for assessing whether the KPIs are met. The STIP target annual payment is reviewed annually. The Remuneration Committee is currently assessing whether the KPI's for the year ended 30 June 2013 had been achieved, and the financial statements as at 30 June 2013 include a provision for $102,917.

The Remuneration Committee has the discretion to adjust STI's downwards in light of unexpected or unintended circumstances.

At the end of the 2013 financial year, a review of the performance of each executive was undertaken against each of their 2013 individual performance measures as explained above. STIP entitlements earned for 2013 performance are accrued in 2013 and paid in the 2014 financial year.

The following table outlines the STI that was earned for the 2013 financial year:

2013	STIP Amount $
Executive Directors	
Mr P Thick	Ineligible
Mr S Willis*	-
Dr M Hagan	-
Key Management Personnel	
Mr M Gracey	24,000
Mr D Hansen-Knarhoi	27,500
Mr P Achour	17,500
Mr K Aitken	33,917
Total	102,917

* Mr Willis was eligible for STI in 2013, but has chosen to totally relinquish those rights as a result of him stepping down from the Managing Director role during the year

Long Term Incentives

The Incentive Rights granted under the new LTIP have a 3 year measurement period. To ensure incumbents are not penalised by the transition between plans, a shorter, 18 month measurement period has been applied to 50% of the Incentive Rights issued in the first year of operation of the LTIP, whilst the remaining 50% have a 3 year measurement period. All grants of LTIP Incentive Rights beyond the first year of its operation will also have a 3 year measurement period. Accordingly, half of the Incentive Rights issued in the year ended 30 June 2013 have a measurement period ending on 14 March 2014 and the remainder have a measurement period ending 14 September 2015. As a result, no Incentive Rights were tested against their vesting conditions during 2013 and none vested.

The table below sets out summary information about the Company's assets, profitability and share price movements for the 5 years to June 2013:

	30 June 2013 $	30 June 2012 $	30 June 2011 $	30 June 2010 $	30 June 2009 $
Share price	0.12	0.535	0.19	0.215	0.05
Total Assets	83,025,665	94,362,875	30,430,324	19,792,879	12,319,396
Net Profit/ before Tax	30,308,167	(3,454,500)	(79,081)	3,298,537	(5,025,880)

The remuneration for each Executive Director and KMP of the Company for the years ending 30 June 2012 and 2013 was as follows:

Name	Short Term Employment Benefits		Post Employment Benefits	LTI - Share Based Payments					
2013	Salary $	Cash bonus[i] $	Superannuation $	Options[ii] $	Incentive Rights[iii] $	Shares[iv] $	Total $	Value of options as proportion of remuneration %	Proportion performance related %
Executive Directors									
Mr P Thick[v]	115,273	-	4,118	20,687	-	-	140,078	15%	0%
Mr S Willis[vii]	462,100	-	20,455	91,914	-	-	574,469	16%	0%
Dr M Hagan	286,552	-	-	63,191	-	-	349,743	18%	0%
Key Management Personnel									
Mr K Aitken	317,254	33,917	24,716	123,040	105	-	499,032	25%	7%
Mr D Hansen-Knarhoi	252,294	27,500	22,706	18,694	78	19,900	341,173	5%	14%
Mr M Gracey	214,143	24,000	19,273	45,118	68	27,514	330,115	14%	16%
Mr P Achour	160,551	17,500	14,450	63,569	50	8,995	265,115	24%	10%
Mr B Walker[vii]	262,220	-	22,706	127,114	-	-	412,041	31%	0%
Total	2,070,386	102,917	128,423	553,328	302	56,409	2,911,766	19%	5%
2012									
Executive Directors									
Mr S Willis	307,293	129,400	33,326	518,436	-	30,464	1,018,919	51%	16%
Dr M Hagan	272,328	129,220	-	358,592	-	30,464	790,604	45%	20%
Key Management Personnel									
Mr D Hansen-Knarhoi	150,125	29,195	13,511	88,155	-	-	280,987	31%	10%
Mr M Gracey	206,422	65,500	22,342	237,469	-	11,210	542,942	44%	14%
Mr P Achour	68,286	15,000	6,146	24,393	-	-	113,824	21%	13%
Mr B Walker	41,881	-	3,769	30,820	-	-	76,470	40%	0%
Mr M Clements	12,450	-	-	-	-	-	12,450	0%	0%
Total	1,058,785	368,315	79,094	1,257,865	-	72,138	2,836,197	43%	16%

Notes

(i) The cash bonuses have been accrued at 30 June 2013 as STIP amounts resulting from KPI achievements for the year ended 30 June 2013, and are subject to review and confirmation by the Remuneration Committee. Bonus payments are pro-rated for KMP who commenced part way through the year.

(ii) The amounts included under Share Based Payments for options are non-cash items that are subject to vesting conditions, are not freely tradeable and require exercising before they have any tangible value for KMP.

Mr Thick was granted options in the year ended 30 June 2013 that are subject to shareholder approval at the 2013 Annual General Meeting, in accordance with his employment contract. The pro-rata value of these options for the year ended 30 June 2013, using the Black-Scholes options pricing model, was $20,687.

Mr Aitken was granted options in the year ended 30 June 2013, in accordance with his employment contract. The pro-rata value of these options for the year ended 30 June 2013, using the Black-Scholes options pricing model, was $123,040.

In the year ending 30 June 2012, options were granted to Mr Willis, Dr Hagan, Mr Gracey and Mr Hansen-Knarhoi as approved by shareholders on 30 November 2011. The options were issued as a tool to incentivise high quality executive personnel and help align the long term interests of management and shareholders. The pro-rata value of these options for the year ended 30 June 2013, using the Black-Scholes options pricing model, was $91,914, $63,191, $45,118 and $18,694 respectively.

Mr Achour was granted options in the year ended 30 June 2012, in accordance with his employment contract. The pro-rata value of these options for the year ended 30 June 2013, using the Black-Scholes options pricing model, was $63,569.

Mr Gracey was granted options in the year ended 30 June 2011, in accordance with his employment contract. The pro-rata value of these options for the year ended 30 June 2013 using the Black-Scholes options pricing model was $1,498.

(iii) Incentive rights were granted in the year ended 30 June 2013, in accordance with the LTI Plan. The fair value of incentive rights is calculated at the date of grant using the Monte Carlo Simulation model and recognised over the measurement (vesting) period. The value disclosed is the pro-rate value of these incentive rights in the year ended 30 June 2013. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual may receive.

(iv) Mr Gracey, Mr Hansen-Knarhoi and Mr Achour's LTI component of their employment contracts were achieved for year ended 30 June 2012. Under the legacy LTI scheme that was applicable in relation to 2012 performance, the Company allotted and issued 123,601, 89,399, and 40,410 fully paid ordinary shares (Shares) to Mr M Gracey, Mr Hansen-Knarhoi and Mr Achour under the Employee Share Plan (Share Plan). The values disclosed are the pro-rata value of these share options in the year ended 30 June 2013 using the Black-Scholes options pricing model.

Under the legacy LTI scheme New Standard provided interest free limited recourse loans for the full amounts to purchase these Shares on the terms set out in the Share Plan (Loan), and the loans are repayable in full by 31 December 2014 (Loan Repayment Date). As set out in the Share Plan, all or part of the Loan may be repaid prior to the Loan Repayment Date. The issued Shares are subject to certain restrictions, including restrictions on transfer until the Loan is repaid in full. In addition, the Loan must be repaid early in certain circumstances as set out in the Share Plan. New Standard has since revised its remuneration policy to cease this practise.

(v) Mr Thick was appointed as Managing Director effective 2 April 2013.

(vi) Shareholders approved LTI for Mr Willis for 2012 and 2013, and Mr Willis was eligible for STI in 2013, but has chosen to totally relinquish those rights as a result of him stepping down from the Managing Director role during the year.

(vii) Mr Walker resigned as Exploration Manager effective 31 May 2013.

Non-executive remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. Fees paid to non-executive directors are recommended by the Remuneration Committee and the Board is responsible for ratifying any recommendations, if appropriate. As approved at the Annual General Meeting on 26 November 2010, the aggregate limit of fees payable per annum is $400,000 in total.

All directors have their indemnity insurance paid by the Company.

Non-executive directors' receive a fixed fee remuneration consisting of a cash fee and statutory superannuation contributions made by the company and additional fees for committee roles as set out below:

	2013
Base fees	
Chairman	91,800
Other non-executive directors	103,628
Additional fees	
Company secretarial services	48,000

Non-Executive remuneration for the year ended 30 June 2013 and comparative 2012 remuneration:

Name	Salary and fees $	Non-cash benefit $	Superannuation $	Options[ii] $	Total $
2013					
Mr A Dixon AM	84,220	-	7,580	17,234	109,034
Mr C Sadler	55,046	-	4,954	18,407	78,407
Mr P Thick[i]	40,043	-	3,584	18,407	62,034
Total	179,309	-	16,118	54,047	249,475
2012					
A Dixon AM	60,550	-	5,450	95,906	161,906
C Sadler	9,811	-	883	-	10,694
I Paton	45,833	-	-	-	45,833
Total	116,194	-	6,333	95,906	218,433

In accordance with the Company's remuneration policy, non-executive directors are not eligible for any performance based remuneration and as such no shares or incentive rights were issued.

(i) Mr Thick was appointed as Non-Executive Director on 16 July 2012, and then became Managing Director on 2 April 2013

(ii) The fair value of options is calculated at the date of grant using the Black-Scholes option pricing model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period).

Equity Instruments

Options

The terms and conditions for each grant of options affecting remuneration in the previous, this or future reporting periods are as follows. Options are exercisable on a one for one basis.

Directors and Key Management Personnel	Grant date	Number of Options granted	Exercise Price of Options $	Expiry Date of Options	Vesting Date	Vested & Exercisable	Vested	Exercised	Value at exercise date $	Lapsed without exercise	Value per option at grant date $	Value of options at grant date $
Mr A Dixon AM	20/12/2011	300,000	0.430	20/12/2014	20/12/2012	300,000	100%	-	-	-	0.148	44,340
Mr S Willis	20/12/2011	1,500,000	0.430	20/12/2014	20/12/2012	1,500,000	100%	-	-	-	0.148	221,701
Dr M Hagan	20/12/2011	1,000,000	0.430	20/12/2014	20/12/2012	1,000,000	100%	-	-	-	0.148	147,800
Mr P Thick	12/12/2012	150,000	0.390	12/12/2015	12/12/2013	-	-	-	-	-	0.156	23,438
	12/12/2012	150,000	0.430	12/12/2015	12/12/2014	-	-	-	-	-	0.147	22,030
	2/04/2013(i)	500,000	0.400	1/04/2016	2/04/2014	-	-	-	-	-	0.064	30,543
	2/04/2013(i)	500,000	0.400	1/04/2016	2/04/2015	-	-	-	-	-	0.064	30,543
	2/04/2013(i)	500,000	0.500	1/04/2016	2/04/2014	-	-	-	-	-	0.055	26,016
	2/04/2013(i)	500,000	0.500	1/04/2016	2/04/2015	-	-	-	-	-	0.055	26,016
Mr C Sadler	12/12/2012	150,000	0.390	12/12/2015	12/12/2013	-	-	-	-	-	0.156	23,438
	12/12/2012	150,000	0.430	12/12/2015	12/12/2014	-	-	-	-	-	0.147	22,030
Mr M Gracey	29/03/2011	250,000	0.225	30/06/2015(ii)	1/08/2012	250,000	100%	-	-	-	0.052	12,940
	29/03/2011	250,000	0.275	30/06/2015(ii)	1/08/2012	250,000	100%	-	-	-	0.043	10,742
	20/12/2011	650,000	0.430	20/12/2014	20/12/2012	650,000	100%	-	-	-	0.139	90,479
Mr D Hansen-Knarhoi	20/12/2011	300,000	0.430	20/12/2014	20/12/2012	300,000	100%	-	-	-	0.139	41,759
Mr P Achour	24/04/2012	150,000	0.810	24/04/2015	24/10/2012	150,000	100%	-	-	-	0.301	45,170
	24/04/2012	150,000	0.905	24/04/2015	24/04/2013	150,000	100%	-	-	-	0.285	42,792
Mr B Walker	9/05/2012(iii)	300,000	0.535	9/05/2015	9/05/2013	300,000	100%	-	-	-	0.270	80,965
	9/05/2012(iii)	300,000	0.600	9/05/2015	9/05/2014	-	-	-	-	-	0.257	76,969
Mr K Aitken	14/08/2012	375,000	0.745	14/08/2015	14/08/2013	-	-	-	-	-	0.252	98,304
	14/08/2012	375,000	0.835	14/08/2015	14/08/2014	-	-	-	-	-	0.236	92,371
Total		8,500,000				4,850,000						1,210,386

Notes

(i) Grant of these options are subject to shareholder approval at the 2013 Annual General Meeting.

