2014 Annual Report

NEW STANDARD ENERGY

The New Energy Frontier

Competent Person

The information in this report is based on information reviewed by Mr Greg Carlsen (MSc) who is a Petroleum Geologist and Geophysicist with more than 35 years' experience in the industry. Mr Carlsen is Exploration and Operations Manager at New Standard Energy and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Company Directory

Board of Directors
Arthur Dixon AM
(Non Executive Chairman)

Phil Thick (Managing Director)

Sam Willis (Executive Director)

Chris Sadler (Non-Executive Director)

H.C. Kip Ferguson III
(Non-Executive Director)

Greg Channon (Non-Executive Director)

Jeffrey Swanson
(Non-Executive Director)

Joint Company Secretaries
David Hansen-Knarhoi
Mark Clements

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Subiaco WA 6008

Legal Advisors
Murcia Pestell Hillard Pty Ltd
Suite 183, Level 6
580 Hay Street
Perth WA 6000

Share Registry
Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000

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.

Note: in this Annual Report, references to barrels of oil equivalent (BOE) have been calculated using a conversion factor for the gas component of the relevant figure of 6 million cubic feet of gas (MMcf) = 1,000 BOE

About New Standard Energy

New Standard Energy is an onshore hydrocarbon producer, developer and explorer with a commitment to develop and realise the oil and gas potential of the most prospective shale and tight gas basins in the US and Australia.

The Company's exploration and production program is active and extensive. It is underpinned and complemented by targeted corporate activity to take advantage of opportunities and to build an extensive pipeline of prospective projects. New Standard's Board has substantial technical and commercial experience in the oil and gas sector.

New Standard currently operates in four primary basins: Eagle Ford Shale, Texas, USA; Cooper, South Australia; and the Canning and Carnarvon, Western Australia.

Highlights

Corporate

- Completed successful transaction which transformed the company from a junior oil and gas explorer, into an explorer, developer and producer
    - Transaction received overwhelming shareholder support with in excess of 95 per cent voting in favour of the transaction
    - Welcomed Magnum Hunter Resources Corporation (NYSE: MHR) as a strategic business partner and largest shareholder to help drive development in the Eagle Ford and Cooper
- Secured US$45 million debt facility with middle market direct lending group Credit Suisse
- Welcomed three new members to the New Standard Board with the technical background and experience to support the Company's exploration and development projects

Eagle Ford drilling & production

- Secured acreage position within the Eagle Ford oil window
- Drilled, fracture stimulated and brought two wells into production, adding to existing five wells
    - Peeler Ranch-5H and 6H wells confirmed 30-day Initial Production rates of 417 and 374 barrels of oil equivalent per day respectively with oil cuts in excess of 90 per cent
    - From May 2014, up to the end of June, more than 27,000 barrels of oil equivalent were produced from the two wells

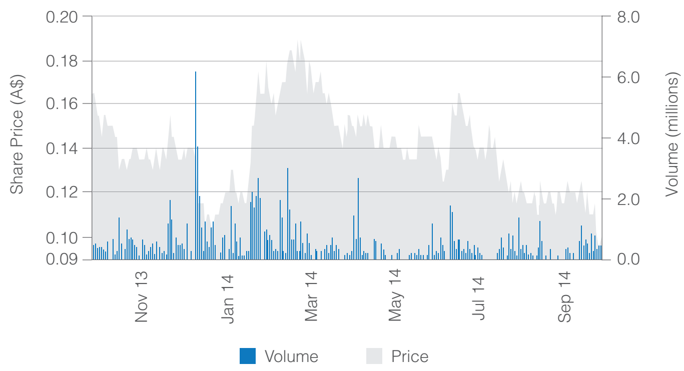
Cooper Basin

- New Standard has secured a 52.5% working interest in a 2,400 square kilometre foothold
- Provides New Standard the opportunity to access one of the few remaining substantial acreage positions within the Cooper Basin
    - PEL570 is part of a producing petroleum system and adjacent to pipeline infrastructure

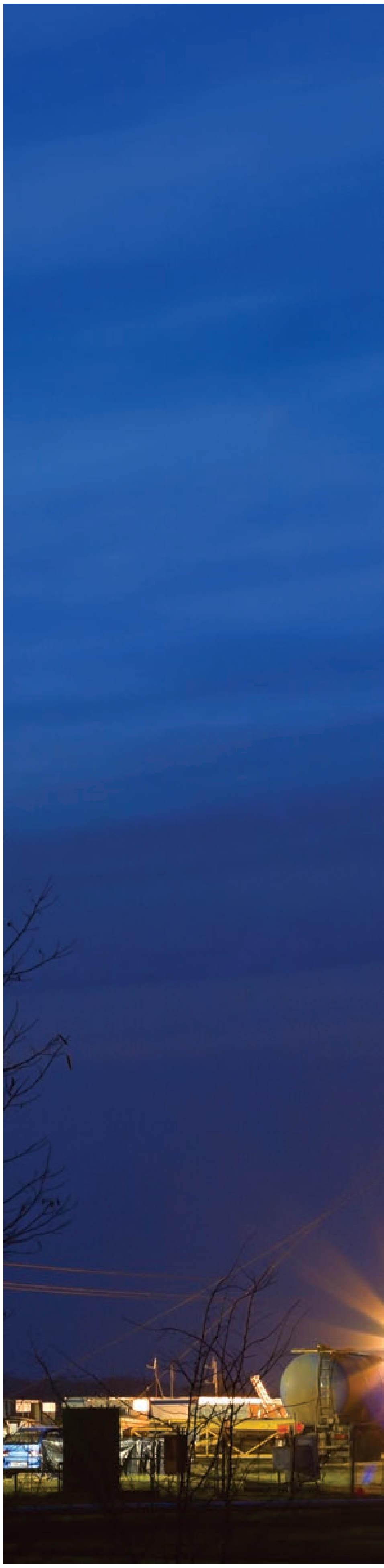
Western Australia

- All Western Australian drilling activity deferred until 2015 to allow focus on new US and South Australian assets
- Actively seeking partners in all WA projects to reduce risk and capital commitment

Share Price Movements



Company Profile



New Standard Energy Limited (New Standard) is an ASX-listed company (ASX: NSE) with onshore oil and gas exploration, development and production assets in the United States and Australia, operating in some of the most prospective basins in the world.

The Company has undertaken a substantial corporate transformation in the past 12 months as it grew from a Western Australian focussed junior oil and gas explorer into an international exploration, development and production company with a core focus on driving production in the oil rich window of the Eagle Ford Basin in the United States.

The Company's change in direction was a part of a strategic decision by its Board, which sought to diversify risk away from a 100 per cent focus on high cost, early stage exploration wells in remote locations towards opportunities that were closer to production with cashflow to support the high impact exploration projects in the future.

Since the transaction was overwhelmingly approved by shareholders, New Standard has made significant progress at the Atascosa Project, drilling its first two wells in 2014 which have added to an existing five wells on the acreage.

Supported by strategic business partner, and the Company's largest shareholder, Magnum Hunter Resources Corporation (NYSE: MHR¸ Magnum Hunter), the Eagle Ford has become the core focus and asset for New Standard in 2014.

New Standard is focussed on delivering increased value for shareholders via its Eagle Ford development and production assets by growing the reserves base and production in order to increase acreage value and in turn drive Company value.

Oil and gas assets

United States acreage

Eagle Ford

Project area	Gross acres	Wells	Operator
Eppright Prospect	2,285.95	Lagunillas Camp #1H	Shale Hunter, LLC ^
	(includes 1 lease)	Lagunillas Camp #2H	Shale Hunter, LLC ^
Alright Prospect	3,108.56 (includes 37 leases)	McCarty Unit A #1H	Marathon Oil EP, LLC
Peeler Ranch Prospect	1,895.25	Peeler Ranch #3H	Shale Hunter, LLC ^
	(includes 2 leases)	Peeler Ranch #4H	Shale Hunter, LLC ^
		Peeler Ranch #5H	Shale Hunter, LLC ^
		Peeler Ranch #6H	Shale Hunter, LLC ^

Colorado County Project

Well	Interest held	Joint Venture Partner
Heintschel-1	32.5%	Burleson Energy Ltd, AKG Energy LLC & minority interests
Heintschel-2	32.5%	Burleson Energy Ltd, AKG Energy LLC & minority interests
D Truchard-1	32.5%	Burleson Energy Ltd, AKG Energy LLC & minority interests
Joann-1	33.68%	Burleson Energy Ltd, AKG Energy LLC & minority interests

Australian acreage

Cooper Basin, South Australia

Permit	Permit Interest	Joint Venture Partner	Operator
PEL570	52.5%	Ambassador Exploration Pty Ltd	Outback Energy Hunter Pty Ltd**