(ii) On 28 June 2013 the ASX granted New Standard a waiver from listing rule 6.23.3 to the extent necessary to permit the Company to amend the terms of these unlisted options to extend the expiry date to 30 June 2015, subject to the Company obtaining shareholder approval at the 2013 Annual General Meeting.

(iii) Mr Walker resigned as Exploration Manager effective 31 May 2013 and these 600,000 options lapsed post 30 June 2013

All options were issued for nil consideration.

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Refer to note 5 to the Consolidated Financial Statements for further details.

Value at exercise date is calculated as the underlying share price at the exercise date less the exercise price of the option, multiplied by the number of options exercised. There were no options issued as remuneration that were exercised in the current financial year.

Incentive rights

The LTIP was introduced during the 2013 financial year with effect from 15 September 2012. Under the plan, the Board may offer Incentive Rights in the form of Performance Rights and Retention Rights to executives. During the 2013 financial year Performance Rights and Retention Rights were granted to executives as part of their remuneration packages. Shareholders approved the LTIP for Mr Willis for 2013 but he elected to totally relinquish those rights as a result of him stepping down from the Managing Director role during the year.

The table below outlines movements in Incentive Rights during the 2013 financial year and the balance held by each executive as at 30 June 2013.

Name	Grant Date	Type of Incentive Rights	Number of Incentive Rights	Fair Value of each Incentive Right ($)	Vesting Date[i]	Maximum Value yet to Vest ($)	Number Lapsed	Minimum Vesting Hurdle
Ken Aitken	28/06/2013	Performance Rights	296,000	0.002	14/03/2014	-	-	$0.5765
	28/06/2013	Performance Rights	296,000	0.014	14/09/2015	-	-	$0.6651
	28/06/2013	Retention Rights	74,000	0.120	14/03/2014	-	-	18 months tenure
	28/06/2013	Retention Rights	74,000	0.120	14/09/2015	-	-	3 years tenure
David Hansen-Knarhoi	28/06/2013	Performance Rights	220,000	0.002	14/03/2014	-	-	$0.5765
	28/06/2013	Performance Rights	220,000	0.014	14/09/2015	-	-	$0.6651
	28/06/2013	Retention Rights	55,000	0.120	14/03/2014	-	-	18 months tenure
	28/06/2013	Retention Rights	55,000	0.120	14/09/2015	-	-	3 years tenure
Marcus Gracey	28/06/2013	Performance Rights	192,000	0.002	14/03/2014	-	-	$0.5765
	28/06/2013	Performance Rights	192,000	0.014	14/09/2015	-	-	$0.6651
	28/06/2013	Retention Rights	48,000	0.120	14/03/2014	-	-	18 months tenure
	28/06/2013	Retention Rights	48,000	0.120	14/09/2015	-	-	3 years tenure
Pierre Achour	28/06/2013	Performance Rights	140,000	0.002	14/03/2014	-	-	$0.5765
	28/06/2013	Performance Rights	140,000	0.014	14/09/2015	-	-	$0.6651
	28/06/2013	Retention Rights	35,000	0.120	14/03/2014	-	-	18 months tenure
	28/06/2013	Retention Rights	35,000	0.120	14/09/2015	-	-	3 years tenure
Total			2,120,000			64,147		

Notes

(i) On the vesting date the performance rights will be tested against the absolute TSR criteria, and the retention rights tested against tenure criteria. Only those rights that satisfy the criteria will vest, and the remainder will immediately lapse.

Employment arrangements for key management personnel

The employment arrangements of the KMPs are formalised in standard employment agreements. Details for the termination provisions contained in the agreements that were in place at 30 June 2013 are provided below.

Name	Engagement	Term of Contract	Notice Period by Either Party	Termination Benefit
Mr P Thick	Employee	Ongoing	12 weeks No notice required for termination by Company for cause	9 months
Mr S Willis	Consultancy	Ongoing	30 days No notice required for termination by Company for cause	none
Mr M Hagan	Consultancy	Ongoing	30 days No notice required for termination by Company for cause	none
Mr P Achour	Employee	Ongoing	12 weeks No notice required for termination by Company for cause	12 weeks
Mr K Aitken	Employee	Ongoing	12 weeks No notice required for termination by Company for cause	12 weeks
Mr M Gracey	Employee	Ongoing	12 weeks No notice required for termination by Company for cause	12 weeks
Mr D Hansen-Knarhoi	Employee	Ongoing	12 weeks No notice required for termination by Company for cause	12 weeks
Mr A Dixon AM	Employee	Ongoing	none	none
Mr C Sadler	Employee	Ongoing	none	none

End of audited Remuneration Report

This Report of Directors, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.

Arthur Dixon AM
Chairman

Dated: 20 September 2013

Director's Declaration

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) the consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards; and

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

Arthur Dixon AM
Non-Executive Chairman

20 September 2013

Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of New Standard is a strong advocate of corporate governance. The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (Recommendations) where considered appropriate for company of New Standard's size and nature.

This document describes how New Standard has addressed the Council's guidelines and eight corporate governance principles.

Principle 1 – Lay solid foundations for management and oversight

"Companies should establish and disclose the respective roles and responsibilities of the Board and Management."

The main function of the Board is to set strategic objectives for the company, supervising and guiding management through the implementation process. The aim is for the Board to provide the entrepreneurial leadership required for the Company to evolve within a framework of prudent and effective risk management.

New Standard has adopted a formal board charter delineating the roles, responsibilities, practices and expectations of the Board collectively, the Individual directors and senior management.

The Board of New Standard ensures that each member understands its roles and responsibilities and ensures regular meeting so as to retain full and effective control of the Company.

The Board specifically emphasises on the following:

- Setting the strategic aims of New Standard and overseeing management's performance within that framework;
- Making sure that the necessary resources (financial and human) are available to the company and its senior executives to meet its objectives;
- Overseeing management's performance and the progress and development of the company's strategic plan;
- Selecting and appointing a suitable Chief Executive Officer/Managing Director with the appropriate skills to help the Company in the pursuit of its objectives;
- Determining the remuneration policy for the Board and Key Management Personnel;
- Controlling and approving financial reporting, capital structures and material contracts;
- Ensuring that a sound system of risk management and internal controls is in place;
- Setting the Company's values and standards;
- Undertaking a formal and rigorous review of the Corporate Governance policies; to ensure adherence to the ASX Corporate Governance Council principles;
- Ensuring that the Company's obligations to shareholders are understood and met;
- Ensuring the health, safety and well-being of employees in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;
- Ensuring an adequate system is in place for the proper delegation of duties for the effective operative day to day running of the Company without the Board losing sight of the direction that the Company is taking.

Principle 2 – Structure the Board to add value

"Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties."

The Board has been structured so as to provide an adequate mix of proficient directors that lead the Board with enterprise, integrity and judgement. The Board acts in the best interest of the Company and its stakeholders. The Board is directed on the principles of transparency, accountability and responsibility.

The ASX Corporate Governance Council guidelines recommend that ideally the Board should constitute of a majority of independent directors. The Board consists of five directors of whom three are considered independent. The remaining directors do not meet the Company's criteria for independence.

Given the size and nature of the Company the Board feels the composition of the Board is appropriate at this stage. The Board endeavours to review this policy from time to time.

Principle 3 – Promote ethical and responsible decision-making

“Actively promote ethical and responsible decision-making”

New Standard is aware that law and regulations alone is no guarantee of fair practice and thus to ensure the integrity of its operations, it has adopted a code of ethics and conduct to sustain its corporate culture.

New Standard’s ethical rules demands high standards of integrity, fairness, equity and honesty from all Directors and Key Management Personnel and Employees. New Standard expects its employees to understand that the Company acts morally and that the main goal of the Company is to maximise shareholders value.

The Code of Ethics and Conduct include the following issues:

- The avoidance of conflicts of interest;
- Employees behaviour towards the use of Company property;
- Confidentiality;
- Fair dealing with customers, suppliers, employees and competitors;
- Protection and proper use of the Company’s assets;
- Compliance with laws and regulations;
- Encouraging the reporting of illegal and unethical behavior;
- Provide a framework for the Company to achieve a diverse and skilled workforce.

Diversity

The Board is committed to having an appropriate blend of diversity on the Board and in all areas of the Group’s business. The Board has established a policy regarding gender, age, ethnic and cultural diversity. Details of the policy are available on the Company’s website.

Diversity Policy

The Company and all its related bodies corporate are committed to workplace diversity.

The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

To the extent practicable, the Company will address the recommendations and guidance provided in the ASX Corporate Governance Council's Principles and Recommendations.

The Diversity Policy does not form part of an employee's contract of employment with the Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction of the Company with which an employee is expected to comply.

The key objectives of the Diversity Policy are to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity, (collectively, the **Objectives**).

The Diversity Policy does not impose on the Company, its directors, officers, agents or employee any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

Diversity Reporting

The Group’s gender diversity as at the end of the reporting period is as follows:

	30 June 2013				30 June 2012			
	Female		Male		Female		Male	
Gender representation	No	%	No	%	No	%	No	%
Board representation	-	-	5	100	-	-	4	100
Group representation	9	39	14	61	8	33	16	67

The following senior positions within the Group are currently held by female employees:

- Human Resources Manager

The Company's proposed diversity objectives for the 2014 financial year are as follows:

- Continue to assess and proactively monitor gender diversity at all levels of the Company's business and monitor the implementation and effectiveness of the Company's diversity initiatives and programs;
- Update recruitment policies and procedures to reflect the Company's position on diversity;
- Undertake an annual review of maternity and paternity leave and flexible working arrangements to ensure roles are appropriate to maintain career development.

Principle 4 – Safeguard integrity in financial reporting

"Have a structure to independently verify and safeguard the integrity of the Company's financial reporting"

New Standard has a financial reporting process which includes half year and full-year results which are signed off by the Board before they are released to the market.

The Audit Committee has been developed as per the guidelines of good corporate governance and its responsibilities are delineated in the Audit Committee Charter.

The Audit Committee provides assistance to the Board of directors in fulfilling its corporate governance and oversight responsibilities, as well as advise on the modification and maintenance of the Company's financial reporting, internal control structure, external audit functions, and appropriate ethical standards for the management of the Company.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The CFO reports in writing on the propriety of compliance on internal controls and reporting systems and ensures that they are working efficiently and effectively in all material respects.

The Committee also advises on the modification and maintenance of the Company's risk management systems, the Company's risk profile, compliance and control and an assessment as to their effectiveness.

Principle 5 – Make timely and balanced disclosure

"Promote timely and balanced disclosure of all material matters concerning the Company."

New Standard has adopted a formal policy dealing with its disclosure responsibilities. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The policy also addresses the Company's obligations to prevent the creation of a false market in its securities. New Standard ensures that all information necessary for investors to make an informed decision is available on its website.

The Managing Director has ultimate authority and responsibility for approving market disclosure which, in practice, is exercised in consultation with the Board and Company Secretary.

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX.

In addition, the Board will also consider whether there are any matters requiring continuous disclosure in respect of each and every item of business that it considers.

Principle 6 – Respect the rights of shareholders

“Respect the rights of shareholders and facilitate the effective exercise of those rights”

New Standard is aware that regular and constructive two-way communications between the Company and its shareholders can help investors understand what the Board of Directors is planning to achieve and how the Company intends to set about achieving its objectives.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights, the Company is committed to:

- communicating effectively in a timely and accurate way with shareholders through releases to the market via ASX, website communication, Annual Reports, the general meetings of the Company and any information mailed to shareholders;
- sending a notice of any general meetings to which they are entitled to attend together with an explanatory memorandum of proposed resolutions (as appropriate). If shareholders cannot attend the General Meeting, they are entitled to lodge a proxy in accordance with the Corporations Act and the Company’s Constitution.
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor’s report.

The address made by the Chairman and/or the Managing Director to the Annual General Meeting is released to the ASX. All ASX announcements are accessible via the Company’s website.

Principle 7 – Recognise and Manage Risk

“Companies should establish a sound system of risk oversight and management and internal control”

New Standard’s policy is to regularly review processes and procedures to ensure the effectiveness of its internal systems control, so as to keep the integrity and accuracy of its reporting and financial results at a high level at all times. Internal controls are devised and enforced to ensure, as far as practicable in the given circumstances, the orderly and efficient conduct of the business. They include measures to safeguard the assets of the Company, prevent and detect fraud and error, ensure the accuracy and completeness of accounting records and ensure the timely preparation of reliable financial information.

The Board’s Charter clearly establishes that it is responsible for ensuring there is a sound system for overseeing and managing risk. As the whole Board only consists of five (5) members, the Company does not have a Risk Management Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

The Managing Director and CFO are required to state to the Board, in writing, that to the best of their knowledge the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

The Managing Director, Technical Director and CFO are also required to report monthly to the Board on the areas they are responsible for, including material business risks and provide an annual written report to the Board summarizing the effectiveness of the companies’ management of material business risks.

Principle 8 – Remunerate fairly and responsibly

"Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear."

The Company is committed to remunerating its executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders.

Consequently, the Board ensures that executive remuneration follows the guidelines of good governance and the criteria for remuneration are as follows:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- participation in any securities incentive scheme with thresholds approved by shareholders;
- statutory superannuation.

New Standard has devised a framework for remuneration that aligns the interest of the Company's shareholders with that of the Board and Key Management Personnel. The aim is to make the structure agreeable to both parties. The elements of consideration are as follows:

For the Shareholders:

- They should see that there is an economic profit in the remuneration structure;
- The structure is one that focuses on the continued growth of share price and sustained returns on assets;
- Attracts and retains high calibre Board and Key Management Personnel.

For the Board and Key Management Personnel:

- Their capability and experience should be rewarded;
- The arrangement for reward should be clear and understandable;
- Their active contribution should be rewarded;
- Reward is competitive, tax effective and linked with growth in shareholder value.

New Standard is committed in providing the right remuneration structure so that Board and Key Management Personnel are not unaware to shareholder value. The structure provides long and short term incentive designed to retain and motivate Board and Key Management Personnel in bringing more value to the Company.

A summary of how the Company has addressed it's compliance with the corporate governance principles and recommendations is outlined below:

Principle No.	Recommendation	Compliance	Reason for Non-compliance
1.	Lay solid foundations for management and oversight		
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 and remuneration committee meets at least once 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 Principle 1.	A performance evaluation has been completed during the reporting period in accordance with the process detailed in 1.2 above.	Not applicable

Principle No.	Recommendation	Compliance	Reason for Non-compliance
2.	Structure the board to add value		
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. For the majority of the year the Board consisted of three independent Directors and two non-independent Directors. In April 2013, an independent director was appointed as an executive and therefore for the remainder of the year, the Board consisted of two independent directors and three non-independent directors.	The Company complied with this recommendation for the majority of the year. The Board will consider appointing an additional independent director should a suitable candidate present.
2.2	The chair should be an independent Director.	The Chairman is an independent director.	Not applicable
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	New Standard's Chairman and Managing Director is not the same person.	Not applicable
2.4	The Board should establish a nomination committee.	The Board has not established a Nomination Committee.	The Board's Charter clearly establishes that it is responsible for ensuring there is a sound system for overseeing and managing risk. As the whole Board only consists of five (5) members, the Company does not have a Nomination Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.
2.5	Disclose the process for evaluating the performance of the Board, its committee and individual Directors.	The performance evaluation of Non-Executive and Executive Directors occurs by way of a review by the Remuneration Committee which engages independent remuneration consultants for advice where necessary.	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 consisted of a majority of independent directors for the majority of the year. The Board will consider appointing an additional independent director should a suitable candidate present. 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

Principle No.	Recommendation	Compliance	Reason for Non-compliance
3.	Promote ethical and responsible decision-making		
3.1	Establish a code of conduct and disclose a summary of the code as to: • the practice 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	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Company has a diversity policy which can be accessed at www.newstandard.com.au	Not applicable
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	This information has been disclosed in the Annual Report.	Not applicable
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	This information has been disclosed in the Annual Report.	Not applicable
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	The information has been disclosed in the Annual Report.	Not applicable
4.	Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	The Board 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.	The Audit Committee consists of five members, inclusive of the Joint Company Secretaries, the majority of which are independent non-executive directors and is chaired by an independent non-executive director who is not Chair of the Board. The two Joint Company Secretaries are also members of the Audit Committee.	Due to the size of the Board the Audit Committee does not consist only of non-executive 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 information has been disclosed in the Annual Report.	Not applicable

Principle No.	Recommendation	Compliance	Reason for Non-compliance
5.	Make timely and balanced disclosure		
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.	Respect the rights of shareholders		
6.1	Design a communications policy for promoting effective communication with shareholders and encourage 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.	Recognise and manage risk		
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.	Not applicable
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 Managing Director, Technical Director and Chief Financial Officer report monthly to the board on the areas they are responsible for, including material business risks and provide an annual written report to the Board summarising the effectiveness of the companies' management of material business risks.	Not applicable
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.	The Board receives assurance in the form of a declaration from the Managing Director and 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

Principle No.	Recommendation	Compliance	Reason for Non-compliance
8.	Remunerate fairly and responsibly		
8.1	The Board should establish a Remuneration Committee.	The Board has established a Remuneration Committee.	Not applicable
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent director • has at least three members	During the year the Remuneration Committee consisted of five members, for the majority of the year, including a majority of independent non executive directors and was chaired by an independent non-executive director. From April 2013, to the Remuneration Committee consisted of four members, of which two were independent non-executive directors.. The two Joint Company Secretaries are also members of the Remuneration Committee. The Remuneration Committee may seek external advice where appropriate.	Not applicable
8.3	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 Key Management Personnel, as described in the Directors' Report in the Annual Report.	Not applicable
8.4	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

Financial Statements 2013

Auditor's Independence Declaration

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PO Box 700 West Perth WA 6872
Australia

20 September 2013

The Board of Directors
New Standard Energy Limited
Ground Floor
Level 2, 7 Ventnor Avenue
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF NEW STANDARD ENERGY LIMITED

As lead auditor of New Standard Energy Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of New Standard Energy Limited and the entities it controlled during the period.

Phillip Murdoch
Director

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NEW STANDARD ENERGY LIMITED

Report on the Financial Report

We have audited the accompanying financial report of New Standard Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in 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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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 presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of New Standard Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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.

Opinion

In our opinion, the Remuneration Report of New Standard Energy Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, Western Australia
Dated this 20th day of September 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Note	2013 $	2012 $
Revenue from Continuing operations			
Gain on sale of available-for-sale financial assets	2	40,588,300	-
Other Revenue	2	2,002,476	844,077
Expenses from Continuing operations			
Administrative expenses		(1,008,346)	(1,029,618)
Employee benefit expenses		(2,879,036)	(1,594,229)
Occupancy expenses		(226,789)	(138,462)
Depreciation expense		(296,000)	(66,485)
Impairment of exploration and evaluation and development expenditure		(5,383,445)	-
Impairment of available-for-sale investment		(1,713,085)	-
Unrealised foreign exchange gain/(loss)		(1,924)	5,839
Project expenses		(33,933)	(25,321)
Share based payments	27	(740,051)	(1,450,301)
Profit/(loss) before income tax expense		30,308,167	(3,454,500)
Income tax expense	4	(13,609,099)	3,659,629
Profit/(loss) attributable to owners of the Parent entity		16,699,068	205,129
Other comprehensive income			
Items that have been reclassified to profit or loss			
Changes in the fair value of available for sale financial assets		(30,461,795)	36,476,637
Deferred tax liability		-	(13,289,842)
Items that have been reclassified to profit or loss			
Exchange differences on translation of foreign operations		543,288	349,800
Other comprehensive income for the year		(29,918,507)	23,536,595
Total comprehensive income for the year		(13,219,439)	23,741,724
Total comprehensive income for the year is attributable to:			
Owners of the Company		(13,219,439)	23,741,724

		Cents Per Share	Cents Per Share
Earnings/(loss) per Share for profit/(loss) from continuing			
Operations attributable to the ordinary shareholders of the Company			
Basic earnings/(loss) per share (cents per share)	24	5.49	0.08
Diluted earnings/(loss) per share (cents per share)	24	5.49	0.07

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	2013 $	2012 $
Current Assets			
Cash and cash equivalents	22(a)	41,536,690	24,890,855
Available for sale financial assets	8	536,915	48,551,637
Trade and other receivables	7	715,618	1,697,830
Total Current Assets		42,789,223	75,140,322
Non-Current Assets			
Exploration and evaluation expenditure	9	38,098,974	16,799,094
Development assets	10	1,715,344	1,968,020
Property, plant and equipment	11	1,072,124	455,439
Total Non-Current Assets		40,886,442	19,222,553
Total Assets		83,675,665	94,362,875
Current Liabilities			
Trade and other payables	12	2,403,870	856,145
Borrowings	13	73,667	74,805
Total Current Liabilities		2,477,537	930,950
Non-Current Liabilities			
Borrowings	14	122,300	195,967
Deferred Tax Liability	15	9,949,470	9,630,213
Total Non-Current Liabilities		10,071,770	9,826,180
Total Liabilities		12,549,307	10,757,130
Net Assets		71,126,358	83,605,745
Equity			
Issued capital	16	53,626,937	53,626,937
Reserves	17	3,040,166	32,218,622
Retained Profits/(Accumulated losses)	17(d)	14,459,255	(2,239,814)
		71,126,358	83,605,745

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes In Equity

For the year ended 30 June 2013

	Issued Capital $	Retained Profits/ (Accumulated Losses) $	Share Based Payment Reserve $	Available for Sale Financial Assets Reserve $	Foreign Currency Translation Reserve $	Total $
Equity as at 1 July 2012	53,626,937	(2,239,814)	3,224,335	30,461,795	(1,467,508)	83,605,745
Profit for the year	-	16,699,068	-	-	-	16,699,068
Unrealised profit on translation of foreign operations	-	-	-	-	543,288	543,288
Movement in available-for-sale assets	-	-	-	(30,461,795)	-	(30,461,795)
Total comprehensive Income	-	16,699,068	-	(30,461,795)	543,288	(13,219,439)
Transactions with owners in their capacity as owners;						
Share based payments	-	-	740,051	-	-	740,051
Equity as at 30 June 2013	53,626,937	14,459,255	3,964,386	-	(924,220)	71,126,358

	Issued Capital $	Retained Profits/ (Accumulated Losses) $	Share Based Payment Reserve $	Available for Sale Financial Assets Reserve $	Foreign Currency Translation Reserve $	Total $
Equity as at 1 July 2011	24,226,520	(2,444,943)	1,774,034	7,275,000	(1,817,308)	29,013,303
Profit for the year	-	205,129	-	-	-	205,129
Unrealised profit on translation of foreign operations	-	-	-	-	349,800	349,800
Unrealised gain on available for sale financial assets	-	-	-	36,476,637	-	36,476,637
Deferred Tax Liability	-	-		(13,289,842)		(13,289,842)
Total comprehensive Income	-	205,129	-	23,186,795	349,800	23,741,724
Transactions with owners in their capacity as owners;						
Issue of shares, net of transaction costs	29,400,417	-	-	-	-	29,400,417
Share based payments	-	-	1,450,301	-	-	1,450,301
Equity as at 30 June 2012	53,626,937	(2,239,814)	3,224,335	30,461,795	(1,467,508)	83,605,745

The above consolidated statement of changes of equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 $	2012 $
Cash Flows From Operating Activities			
Interest received		1,861,207	741,745
Interest Paid		(28,183)	(8,765)
Payments to suppliers and employees		(3,259,012)	(4,159,388)
Other income		-	321,903
Net cash provided by/(used in) operating activities	22(b)	(1,425,988)	(3,104,505)
Cash Flows From Investing Activities			
Payments for plant and equipment		(932,558)	(108,529)
Reimbursement of prior exploration expenditure		3,146,196	3,649,874
Cash receipts offset against development expenditure		167,237	1,019,159
Payment for exploration expenditure		(27,438,849)	(8,267,066)
Proceeds from available-for-sale financial assets		43,122,130	-
Payments for purchase of equity investments		-	(2,250,770)
Net cash (used in)/provided by investing activities		18,064,155	(5,957,332)
Cash Flows From Financing Activities			
Proceeds from issue of equity securities		-	30,825,000
Repayment of borrowings		(67,648)	(13,652)
Payment for share issue costs		-	(1,424,583)
Net cash flows provided by financing activities		(67,648)	29,386,765
Net increase in cash and cash equivalents		16,570,519	20,324,928
Cash and cash equivalents at beginning of the financial year		24,890,855	4,552,777
Exchange rate adjustments		75,315	13,150
Cash and cash equivalents at the end of the financial year	22(a)	41,536,690	24,890,855

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2013

1. Summary of Accounting Policies

Corporate information

New Standard Energy Limited (New Standard) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The address of the Company's registered office and principal place of business is Level 2, 7 Ventnor Avenue, West Perth WA 6005.

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law.

The financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 20 September 2013.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost convention, as modified by the revaluation of available-for-sale financial assets. New Standard Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013.

Principals of consolidation

(a) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of New Standard Energy Limited ("Company" or "parent entity") as at 30 June 2013 and the results of all subsidiaries for the year then ended. New Standard Energy Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction proves evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and statement of financial position respectively.

(b) 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.

1. Summary of Accounting Policies (continued)

(c) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance 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. Cash flows relating to short-term receivable are not discounted if the effect of discounting is immaterial.

(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 statement of cashflows 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.

(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 the profit or loss.

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 the profit or loss.

1. Summary of Accounting Policies (continued)

(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 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.

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.

(g) Exploration and evaluation expenditure

Exploration for and evaluation of hydrocarbon resources is the search for hydrocarbon resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the hydrocarbon resources. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Company in connection with the exploration for and evaluation of hydrocarbon resources before the technical feasibility and commercial viability of extracting a hydrocarbon resource is demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environmental for the presence of a hydrocarbon resource or has been proved to contain such a resource.