Canning Basin, Western Australia

EP 443	25%	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd	New Standard Energy Onshore Pty Ltd
EP 450	25%	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd	New Standard Energy Onshore Pty Ltd
EP 451	25%	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd	New Standard Energy Onshore Pty Ltd
EP 456	25%	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd	New Standard Energy Onshore Pty Ltd
STP-EPA-006	100%*	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd	New Standard Energy Onshore Pty Ltd
STP-EPA-007	100%*	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd	New Standard Energy Onshore Pty Ltd
STP-EPA-010	100%*	ConocoPhillips (Canning Basin) Pty Ltd PetroChina International Investment (Australia) Pty Ltd	New Standard Energy Onshore Pty Ltd
STP-EPA-0092	100%	-	New Standard Energy Onshore Pty Ltd
EP 417	100%	-	New Standard Energy Onshore Pty Ltd
STP-EPA-0109	100%	-	New Standard Energy Onshore Pty Ltd

Carnarvon Basin, Western Australia

EP 481	100%	-	New Standard Energy Onshore Pty Ltd
EP 482	100%	-	New Standard Energy Onshore Pty Ltd

^ Shale Hunter, LLC is a subsidiary of Magnum Hunter Resources Corporation, a strategic business partner, and the largest shareholder, of New Standard Energy

* with option to dilute to 25%

** Outback Energy Hunter Pty Ltd is a subsidiary of New Standard Energy Limited

Strategic outlook – navigating through a transformational year

Following the substantial diversification of the Company's asset portfolio in January 2014, New Standard Energy has focussed on development and production. The following three areas were recognised as the central themes for development and growth:

1. Grow the business and generate value through effective execution of drilling program in the Eagle Ford, funded through debt and revenue, driving up production, reserves and acreage value, seek opportunities to grow the position to 10,000 net acres and accelerate the drilling program over the next twelve months.
2. Work with Magnum Hunter to develop a revised unconventional program for PEL570 in the Cooper Basin, mitigate commitments over the next 12 months and explore opportunities to partner with other parties.
3. Retain the large acreage position in Western Australia and actively seek partners to provide funding and mitigate risk over the coming 12 months.

New Standard continued to make significant progress in all three major areas of strategic focus since the change in portfolio, paving the way for short-term growth to be driven by the Eagle Ford program while value is enhanced through the mid and long term Australian portfolio.

Atascosa Project, Texas, USA

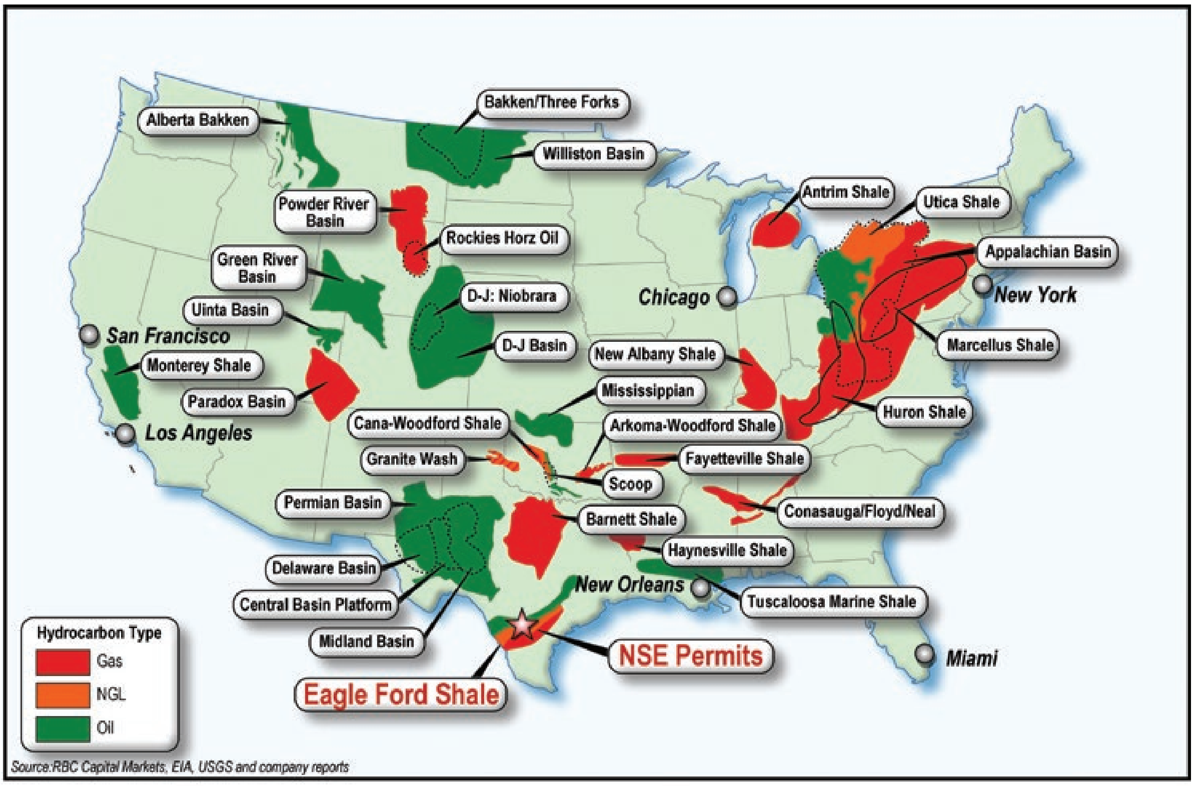
New Standard's Eagle Ford acreage is situated in Atascosa County, Texas, and is located within the regional Eagle Ford Shale play. The primary targets is the Eagle Ford Shale with a secondary target of the Pearsall Shale formation.