Expenditure incurred on activities that precede exploration of hydrocarbon resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

(a) The rights to tenure of the area of interest are current; and

(b) At least one of the following conditions is also met:

- (i) The expenditure is expected to be recouped through the successful development and commercial exploitation of an area of interest, or alternatively by its sale; and
- (ii) Exploration and evaluation activities in the area of interest have not, at 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. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

1. Summary of Accounting Policies (continued)

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, logging and coring; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the hydrocarbon resource.

General and administrative costs are expensed as incurred.

(h) Development expenditure

Development expenditure is accumulated in respect of each separate area of interest. Development expenditure relates to costs incurred to access a mineral resource after the technical feasibility and commercial viability of extracting the mineral resource from the area of interest has been demonstrated. Development expenditure related to an area of interest is carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated cost in respect of that area is written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated cost written off to the extent that they will not be recoverable in the future. Impairment of assets is discussed at note 1(e).

Capitalisation of development expenditure ceases once the production commences, at which point it is transferred into Property, Plant and Equipment, and amortised on a units of production basis over the life of economically recoverable reserves.

Although production revenue has been received during the period, sufficient information has not been obtained from further technical analysis to form a definitive view regarding the economically recoverable reserves associated with the producing wells and field. At the date of this report the results of an independent resource and reserves assessment remains incomplete and technical analysis regarding the quality of the reservoir completion techniques utilised for the producing wells has yet to be fully determined. As a result the Directors deem that it is appropriate under the circumstances to continue to classify the US Oil and Gas Properties as development assets as at 30 June 2013.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the group on acquisition date. Consideration also include the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rate circumstances, it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measure at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquire is less than the fair value of the net identifiable assets acquired, the difference is recognized in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred.

1. Summary of Accounting Policies (continued)

Where the group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the group remeasures its previously held equity interest in the acquiree as its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value as the date of exchange using the entity's incremental borrowing rate as the discount rate.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the group's controlling shareholder's consolidated financial statements.

(j) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally of marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in current assets as management may dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the short term. Available for sale assets are subsequently carried at fair value with movements in fair value are recognised in equity.

Investments are recognised and derecognised on trade date where the purchase sale 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 the transaction costs.

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 recognised initially at fair value and subsequently 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 are assessed for indicators of impairment at each reporting 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 (if applicable).

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.

1. Summary of Accounting Policies (continued)

Impairment of available for sale financial assets

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss. If there is evidence of impairment for any of the group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

(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 and recognised over the vesting period. Fair value is measured by use of an appropriate valuation model.

The above policy is applied to all equity-settled share-based payments.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Interest Revenues

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) Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(n) Property, plant and equipment (other than oil & gas properties)

Owned assets

Items of property, plant and equipment are recognised at cost less accumulated depreciation (see below) and impairment losses (see Impairment Note 1(e)).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation/amortisation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful life of an item of property, plant and equipment.

The estimated useful lives for each class of assets in the current and comparative periods are as follows:

(i)	Motor Vehicles	4-5 years
(ii)	Plant and equipment	3-15 years depending on the nature of the asset

The useful life and depreciation method applied to an asset are reassessed at least annually.

(o) Trade and other payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are normally settled within 30 days of recognition.

1. Summary of Accounting Policies (continued)

(p) Leases

The lease of a vehicle where the Group, as lessee, has substantially all the risks and rewards of ownership has been classified as a finance lease. The finance lease has been capitalised at the lease's inception at the fair value of the leased vehicle. The corresponding rental obligations, net of finance charges, have been included in other short-term payables and long-term borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The vehicle acquired under the finance lease is being depreciated over the asset's useful life.

(q) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the financial year.

(r) Segment reporting

The Group has applied AASB 8 Operating Segments. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported geographical segments have been disaggregated into separate segments within the Group.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Managing Director that makes strategic decisions.

Provisions

Provisions are recognised when the Consolidated Entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

1. Summary of Accounting Policies (continued)

Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is New Standard Energy Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at reporting date

(ii) income and expenses for each item in the statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(s) Joint ventures

A joint venture is either an entity or operation over which whose activities the entity has joint control, established by contractual agreement.

Jointly controlled operations and assets

Interests in unincorporated joint ventures are reported in the financial statements by including the entity's share of assets employed in joint ventures, the share of liabilities incurred in relation to the joint ventures and its share of revenue and expenses.

1. Summary of Accounting Policies (continued)

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

(u) Standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that may have an impact on the Group; these standards are not mandatory for 30 June 2013 reporting periods. The Group has not applied any of the following in preparing this financial report:

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2015 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it may affect the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Group recognised a loss of $30,461,795 for its available for sale financial assets in other comprehensive income. The Group has not yet decided when to adopt AASB 9.

AASB 10 Consolidated Financial Statements (effective for the annual reporting periods commencing on or after 1 January 2013)

AASB 10 introduces certain changes to the consolidation principles, including the concept of de facto control and changes in relation to the special purpose entities. The Group has assessed the potential impact on its existing arrangements and are of the opinion that the change is not likely to have a material effect on the financial statements.

AASB 11 Joint Arrangements (effective for the annual reporting periods commencing on or after 1 January 2013)

AASB 11 introduces certain changes to the accounting for joint arrangements. Joint arrangements will be classified as either joint operations (where parties with joint control have rights to assets and obligations for liabilities) or joint ventures (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method. The Group has assessed the potential impact on its existing arrangements and are of the opinion that the change is not likely to have a material effect on the financial statements.

AASB 12 Disclosure of Interests in Other Entities and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangement standards (effective from 1 January 2013)

AASB 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in AASB 12 are more extensive than those in the current standards. The Group has assessed the potential impact on its existing arrangements and are of the opinion that the change is not likely to have a material effect on the financial statements.

AASB 13 Fair Value Measurement (effective for annual reporting periods commencing on or after 1 January 2013)

AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value on the statement of financial position or disclosed in the notes to the financial statements. The Group has assessed the potential impact on its existing arrangements and are of the opinion that the change is not likely to have a material effect on the financial statements.

1. Summary of Accounting Policies (continued)

AASB 119 Employee Benefits (effective from 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all measurements of defined benefits liabilities/assets immediately in other comprehensive income and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. The Group has assessed the potential impact on its existing arrangements and are of the opinion that the change is not likely to have a material effect on the financial statements.

AASB 128 Investments in Associates and Joint Ventures (2011) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangement standards (effective from 1 January 2013)

The objective of AASB 128 is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Group is continuing to assess the impact of the standard.

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.

Key sources of estimation uncertainty and significant judgements

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty and significant judgements at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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. The carrying amount of exploration expenditure at the reporting date was $38,098,974. Details of the impairment can be found in note 9.

Deferred tax balances

The Group has carried forward losses which have been recognised as deferred tax assets as it is probable that the company will derive future assessable income of a nature and amount sufficient to enable the benefit to be realised.

1. Summary of Accounting Policies (continued)

Share-based payment transactions

The Group measures the cost of equity-settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

Rehabilitation and decommissioning obligations

The Group estimates the future rehabilitation costs of production facilities, wells and pipelines at different stages of the development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of restoration activities, the future removal technology available and liability specific discount rates to determine the present value of these cash flows. As at 30 June 2013 the carrying value of rehabilitation obligations have not been calculated given the preliminary stage of development.

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

Recoverability of development assets

The ultimate recoupment of costs carried forward for development assets is dependent upon the successful development and commercial exploitation, or sale, of the respective areas of interest.

2. Revenue

	2013 $	2012 $
Revenue:		
Interest revenue	1,969,310	814,536
Other income consisted of the following items:		
Gain on sale of available-for-sale financial assets	40,588,300	-
Other Income	33,166	29,541
Total Revenue	42,590,776	844,077

As detailed in Note 1(h) well revenues of $688,108 have been capitalised and offset against the development expenditure incurred to date on the development wells producing the revenue. This amount is reflected at Note 10.

3. Profit / (Loss) From Operations

Profit/(loss) before income tax has been arrived at after crediting/ (charging) the following gains and losses:		
Unrealised foreign exchange gain/(loss)	(1,924)	5,839
Share based payments	(740,051)	(1,450,301)
Impairment of available for sale financial assets	(1,713,085)	-
Project expenses	(33,933)	(25,321)
Impairment of exploration expenditure	(5,383,445)	-

4. Income Tax Expense

	2013 $	2012 $
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	(13,609,099)	(3,659,629)
(b) The prima facie tax from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Profit/(loss) before tax	30,308,167	(3,454,500)
Tax expense (benefit) calculated at 30%	9,092,450	(1,036,350)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Share based payments	222,015	435,090
Other permanent differences	1,432,643	6,802
Entertainment	11,320	2,527
Difference in overseas tax rate	(29,544)	(826)
Benefit of tax losses not previously recognised	-	(6,870,026)
Deferred tax liability not previously recognised	2,880,215	4,488,479
Deferred tax asset not previously recognised	-	(685,325)
	13,609,099	3,659,629
Tax losses and timing differences not recognised	-	(3,659,629)
Income tax expense/(benefit)	13,609,099	(3,659,629)

The Company will have no tax payable due to prior year losses carried forward and tax deductible exploration expenditure

5. Key Management Personnel Compensation

Directors and other Key Management Personnel		
Short term employee benefits	2,173,303	1,543,294
Post employment benefits	128,423	85,427
Share based payments	610,039	1,425,908
	2,911,766	3,054,629

Detailed remuneration disclosures are provided in the remuneration report included in the Director's Report.

Equity instrument disclosures relating to key management personnel

i. Options provided as remuneration and shares

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options can be found in the audited Remuneration Report of the Directors Report.

5. Key Management Personnel Compensation (continued)

ii. Option holdings

The number of options over ordinary shares in the Company held during the financial year by Key Management Personnel is set out below.

2013	Balance 1.7.2012	Granted as Compensation(1)	Net Change Other(2)	Balance 30.6.2013	Vested and Exercisable	Unvested
Mr A Dixon AM	750,000	-	-	750,000	750,000	-
Mr P Thick	-	2,300,000	-	2,300,000	-	2,300,000
Mr S Willis	4,000,000	-	-	4,000,000	4,000,000	-
Dr M Hagan	2,750,000	-	-	2,750,000	2,750,000	-
Mr C Sadler	-	300,000	-	300,000	-	300,000
Mr M Gracey	2,750,000	-	-	2,750,000	2,750,000	-
Mr K Aitken	-	750,000	-	750,000	-	750,000
Mr D Hansen-Knarhoi	750,000	-	-	750,000	750,000	-
Mr P Achour	300,000	-	-	300,000	300,000	-
Mr B Walker	600,000	-	(600,000)	-	-	-
	11,900,000	3,350,000	(600,000)	14,650,000	11,300,000	3,350,000

2012	Balance 1.7.2011	Granted as Compensation	Net Change Other	Balance 30.6.2012	Vested and Exercisable	Unvested
Mr A Dixon AM	-	750,000	-	750,000	450,000	300,000
Mr S Willis	5,250,000	4,000,000	(5,250,000)	4,000,000	2,500,000	1,500,000
Dr M Hagan	7,250,000	2,750,000	(7,250,000)	2,750,000	1,750,000	1,000,000
Mr I Paton	2,000,000	-	(2,000,000)	-	-	-
Mr C Sadler	-	-	-	-	-	-
Mr M Gracey	1,000,000	1,750,000	-	2,750,000	1,600,000	1,150,000
Mr D Hansen-Knarhoi	-	750,000	-	750,000	450,000	300,000
Mr P Achour	-	300,000	-	300,000	-	300,000
Mr B Walker	-	600,000	-	600,000	-	600,000
	15,500,000	10,900,000	(14,500,000)	11,900,000	6,750,000	5,150,000

Notes:

(1) Following shareholder approval at the 2012 AGM, on 12 December 2012 the Company issued a total of 300,000 unlisted options as part of an incentive component of an employment agreement for the Non-Executive roles to each of Mr P Thick and Mr C Sadler. The options have been issued in different tranches and 50 per cent have an exercise price of 39.0 cents and the balance have an exercise price of 44.0 cents. All options expire on 12 December 2015 if not exercised before. The options are non-transferrable and cannot be exercised until such time as employment periods of 12 and 24 months have been served.

On 14 August 2012, the Company issued a total of 750,000 unlisted options as part of an incentive component of an employment agreement for the senior executive role of General Manager Operations & Engineering, Mr K Aitken. The options have been issued in different tranches and 50 per cent have an exercise price of 74.5 cents and the balance have an exercise price of 83.5 cents. All options expire on 14 August 2015 if not exercised before. The options are non-transferrable and cannot be exercised until such time as employment periods of 12 and 24 months have been served.

In relation to Mr P Thick's options it is proposed that 2,000,000 unlisted options will be issued as part of an incentive component of his employment agreement as Managing Director, subject to shareholder approval at the 2013 AGM. The options will be issued in different tranches and 50 per cent have an exercise price of 40.0 cents and the balance will have an exercise price of 50.0 cents. All options will expire on 1 April 2016 if not exercised before. The options will be non-transferrable and cannot be exercised until such time as employment periods of 12 and 24 months have been served.

All options were issued under the terms of the Company's Employee Share Option Scheme. Provision also exists for immediate lapse in the event employment is terminated for fraud or wilful misconduct.

(2) Mr B Walker ceased to be KMP on 31 May 2013.

5. Key Management Personnel Compensation (continued)

iii. Incentive Rights holdings

The number of Incentive Rights in the Company held during the financial year by Key Management Personnel are set out below.

2013	Type of Rights	Balance 1.7.2012	Granted as Compensation	Net Change Other	Balance 30.6.2013	Vested	Balance held nominally at 30.6.2013
Mr A Dixon AM	-	-	-	-	-	-	-
Mr P Thick	-	-	-	-	-	-	-
Mr S Willis	-	-	-	-	-	-	-
Dr M Hagan	-	-	-	-	-	-	-
Mr C Sadler	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Mr M Gracey	Performance	-	384,000	-	384,000	-	384,000
	Retention	-	96,000	-	96,000	-	96,000
Mr D Hansen-Knarhoi	Performance	-	440,000	-	440,000	-	440,000
	Retention	-	110,000	-	110,000	-	110,000
Mr P Achour	Performance	-	280,000	-	280,000	-	280,000
	Retention	-	70,000	-	70,000	-	70,000
Mr K Aitken	Performance	-	592,000	-	592,000	-	592,000
	Retention	-	148,000	-	148,000	-	148,000
		-	2,120,000	-	2,120,000	-	2,120,000

(iv) Share holdings

The number of shares in the Company held during the financial year by Key Management Personnel of the Group is set out below.

2013	Balance 1.7.2012	Options Exercised	Granted as Compensation[1]	Net Change Other[2]	Balance 30.6.2013	Balance held nominally at 30.6.2013
Mr A Dixon AM	86,000	-	-	135,212	221,212	221,212
Mr P Thick	-	-	-	650,000	650,000	650,000
Mr S Willis	11,130,762	-	-	-	11,130,762	11,130,762
Dr M Hagan	4,588,893	-	-	(500,000)	4,088,893	4,088,893
Mr C Sadler	100,000	-	-	-	100,000	100,000
Mr K Aitken	-	-	-	-	-	-
Mr M Gracey	87,786	-	123,601	10,000	221,387	221,387
Mr D Hansen-Knarhoi	80,000	-	89,399	-	169,399	169,399
Mr P Achour	-	-	40,410	-	40,410	40,410
Mr B Walker	-	-	-	-	-	-
	16,073,441	-	253,410	295,212	16,622,063	16,622,063

2012	Balance 1.7.2011	Options Exercised	Granted as Compensation	Net Change Other	Balance 30.6.2013	Balance held nominally at 30.6.2012
Mr A Dixon AM	36,000	-	-	50,000	86,000	86,000
Mr S Willis	8,270,864	5,250,000	234,898	(2,625,000)	11,130,762	11,130,762
Dr M Hagan	2,166,456	7,250,000	234,898	(5,062,461)	4,588,893	4,588,893
Mr I Paton	1,000,000	2,000,000	-	(300,000)	-	-
Mr C Sadler	-	-	-	100,000	100,000	100,000
Mr M Gracey	10,000	-	77,786	-	87,786	87,786
Mr M Clements	420,000	-	-	(420,000)	-	-
Mr D Hansen-Knarhoi	-		-	80,000	80,000	80,000
	11,903,320	14,500,000	547,582	(10,877,461)	16,073,441	16,073,441

5. Key Management Personnel Compensation (continued)

Notes:

(1) On 15 August 2012, the Company allotted and issued 123,601, 89,399, and 40,410 fully paid ordinary shares (Shares) to Mr Gracey, Mr Hansen-Knarhoi and Mr Achour under the Employee Share Plan (Share Plan) that was the legacy LTI scheme applicable in relation to 2012 performance.

New Standard has provided interest free limited recourse loans for the full amounts to purchase these Shares on the terms set out in the Share Plan (Loan), and the loans are repayable in full by 31 December 2014 (Loan Repayment Date). As set out in the Share Plan, all or part of the Loan may be repaid prior to the Loan Repayment Date. The issued Shares are subject to certain restrictions, including restrictions on transfer until the Loan is repaid in full. In addition, the Loan must be repaid early in certain circumstances as set out in the Share Plan.(Notes 21 and 27)

Under the revised remuneration policy the Employee Share Plan and provision of interest free limited recourse loans has ceased.

(2) Mr Dixon purchased 14,000 shares on 4 December 2012 and 121,212 shares on 8 May 2013, through on-market trades.

Mr Thick purchased 100,000 shares on 20 August 2012 from Dr Hagan through an off-market trade, 60,000 shares on 12 December 2012, 240,000 shares on 2 April 2013 and 250,000 shares on 15 April 2013 all through on-market trades.

On 20 August 2012, Dr Hagan sold 100,000 shares to Mr Thick through an off-market trade and 400,000 shares through an on-market trade, for tax planning purposes.

Mr Gracey purchased 10,000 shares on 11 September 2012 through an on-market trade.

Other transactions with key management personnel

Other than above there have been no transactions with related parties during the year other than loans between subsidiaries

6. Auditors Remuneration

	2013 $	2012 $
Auditor of the Parent Entity –		
(a) Audit services		
BDO Audit (WA) Pty Ltd	57,890	55,609
	57,890	55,609

7. Trade And Other Receivables

	2013	2012
Current		
Goods and services tax recoverable	12,671	31,844
Prepayments	80,227	270,313
Research & Development Tax Concession	-	493,951
Receivables from Joint Ventures	207,462	535,744
Other	415,258	365,978
	715,618	1,697,830

The average credit period on trade and other receivables is 30 days. No interest is charged on prepayments and 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. None of the receivables are past due or impaired. Refer to note 23 for the Group's risk management objectives and policies.

8. Available For Sale Financial Assets

	2013 $	2012 $
Listed securities		
Equity securities	536,915	48,551,637

During the year ending 30 June 2013, the Company sold 5 million Buru Energy Ltd (ASX: BRU) shares at a price of $3.18 per share and 10 million Buru shares at a price of $2.74 per share. This represents a full divestment of the Company's shareholding in Buru.

The fair value of available for sale securities is based on quoted market price at the end of the reporting period. The quoted market price used for available for sale financial assets held by the Group is the current bid price which as at 30 June 2013 $0.014 (30 June 2012: $0.046) for Elixir Petroleum Ltd (ASX: EXR). Refer to note 23 for the Group's risk management objectives and policies.

During the 2013 financial year the Company has been monitoring the market value of Elixir shares and has identified a decline in value over a prolonged period. As such, in accordance with AASB 139 the Company has recorded an impairment of $1,713,085 and has recognised this in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

9. Exploration And Evaluation Expenditure

	2013 $	2012 $
Movement in Exploration and Evaluation Expenditure		
Balance at beginning of the year	16,799,094	12,493,737
Expenditure incurred	28,571,493	6,959,308
Expenditure impaired(2)	(5,177,472)	-
Foreign exchange movement	273,351	-
Expenditure recovered(1)	(2,367,492)	(2,653,951)
Balance at end of the year	38,098,974	16,799,094

The exploration expenditure incurred during the period relates to the Company's oil and gas permits and application areas in Australia and working interest in the Colorado County Project in onshore Texas.

The Board assesses impairment of all exploration expenditure at each reporting date by evaluating the conditions specific to the Company and to the particular asset lead to impairment. These include if substantive expenditure has been incurred on exploration and evaluation of resources and this has not led to the discovery of commercially viable quantities of resources or sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. The ultimate recoupment of exploration expenditure carried forward is dependent on successful development and exploitation, or alternatively sale, of the respective area of interest.

Notes:

(1) The Company received a Research & Development Tax Concession claim for $2,247,002 relating to applicable works undertaken in the year ended 30 June 2012 in the Canning and Carnarvon Basins.

The Company received $120,490 on 28 March 2013 from sale of Moeller leases.

(2) Based on a review of the carrying value of capitalised exploration expenditure on each area of interest, $5,177,472 of exploration expenditure has been written off in the current reporting period in relation to the Moeller, Wharton County, Colorado County and NE Altair assets in USA.

10. Development Assets

	2013 $	2012 $
Development assets		
At cost	1,715,344	1,968,020
Accumulated amortisation	-	-
Net carrying value	1,715,344	1,968,020

10. Development Assets (continued)

Development assets

2013	Tangible Costs $	Intangible Costs $	Total $
Cost			
At 1 July 2012	806,494	1,161,526	1,968,020
Additions	285,462	168,372	453,834
Impairment	(205,973)	-	(205,973)
Revenue offset	-	(688,108)	(688,108)
Foreign exchange movement	76,867	110,705	187,572
At 30 June 2013	962,849	752,495	1,715,344
Net carrying value			
At 1 July 2012	806,494	1,161,526	1,968,020
At 30 June 2013	962,849	752,495	1,715,344
2012			
Cost			
At 1 July 2011	796,173	1,671,075	2,467,248
Additions	10,321	842,007	852,328
Revenue offset	-	(1,351,556)	(1,351,556)
At 30 June 2012	806,494	1,161,526	1,968,020
Net carrying value			
At 1 July 2011	796,173	1,671,075	2,467,248
At 30 June 2012	806,494	1,161,526	1,968,020

Based on a review of the carrying value of capitalised development expenditure on each area of interest, $205,973 of development expenditure has been written off in the current reporting period in relation to the Brasher # 1 well within the Colorado County asset in USA.

The ultimate recoupment of development assets carried forward is dependent on successful development and exploitation, or alternatively sale, of the respective area of interest

11. Property, Plant And Equipment

	2013 $	2012 $
Property, plant and equipment	1,389,281	613,545
Accumulated depreciation	(317,157)	(158,106)
Net book amount	1,072,124	455,439

Year ended 30 June 2013	Furniture and equipment $	Motor Vehicles $	Leasehold Improvements $	Total $
Opening net book amount	196,553	256,706	2,180	455,439
Additions	456,833	1,838	461,691	920,363
Disposals	(7,080)	-	(598)	(7,678)
Depreciation expense	(132,474)	(68,673)	(94,853)	(296,000)
Closing net book amount	513,833	189,871	368,420	1,072,124
Year ended 30 June 2012				
Opening net book amount	59,645	48,335	3,751	111,731
Additions	197,759	225,194	3,737	426,690
Disposals	(13,921)	-	(2,576)	(16,497)
Depreciation expense	(46,930)	(16,823)	(2,732)	(66,485)
Closing net book amount	196,553	256,706	2,180	455,439

12. Trade And Other Payables

	2013 $	2012 $
Current		
Trade payables	752,181	262,410
Sundry payables and accrued expenses	1,651,689	593,735
	2,403,870	856,145

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. Refer to note 23 for the Group's risk management objectives and policies.

13. Current Liabilities – Borrowings

	2013 $	2012 $
Current		
Finance lease-vehicle	73,667	74,805

Finance leases have been taken out on the purchase of four vehicles. These vehicles have been separated into current and non-current liabilities as required by AASB117.

14. Other Non-Current Liabilities

	2013 $	2012 $
Non-current		
Finance lease-vehicle	122,300	195,967

Finance leases have been taken out on the purchase of four vehicles. These leases have been separated into current and non-current liabilities as required by AASB117.

15. Non-Current Liabilities – Deferred Tax Liability

	2013 $	2012 $
Income statement		
Accrued revenue/income	56,758	42,357
Property, plant & equipment	11,771	15,070
Foreign currency translation	170,805	109,779
Capitalised exploration expenditure	15,623,934	5,630,134
Other	1,216	-
Equity		
Financial assets held for sale	-	13,289,842
	15,864,483	19,087,182
Deferred tax assets recognised		
Unused tax losses		
- Australia	(2,106,831)	(7,296,710)
- US	(1,035,767)	(1,498,960)
Unexpired capital raising costs	(322,776)	(421,550)
Accrued income/revenue	-	(42,357)
Deductible temporary differences	(2,449,639)	(197,392)
Total deferred tax assets	(5,915,013)	(9,456,969)
Net deferred tax liability	9,949,470	9,630,213
Reconciliation of movement in deferred tax liabilities:		
Opening balance	9,630,213	-
Debited (credited) to income statement	13,609,099	(3,659,629)
Debited (credited) to equity	(13,289,842)	13,289,842
Closing balance	9,949,470	9,630,213

16. Issued Capital

	2013 $	2012 $
305,331,847 fully paid ordinary shares (2012: 305,022,751)	53,626,937	53,626,937

(a) Fully paid ordinary shares

2013	No.	$
Balance at beginning of financial year	305,022,751	53,626,937
On 15 August 2012, issue of shares pursuant to employee share plan	309,096	-
Balance at end of financial year	305,331,847	53,626,937
2012		
Balance at beginning of financial year	198,975,169	24,226,520
Fully Paid ordinary shares issued pursuant to;		
- Share Purchase Plan (i)	13,333,333	4,000,000
- Placement (i)	76,666,667	23,000,000
- On 20 July 2011, issue of shares following the exercise of 1,000,000 20c options	1,000,000	200,000
- On 5 October 2011, issue of shares pursuant to employee share plan	77,786	-
- On 15 December 2011, issue of shares pursuant to employee share plan	469,796	-
- On 10 January 2012, issue of shares following exercise of 750,000 22.5c options.	750,000	168,750
- On 24 February 2012, issue of shares following the exercise of 250,000 22.5c options and 250,000 27.5c options.	500,000	125,000
- On 23 March 2012, issue of shares following exercise of 500,000 27.5c options.	500,000	137,500
- On 14 May 2012, issue of shares following exercise of 250,000 27.5c options.	250,000	68,750
- On 1 June 2012, issue of shares following exercise of 6,250,000 22.5c options and 6,250,000 27.5c options.	12,500,000	3,125,000
Less: Issue costs	-	(1,424,583)
Balance at end of financial year	305,022,751	53,626,937

(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

Information on options and incentive rights granted to Directors and employees as remuneration during the period including the Long Term Incentive Plan (LTIP) are disclosed in Note 27 of the consolidated financial statements.

17. Reserves And Accumulated Losses

	2013 $	2012 $
Available for sale financial assets reserve	-	30,461,795
Share based payments reserve	3,964,386	3,224,335
Foreign currency translation reserve	(924,220)	(1,467,508)
	3,040,166	32,218,622

(a) Movements in available for sale financial assets reserve

	2013 $	2012 $
Balance at beginning of year	30,461,795	7,275,000
Revaluation of financial assets available for sale	-	36,476,637
Impairment of financial assets available for sale	(30,461,795)	-
Deferred tax liability	-	(13,289,842)
Balance at end of year	-	30,461,795

Nature and purpose of reserve

The available for sale investments revaluation reserve represents the unrealised gain or loss on the market value of available for sale financial assets

(b) Movements in share based payments reserve

	2013 $	2012 $
Balance at the beginning of the year	3,224,335	1,774,034
Add: Issue of options		
- Directors	229,839	1,033,863
- Employees	510,212	416,438
Balance at the end of year	3,964,386	3,224,335

Nature and purpose of reserve

The share based payments reserve represents the value of options issued to employees, directors and promoters.

(c) Movements in foreign currency translation reserve

	2013 $	2012 $
Balance at the beginning of the year	(1,467,508)	(1,817,308)
Unrealised gain/(loss) on translation of foreign operation	543,288	349,800
Balance at the end of the year	(924,220)	(1,467,508)

Nature and purpose of reserve

The foreign currency translation reserve represents the unrealised gain or loss upon translation of subsidiaries with a different functional currency.

(d) Movements in accumulated losses

	2013 $	2012 $
Balance at the beginning of the year	(2,239,814)	(2,444,943)
Net profit/(loss) attributable to members of the Company	16,699,068	205,129
Balance at the end of the year	14,459,254	(2,239,814)

18. Dividends

There have been no dividends paid or proposed in the 2012 or 2013 financial years.

19. Commitments for Expenditure

Exploration permits and tenements – commitments for expenditure

In order to maintain current rights of tenure to Australian exploration permits and tenements, the Group's required to outlay rentals and to meet the minimum expenditure requirements established with the Western Australian Department of Mines and Petroleum (DMP). Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be mitigated or reduced by sale, farm out or relinquishment. These work commitments or obligations are not provided for in the accounts but are to be incurred as outlined below:

	2013 $	2012 $
Not longer than 1 year	23,368,378	5,931,719
Longer than 1 year and not longer than 5 year	38,817,500	42,630,000
Longer than 5 years	625,000	5,100,000
	62,810,878	53,661,719

Australian Exploration Permits

Southern Canning Project

The above commitments reflect minimum work programs and costs as required by the DMP. Additional commitments or liabilities may arise from time to time in relation to rehabilitation requirements following the completion of certain exploration activities however no such commitments or liabilities are sufficiently identifiable to warrant specific disclosure at the reporting date given the inherent uncertainties involved.

On 30 September 2011, the Company announced that it had executed a binding farm-out agreement with ConocoPhillips (Canning Basin) Pty Ltd (COP) to explore and evaluate the shale gas potential of the Southern Canning Project in the Canning Basin, Western Australia. Under the farm-out agreement it is anticipated that, subject to completion of the farm-in work contemplated under the agreement, the expenditure commitments relating to EPS 443, 450, 451 and 456 will be substantially met by COP via it's funding of up to US$119m over four phases of shale exploration work to earn and retain a 75 per cent interest in the Southern Canning Project.

On 11 July 2013, the Company announced that that China's largest energy company, PetroChina Company Limited (PetroChina), received Chinese and Australian Government approval to proceed with acquiring a 29 per cent interest from ConocoPhillips in the Southern Canning Project.

The Company drilled two wells (Nicolay-1 in EP456 and Gibb Maitland-1 in EP450) in the Canning Basin as part of Phase 1 of the Southern Canning Project. Data from these two wells have been used in further defining the resource structure and potential and in determining the best possible target for the third well in Phase 1 of this project.

A request to the DMP has been made to recognise the suspended Gibb Maitland-1 well as having met the permit year 3 commitment for permit EP450. New Standard expects the request to be granted, however at the date of this report the outcome has not been finalised so the commitment remains incorporated in the above table.

Merlinleigh Project

On 13 August 2012, the Company announced that it had converted its Merlinleigh Special Prospecting Authority acreage to granted exploration permits EPS 481 and 482. The above table incorporates the expenditure commitments associated with the grant of EPS 481 and 482.

On 3 July 2013, the Company announced it signed a Drilling Services Agreement (DSA) for a firm two well program with the option for an additional two wells at New Standard's election. The DSA is subject to final approvals, drilling will commence at the Company's Merlinleigh Project in the onshore Carnarvon Basin in late 2013, to be followed by up to three wells in the Canning Basin after the wet season in mid-2014.

US Exploration Permits

United States oil and gas exploration working interests do not have minimum expenditure requirements and due to the expenditure being largely discretionary there are no amounts included in the above table.

Leases

The Company entered into a five year operating lease agreement effective 1 December 2012 for the corporate head offices at Level 2, 7 Ventnor Avenue, West Perth. The lease obligation is not provided for in the Consolidated Statement of Financial Position but is to be incurred as outlined below.

	2013 $	2012 $
Not longer than 1 year	237,705	131,826
Longer than 1 year and not longer than 5 year	812,159	59,063
Longer than 5 years	-	-
	1,049,864	190,889

20. Segment Reporting

Segment results

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June 2013 are as follows:

30 June 2013	Australia Oil and Gas Exploration $	United States Oil and Gas Exploration $	Total $
Total Segment Revenues	-	-	-
Profit Before Tax	-	(5,383,445)	(5,383,445)
Total Segment Assets	37,020,807	2,793,511	39,814,318
Total Segment Liabilities	-	-	-
30 June 2012			
Total Segment Revenues	-	-	-
Profit Before Tax	-	-	-
Total Segment Assets	11,055,429	7,711,685	18,767,114
Total Segment Liabilities	(26,909)	(15,000)	(41,909)

Australia - oil and gas exploration

Canning Basin comprises of exploration associated with the Group's interests in oil and gas permits in the Canning Basin including EP 417, 443, 450, 451 & 456.

Carnarvon Basin comprises of exploration associated with the Group's interests in oil and gas permits in the Carnarvon Basin namely in the Merlinleigh Project (EP481 and EP482).

United States - oil and gas exploration

Colorado Country comprises of exploration expenditure associated with the Group's working interest in oil and gas projects in the Colorado County Project in Texas, U.S.A. including the Heintschel #1, Heintschel #2, D Truchard #1 and Joann #1 wells.

(a) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Managing Director is measured in a manner consistent with that in the statement of profit or loss and other comprehensive income.

Revenues from external customers are derived from the sale of gas. However these are minimal and therefore there are no major customers to report.

Segmented revenue reconciles to total revenue from continuing operations as follows:

	2013 $	2012 $
Total Segment Revenue	-	-
Interest revenue	1,969,310	814,536
Other income	33,166	29,541
Total revenue from continuing operations (note 2)	2,002,476	844,077

20. Segment Reporting (continued)

A reconciliation of adjusted segment loss to profit/loss before income tax from continuing operations is provided as follows:

	2013 $	2012 $
Adjustment segment profit/(loss) per above segments	(5,383,445)	-
Intersegment eliminations	-	-
Interest	1,969,310	814,536
Gain on available-for-sale financial assets	40,588,300	-
Share based payments	(740,051)	(1,450,301)
Depreciation	(296,000)	-
Impairment of available for sale financial assets	(1,713,085)	-
Other non-segment and corporate	(4,116,862)	(2,818,735)
Profit/(loss) before income tax from continuing operations	30,308,168	(3,454,500)

(ii) Segment assets

The amounts provided to the Managing Director with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Investment in shares (classified as available-for-sale financial assets) held by the Group are not considered to be segment assets but rather managed by the corporate office.

Reportable segment assets are reconciled to total assets as follows:

	2013 $	2012 $
Segment assets	39,814,318	18,767,114
Unallocated:		
Available-for-sale financial assets	536,915	48,551,637
Cash	41,536,690	24,890,855
Other non-segment and corporate	1,787,742	2,153,269
Total assets as per the statement of financial position	83,675,665	94,362,875

(iii) Segment liabilities

The amounts provided to the Managing Director with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segment liabilities are reconciled to total liabilities as follows:

	2013 $	2012 $
Segment liabilities	-	-
Unallocated:		
Other non-segment and corporate	12,549,307	10,757,130
Total liabilities as per the statement of financial position	12,549,307	10,757,130

21. Related Party Disclosures

(a) Key Management Personnel compensation

Disclosures relating to Options and Rights issued to Key Management Personnel are set out at Notes 5 and 27.

(b) Transactions with related parties loans

Other than loans to subsidiary companies, there have been no additional transactions with related parties.

	2013 $	2012 $
Share based payments(i)	56,409	72,138
	56,409	72,138

Note:

(i) On 15 August 2012, the Company issued the following fully paid ordinary shares, funded via non-recourse loans, pursuant to the Employee Share Plan to Key Management Personnel (**KMP**). All loans are outstanding at balance date.

Name	Title	No. of Shares	Non-recourse Loan Value ($)	Fair Value at Grant Date ($)	Interest
Mr Gracey	Head of Commercial, Legal & Indigenous Affairs	123,601	67,500	27,514	Interest not charged
Mr Hansen-Knarhoi	CFO & Joint Company Secretary	89,399	48,822	19,900	Interest not charged
Mr Achour	HSE Manager	40,410	22,069	8,995	Interest not charged
		253,410	138,391	56,409	

The fair values were calculated using the Black-Scholes pricing model that took into account the term, the underlying value of the shares, the exercise price, the expected dividend yield, the impact of dilution and the risk-free interest rate.

Model inputs used to value the share options granted included:

- exercise price: $0.5461 per share
- market price of shares at grant date: $0.56
- expected volatility of the Company's shares: 80 per cent
- risk-free interest rate: 2.94 per cent
- time to maturity: 2.38 years
- dividend yield: zero per cent

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2013

22. Notes to the Cash Flow Statements

	2013 $	2012 $
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 cash flow statements are reconciled to the related items in the statement of financial position as follows:		
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents	41,536,690	24,890,855
(b) Reconciliation of net profit after tax to net cash flows from operating activities		
Profit after income tax	16,699,068	205,129
Non-cash expenditure:		
Share based payments	740,051	1,450,301
Gain on sale of financial assets	(40,588,300)	-
Loss on sale of fixed assets	7,678	16,497
Impairment of exploration expenditure	5,383,445	-
Impairment of Available for Sale Financial Assets	1,713,085	-
Depreciation	296,000	66,485
Unrealised foreign exchange gain	1,924	(5,839)
Bad Debt written down	-	449
Income tax expense	13,609,099	(3,659,629
(Increase)/decrease in assets:		
Receivables	317,049	(1,066,509)
Other current assets	-	20,134
Increase/(decrease) in liabilities:		
Current payables	394,913	(131,523)
Net cash used in operating activities	(1,425,988)	(3,104,505)

The Group's principal financial instruments comprise cash and cash equivalents and also includes available for sale financial assets and payables. The main purpose of these financial instruments is to finance the Group's operations. The Group 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 Group's policy is that no trading in financial instruments shall be undertaken.

The main risks arising from the consolidated entity's financial instruments are currency risk, credit risk, price risk, liquidity risk and cash flow interest rate risk. The Board reviews and agrees policies for managing each of these risks.

23. Financial Risk Management Objectives and Policies

(a) Cash flow interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group'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 Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount of the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group 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.

A sensitivity analysis has not been disclosed in relation to variable rate instruments for Group as the results are immaterial to the statement of profit or loss and other comprehensive income.

		Float Interest Rate		Total Carrying Amount	
		2013	2012	2013	2012
Financial Assets	Note	$	$	$	$
Cash at Bank	22 (a)	41,536,690	24,890,855	41,536,690	24,890,855
Total		41,536,690	24,890,855	41,536,690	24,890,855

(b) Liquidity risk

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

All trade payables are contractually due within 30 days.

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

	2013	2012
	$	$
Current Assets	42,789,223	75,140,322
Current Liabilities	(2,477,537)	(930,950)
Surplus	40,311,686	74,209,372

23. Financial Risk Management Objectives and Policies (continued)

(c) Currency risk

The Group has operations located in the United States where both revenues and expenditures are recorded. The statement of financial position can be affected by movements in the USD/AUD exchange rates upon translation of the US operations into AUD.

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency.

This risk arises as at times the Group is exposed to purchasing goods and services denominated in US dollars, which is unavoidable due to the nature of the working interest acquired in the US oil and gas permits.

The Company also has a joint venture with ConocoPhilips (Canning Basin) Pty Ltd (COP) to explore and evaluate the shale gas potential of the Southern Canning Project in the Canning Basin, Western Australia. Under the agreement, COP expenditure commitment limits have been set in US dollars. As associated expenditures are predominantly incurred in AUD, movements in the AUD/USD exchange rate exposes the Company to foreign exchange gains or losses when received funds are converted to AUD. To minimise this exposure, the Company entered into foreign exchange put option contract for the duration of the 2012/13 drilling program to protect against an upward movement in the AUD/USD exchange rate, and as such, a sensitivity analysis has not been performed. No foreign exchange hedge contracts were in place at year end.

(d) Fair value

The fair value of available for sale securities is based on quoted market price at the end of the reporting period. The quoted market price used for available for sale financial assets held by the Group is the current bid price.

The following tables classify financial instruments recognised in the statement of financial positions of the Group, according to the hierarchy stipulated in AASB 7 as follows:

Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - a valuation technique is used using other than quoted prices within Level 1 that are observable for the financial instrument either directly (i.e. as prices) or indirectly (i.e. derived from prices); or

Level 3 - a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

2013	Level 1 $	Level 2 $	Level 3 $	Total $
Available for sale financial assets				
Listed equity securities	536,915	-	-	536,915
2012				
Available for sale financial assets				
Listed equity securities	48,551,637	-	-	48,551,637

The fair value of financial instruments traded in active markets is based upon quoted market price at the end of the reporting period. The quoted market price is the quoted bid prices which are included in Level 1.

23. Financial Risk Management Objectives and Policies (continued)

(e) Credit risk

Credit risk is the potential that the Group will suffer a financial loss due to the unwillingness or inability of counterparty to fully meet their contractual debts and obligations. Credit risk arises from potential trading activities and holding cash. The carrying amount of financial assets represents the maximum credit exposure.

The Group trades only with recognised, credit worthy third parties and has apportioned cash reserves amongst several financial institutions. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings:

	2013 $	2012 $
Cash at Bank and short term bank deposits (AA-)	21,807,157	24,231,974
Cash at Bank and short term bank deposits (A)	729,533	658,881
Cash at Bank and short term bank deposits (BBB)	19,000,000	-
Total	41,536,690	24,890,855

Subsequent to financial year end, the amounts held in BBB deposits were transferred to AA- deposits.

(f) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group in other listed exploration companies and classified on the Statement of Financial Position as available-for-sale financial assets. The Group monitors its available-for-sale financial assets on a regular basis including daily monitoring of ASX listed prices and ASX releases.

The table below summarises the impact of a 10 per cent increase/decrease in the listed share price of available-for-sale financial assets on the pre-tax profit for the year and on equity

2013			
Impact on Pre-Tax Profit		Impact on Other Components of Equity	
Increase $	Decrease $	Increase $	Decrease $
-	(53,691)	53,691	-

(g) Capital risk management

The Group manages capital to ensure that the Group will be able to continue as a going concern. In order to maintain or adjust the capital structure, the Group may issue new shares.

The Group defines capital as equity and net debt.

The Group defines net debt as total borrowings less cash and equity as the sum of share capital, reserves and retained earnings (or accumulated losses) as disclosed in the statement of financial position.

The Board of Directors regularly monitors capital by reviewing its future operating cashflows to ensure it maintains an appropriate amount of capital to be able to meet its exploration programs. No formal targets are in place for return on capital, or gearing ratios as the Group has not derived any income from its exploration activities and currently has no debt facilities in place.

	2013 $	2012 $
Equity	71,126,358	83,605,745
Net Cash/(Debt)	41,340,723	24,620,083
Surplus	112,467,081	108,225,828

24. Earnings/(loss) per share

	2013 Cents Per Share	2012 Cents Per Share
Basic earnings/(loss) per share	5.49	0.08
Diluted earnings/(loss) per share	5.49	0.07

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

	$	$
Profit for the year	16,699,068	205,129

	2013 No.	2012 No.
Weighted average number of ordinary shares used in the calculation of basic EPS	304,446,205	254,509,608
Weighted average number of ordinary shares used in the calculation of diluted EPS	304,446,205	273,856,594

25. Interests in Joint Venture operations

The Consolidated Entity has an interest in the following joint ventures as at 30 June 2013 whose principal activities were oil and gas exploration.

Permit	2013 Interest	Operator
EP417	65%	New Standard Onshore Pty Ltd
EP443	25%	New Standard Onshore Pty Ltd
EP450	25%	New Standard Onshore Pty Ltd
EP451	25%	New Standard Onshore Pty Ltd
EP456	25%	New Standard Onshore Pty Ltd

The Consolidated Entity's interest in assets/liabilities venture operations are detailed below. The amounts are included in the financial statements under their respective categories.

	2013 $	2012 $
Current assets		
Cash and cash equivalents	10,245	5,296
Other current assets	-	95,678
Total current assets	10,245	100,974
Non-current assets		
Exploration expenditure	33,411,144	7,246,176
Total non-current assets	33,411,144	7,246,176
Share of total assets of joint venture operations	33,421,390	7,347,150
Income		
Interest	1,336	-
Total income	1,336	-
Share of net income from joint venture operations	1,336	-

Details of joint venture agreements entered into during the year are provided in the Review of Operations.

26. Subsidiaries

	Country of Incorporation	Ownership Interest 2013 %	Ownership Interest 2012 %
Name of Entity			
Parent Entity			
New Standard Energy Limited	Australia		
Subsidiaries			
New Standard Onshore Pty Ltd	Australia	100	100
New Standard Energy Inc	Delaware, USA	100	100

27. Share Based Payments

Employee Share Scheme

Outlined below is a summary of the key terms of the Company's Employee Share Plan. This plan was replaced in the year ended 30 June 2013 by the Executive Long Term Incentive Plan (LTIP). Refer to the Director's Report for further details on the structure of the LTIP.

a) Eligibility: Participants in the Plan may be Directors, full-time and part-time employees of the Company or any of its subsidiaries (Participants).

b) Administration of plan: The Board is responsible for the operation of the Plan and has a broad discretion to determine which Participants will be offered Shares under the Plan.

c) Number of shares offered: The Board determines the number of Shares offered to Participants in the Plan having regard to:

(i) the seniority of the Participant and the position the Participant occupies with the Company or any Subsidiary;

(ii) the length of service of the Participant with the Company and its Subsidiaries;

(iii) the record of employment of the Participant with the Company and its Subsidiaries;

(iv) the potential contribution of the Participant to the growth and profitability of the Company and its Subsidiaries; and

(v) any other matters which the Board considers relevant.

(d) Offer: The Board may issue an offer to a Participant to participate in the Plan. The offer:

(i) will invite application for the number of Shares specified in the offer;

(ii) will specify the issue price for the Shares;

(iii) may invite applications for a loan up to the amount payable in respect of the Shares accepted by the Participant in accordance with the offer;

(iv) will specify any restriction conditions applying to the Shares;

(v) will specify an acceptance period; and

(vi) specify any other terms and conditions attaching to the Shares.

e) Issue price: the issue price of each Share will be not less the volume weighted average price at which Shares were traded on the ASX over the 5 trading days up to and including the trading day before the date of the offer.

f) Restriction conditions: Shares may be subject to restriction conditions (such as a period of employment) which must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the Plan.

27. Share Based Payments (continued)

g) Loan: A Participant who is invited to subscribe for Shares may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted by the Participant (Loan), on the following terms:

(i) the Loan will be interest free;

(ii) the Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares;

(iii) the Loan repayment date and the manner for making such payments shall be determined by the Board and set out in the offer;

(iv) a Participant must repay the Loan in full by the loan repayment date but may elect to repay the Loan amount in respect of any or all of the Shares at any time prior to the loan repayment date;

(v) the Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Plan; and

(vi) a Loan will be non-recourse except against the Shares held by the Participant to which the Loan relates.

h) Unsatisfied restriction condition: Where a restriction condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company must, unless the Restriction Condition is waived by the Board:

(i) arrange to sell the Shares as soon as reasonably practicable either on the ASX or to an investor who falls within an exemption under Section 708 of *Corporations Act 2001* provided that the sale must be at a price that is no less than 80 per cent of the volume weighted average price at which Shares were traded on the ASX on the 10 trading days before the sale date;

(ii) apply the sale proceeds (Sale Proceeds) in the following priority:

A. first, to pay the Company any outstanding Loan Amount (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares; and

B. second, to the extent the Sale Proceeds are sufficient, to repay the Participant any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant. The Participant acknowledges that the Company is not liable to repay the Participant any cash consideration or Loan Amount repayments except to the extent covered by the remaining Sale Proceeds; and

C. lastly, any remainder to the Company to cover its costs of managing the Plan

i) Sale of shares to repay loan:

(i) A Loan shall become repayable in full where:

A. the Participant (or, where the Participant is an Associate of an Eligible Employee, the Eligible Employee) ceases to be an Eligible Employee for any reason (including death);

B. the Participant suffers an event of insolvency;

C. the Participant breaches any condition of the Loan or the Plan; or

D. a Restriction Condition in relation to Shares subject to the Loan is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board (and is not waived).

(ii) Where a Loan becomes repayable and at that time a Restriction Condition in relation to Shares subject to the Loan is not satisfied, or is incapable of being satisfied in the opinion of the Board (and is not waived), the Shares must be sold and the Sale Proceeds applied to repay the Loan in accordance to the Plan.

(iii) Where a Loan in relation to Shares becomes repayable and at that time Restriction Conditions in relation to the Shares have either been satisfied or are waived, the Company must give the Participant a 30 day period to repay the Loan, failing which the Company must sell the Shares and apply the Sale Proceeds in accordance with the Plan.

j) Power of Attorney: The Participant irrevocably appoints the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the sale of the Participant's Shares in accordance with the Plan.

27. Share Based Payments (continued)

k) Plan limit: The Company must take reasonable steps to ensure that the number of Shares offered by the Company under the Plan when aggregated with:

   (i) the number of Shares issued during the previous five years under the Plan (or any other employee share plan extended only to Eligible Employees); and

   (ii) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted, does not exceed 5 per cent of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).

l) Restriction on transfer: Participants may not sell or otherwise deal with a Plan Share until the Loan Amount in respect of that Plan Share has been repaid and any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction.

m) Quotation on ASX: The Company will apply for each Plan Share to be admitted to trading on ASX upon issue of the Plan Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares.

n) Rights attaching to shares: Each Plan Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the Issue Date.

If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.

Expenses arising from share-based payment transactions	2013 $	2012 $
Shares issued to directors	-	60,929
Options issued to directors	229,839	972,934
Shares issued to key management personnel	56,409	11,210
Options issued to key management personnel	377,536	380,836
Incentive Rights issued to key management personnel	302	-
Shares issued to other employees	12,396	-
Options issued other employees	63,570	24,393
	740,051	1,450,302

27. Share Based Payments (continued)

Unlisted Options

Grant date	Expiry date	Exercise price $	Balance at start of the year No.	Granted during the year No.	Exercised during the year No.	Forfeited during the year No.	Balance at the end of the year No.	Vested and exercisable at end of the year No.
2013								
29 March 2011	30 June 15	0.225	500,000	-	-	-	500,000	500,000
29 March 2011	30 June 15	0.275	500,000	-	-	-	500,000	500,000
20 December 2011	20 December 2014	0.385	6,250,000	-	-	-	6,250,000	6,250,000
20 December 2011	20 December 2014	0.430	3,750,000	-	-	-	3,750,000	3,750,000
24 April 2012	24 April 15	0.810	300,000	-	-	-	300,000	300,000
24 April 2012	24 April 15	0.905	300,000	-	-	-	300,000	300,000
09 May 2012	09 May 2015	0.535	300,000	-	-	-	300,000	300,000
09 May 2012	09 May 2015	0.600	300,000	-	-	-	300,000	-
10 August 2012	10 August 2015	0.745	-	375,000	-	-	375,000	-
10 August 2012	10 August 2015	0.835	-	375,000	-	-	375,000	-
12 December 2012	12 December 2015	0.390	-	300,000	-	-	300,000	-
12 December 2012	12 December 2015	0.440	-	300,000	-	-	300,000	-
			12,200,000	1,350,000	-	-	13,550,000	11,900,000
Weighted Average exercise price			0.39	0.62	0.00	0.00	0.44	0.42

In addition to the above table, on 2nd April 2013, the Company proposed to issue 2,000,000 unlisted options to Mr P Thick as part of an incentive component of his employment agreement as Managing Director, subject to shareholder approval at the 2013 AGM. The options will be issued in different tranches and 50 per cent have an exercise price of 40.0 cents and the balance will have an exercise price of 50.0 cents. All options will expire on 1 April 2016 if not exercised before. The options will be non-transferrable and cannot be exercised until such time as employment periods of 12 and 24 months have been served.

Grant date	Expiry date	Exercise price $	Balance at start of the year No.	Granted during the year No.	Exercised during the year No.	Forfeited during the year No.	Balance at the end of the year No.	Vested and exercisable at end of the year No.
2012								
3 December 2009	30 June 2012	0.225	7,250,000	-	7,250,000	-	-	-
3 December 2009	30 June 2012	0.275	7,250,000	-	7,250,000	-	-	-
29 March 2011	30 June 2013	0.225	500,000	-	-	-	500,000	250,000
29 March 2011	30 June 2013	0.275	500,000	-	-	-	500,000	250,000
20 December 2011	20 December 2014	0.385	-	6,250,000	-	-	6,250,000	3,125,000
20 December 2011	20 December 2014	0.430	-	3,750,000	-	-	3,750,000	1,875,000
24 April 2012	24 April 2015	0.810	-	300,000	-	-	300,000	-
24 April 2012	24 April 2015	0.905	-	300,000	-	-	300,000	-
9 May 2012	9 May 2015	0.535	-	300,000	-	-	300,000	-
9 May 2012	9 May 2015	0.600	-	300,000	-	-	300,000	-
			15,500,000	11,200,000	14,500,000	-	12,200,000	5,500,000
Weighted Average exercise price			0.25	0.44	0.25	0.00	0.42	0.39

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 expected volatility has been based on the historic volatility (based upon the life of the option) adjusted for non-trading days and any expected changes to future volatility.

27. Share Based Payments (continued)

2013

Fair value at grant date of $0.745 and $0.835 options	$0.236 - $0.252
Share price	$0.550
Exercise price	$0.745 - $0.835
Expected volatility (expressed as a weighted average volatility used in the modeling under Black Scholes model)	80%
Option life (expressed as weighted average life used in the modeling under Black Scholes model)	3 years
Expected dividends	0%
Risk-free interest rate (based on government bonds)	2.73%
Fair value at grant date of $0.390 and $0.440 options	$0.147 - $0.156
Share price	$0.320
Exercise price	$0.390 - $0.440
Expected volatility (expressed as a weighted average volatility used in the modeling under Black Scholes model)	80%
Option life (expressed as weighted average life used in the modeling under Black Scholes model)	3 years
Expected dividends	0%
Risk-free interest rate (based on government bonds)	2.52%
Fair value at proposed date of $0.400 and $0.500 options, subject to shareholder approval at 2013 AGM	$0.055 - $0.064
Share price	$0.185
Exercise price	$0.400 - $0.500
Expected volatility (expressed as a weighted average volatility used in the modeling under Black Scholes model)	80%
Option life (expressed as weighted average life used in the modeling under Black Scholes model)	3 years
Expected dividends	0%
Risk-free interest rate (based on government bonds)	2.88%

2012

Fair value of share options and assumptions for the year ended 30 June 2012:	
Fair value at grant date of $0.385 and $0.430 options	$0.139 - $0.147
Share price	0.295
Exercise price	$0.385 - $0.430
Expected volatility (expressed as a weighted average volatility used in the modeling under Black Scholes model)	85%
Option life (expressed as weighted average life used in the modeling under Black Scholes model)	3 years
Expected dividends	0%
Risk-free interest rate (based on government bonds)	3.02%
Fair value at grant date of $0.810 and $0.905 options	$0.285 - $0.301
Share price	0.648
Exercise price	$0.810 - $0.905
Expected volatility (expressed as a weighted average volatility used in the modelling under Black Scholes model)	85%
Option life (expressed as weighted average life used in the modelling under Black Scholes model)	3 years
Expected dividends	0%
Risk-free interest rate (based on government bonds)	3.05%
Fair value at grant date of $0.535 and $0.600 options	$0.257 - $0.270
Share price	$0.500
Exercise price	$0.535 - $0.600
Expected volatility (expressed as a weighted average volatility used in the modelling under Black Scholes model)	85%
Option life (expressed as weighted average life used in the modelling under Black Scholes model)	3 years
Expected dividends	0%
Risk-free interest rate (based on government bonds)	2.62%

The fair value of services received in return for share options have been fair valued based upon the fair value of equity securities granted, measured using a Black Scholes model. The fair value of the options issued has been used, as the fair value of the services cannot be reliably measured.

27. Share Based Payments (continued)

Incentive Rights

The LTIP was introduced during the 2013 financial year with effect from 15 September 2013. Under the plan, the Board may offer Incentive Rights in the form of Performance Rights and Retention Rights to executives. During the 2013 financial year Performance Rights and Retention Rights were granted to executives as part of their remuneration packages. On the vesting date the performance rights will be tested against the absolute TSR criteria, and the retention rights tested against tenure criteria. Only those rights that satisfy the criteria will vest, and the remainder will immediately lapse. Refer to the Director's Report for further details on the structure of the LTIP.

The table below outlines movements in Incentive Rights during the 2013 financial year and the balance held by each executive as at 30 June 2013

Name	Grant Date	Type of Incentive Rights	Number of Incentive Rights	Fair Value of each Incentive Right ($)	Vesting Date
Mr D Hansen-Knarhoi	28/06/2013	Performance Rights	220,000	0.002	14/03/2014
	28/06/2013	Performance Rights	220,000	0.014	14/09/2015
	28/06/2013	Retention Rights	55,000	0.120	14/03/2014
	28/06/2013	Retention Rights	55,000	0.120	14/09/2015
Mr P Achour	28/06/2013	Performance Rights	140,000	0.002	14/03/2014
	28/06/2013	Performance Rights	140,000	0.014	14/09/2015
	28/06/2013	Retention Rights	35,000	0.120	14/03/2014
	28/06/2013	Retention Rights	35,000	0.120	14/09/2015
Mr K Aitken	28/06/2013	Performance Rights	296,000	0.002	14/03/2014
	28/06/2013	Performance Rights	296,000	0.014	14/09/2015
	28/06/2013	Retention Rights	74,000	0.120	14/03/2014
	28/06/2013	Retention Rights	74,000	0.120	14/09/2015
Mr M Gracey	28/06/2013	Performance Rights	192,000	0.002	14/03/2014
	28/06/2013	Performance Rights	192,000	0.014	14/09/2015
	28/06/2013	Retention Rights	48,000	0.120	14/03/2014
	28/06/2013	Retention Rights	48,000	0.120	14/09/2015
Total			2,120,000		

28. Contingencies

Following the Southern Canning Project drilling campaign in the 2012/13 financial year, Century Energy Services Pty Ltd (MBC) has made claims against the Company for various amounts under the Drilling Services Agreement (DSA) for a total of $4,054,440. All of the claims have been disputed by the Company and it does not believe based upon legal advice it has any liability with respect to the claims by reason of MBC'S breaches of the DSA. Further and in any event, the Company has claims against MBC in relation to the above breaches in excess of $4,054,440 which are still in the process of being quantified. The Company therefore has not recognised any provision with respect to this claim.

29. Parent Enitity Information

The following details information related to the parent entity, New Standard Energy Limited, as at 30 June 2013. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

There were no material contingent liabilities or assets for the parent entity as at 30 June 2013, or as at the date of the report, other than those already disclosed elsewhere in the report.

	2013 $	2012 $
Current Assets	41,387,111	73,198,756
Non-current assets	41,693,444	21,452,746
Total assets	83,080,555	94,651,502
Current liabilities	1,200,486	897,840
Non-current assets	10,157,955	9,826,180
Total liabilities	11,358,441	10,724,020
Contributed equity	62,786,779	62,786,779
Retained earnings/(Accumulated losses)	4,952,429	(12,563,947)
Reserves	3,982,906	33,704,649
Total equity	71,722,114	83,927,481
Profit for the year	17,516,376	727,929
Other comprehensive income for the year	(29,918,507)	36,476,637
Total comprehensive income for the year	(12,402,131)	37,204,566

30. Subsequent Events

On 3 July 2013, the Company announced it will resume drilling operations towards the end of 2013 after it signed a Drilling Services Agreement (DSA) for a firm two well program with the option for an additional two wells at New Standard's election. This arrangement will provide New Standard with flexibility as operator of all its joint ventures and projects to allocate drilling slots as exploration programs are firmed up over the coming 6-12 months. Subject to the DSA receiving final approvals, drilling will commence at the Company's Merlinleigh Project in the onshore Carnarvon Basin in late 2013, to be followed by up to three wells in the Canning Basin after the wet season in mid-2014.

On 13 August 2013, New Standard announced it had significantly increased its equity position in Elixir Petroleum Ltd (ASX:EXR) following its support of a $1.85 million entitlements issue completed by Elixir at a price of 1.2 cents per share. New Standard purchased 83,655,036 shares at a total cost of $1 million, and as a result increased its equity stake in Elixir from 13.7 per cent to 28.2 per cent. Subsequently New Standard director, Mr Sam Willis, has joined the Elixir board.

On 11 July 2013, the Company announced that that China's largest energy company, PetroChina Company Limited (PetroChina), has received Chinese and Australian federal government approval to proceed with acquiring a 29 per cent interest from ConocoPhillips in New Standard's joint venture in the Southern Canning Basin. The deal between PetroChina and ConocoPhillips had been closed by a cash payment, and PetroChina's full participation only awaits approval and registration by Western Australia's Department of Mines and Petroleum.

New Standard Energy increased its acreage position in Western Australia after being awarded a new exploration area in the northern Canning Basin by the Department of Mines and Petroleum following a successful bid submission for acreage release area L12-15. Exploration Permit Application STP-EPA-0092 covers an area of 3,305 subscript km^2. There are no work requirements for this area until Native Title and heritage negotiations are initiated and completed.

Other than the above, there has been no other matter or circumstance that has arisen since the end of the year that requires disclosure.

Shareholder Information

As at 23 September 2013

The shareholder information set out below was applicable as at 23 September 2013.

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	189	57,396	0.02%
1,001 - 5,000	489	1,576,924	0.52%
5,001 - 10,000	456	3,891,795	1.27%
10,001 - 100,000	1,578	63,165,790	20.69%
100,001 and over	403	236,639,942	77.50%
Total	3,115	305,331,847	100.00%

(b) There are 380 shareholders with less than a marketable parcel of ordinary shares.

2. Twenty Largest Shareholders

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

Shareholder	Holding	%
J P Morgan Nominees Aust Ltd	18,253,736	5.98
Buru Energy Ltd	18,057,930	5.91
National Nominees Ltd	12,297,639	4.03
Phoenix Props Int PL	9,508,453	3.11
TC Inv Pte Ltd	8,250,000	2.70
Willis Samuel J C & Willis C M	7,400,000	2.42
Young Alan	6,905,252	2.26
Harris Richard J & S E	5,650,834	1.85
Harris Richard & Susan	4,224,166	1.38
HSBC Custody Nominees Aust Ltd	3,899,803	1.28
Tilpa PL	3,700,000	1.21
Kensington Cap Mgnt PL	3,500,000	1.51
Carossa Holdings PL	3,150,000	1.03
Ice Cold Inv PL	2,500,000	0.82
J P Morgan Nominees Aust Ltd	2,402,157	0.79
Bayrunner PL	2,069,000	0.68
Young Robert	2,000,081	0.66
Xanadu WA PL	2,000,000	0.66
Don Martin Super PL	2,000,000	0.66
Grandor PL	2,000,000	0.66
Total	119,769,051	39.24

3. Substantial Shareholders

As at 23 September 2013, the Company has received substantial notices from the following shareholders:

Name of Shareholder	No of shares	% of Issued Capital at the Time of Notice
Acorn Capital Limited	19,831,543	7.01
Buru Energy Limited	18,057,930	5.91

Note: The above details may not reconcile to the information in the Twenty Largest Shareholders list as revised substantial shareholders notices had not been received by the Company as at 23 September 2013.

4. 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.

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