The Eagle Ford Shale was first recognised as a major natural gas play, but is now considered the sixth largest oilfield discovery in the United States and is a significant contributor to the exponential increase in Texas crude oil production that has occurred recently.

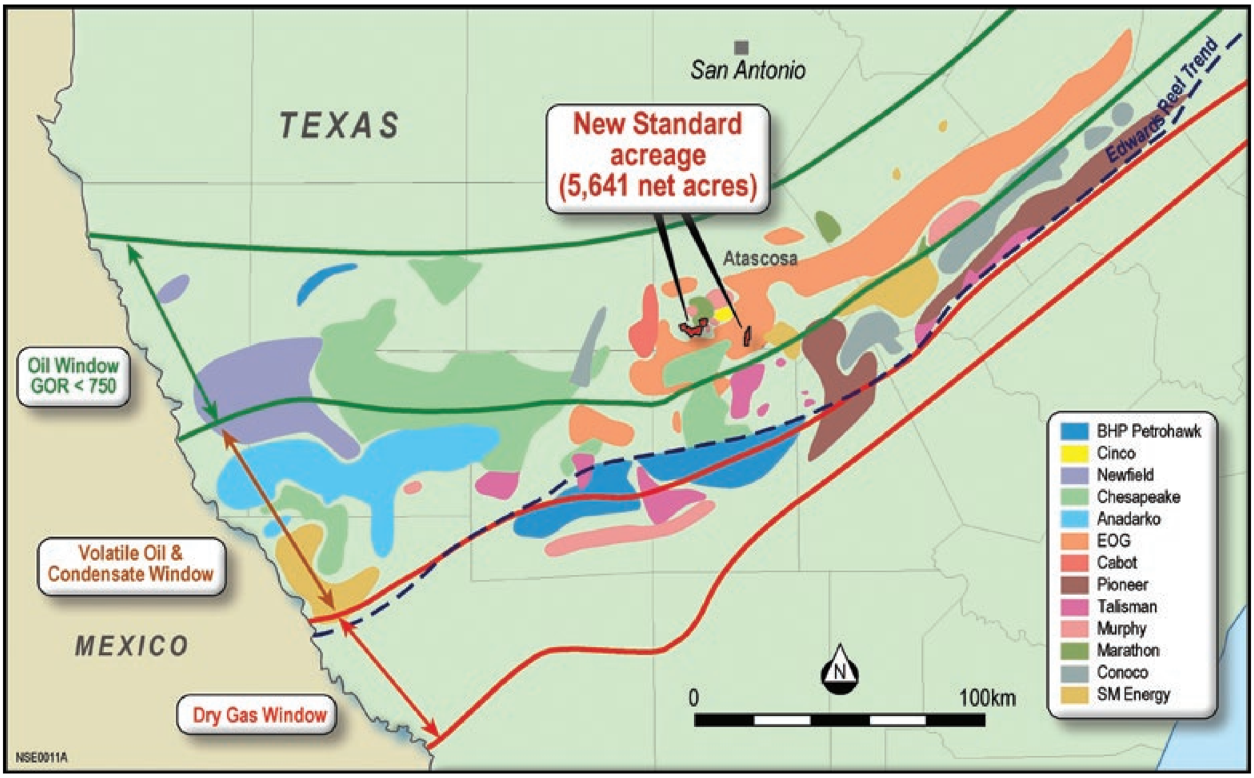
The Atascosa Project also provides the Company with access to a secondary target in the Pearsall formation, situated below the Eagle Ford, which provides significant upside potential. The Pearsall was actually recognised before the Eagle Ford was developed, but to date has largely been overlooked. There are now a number of companies focusing on this opportunity in the region with some impressive initial results.

A large portion of the acreage is currently undeveloped and up to 50– 60 additional well sites have been identified for development drilling, providing low risk, low cost appraisal and development opportunities with short term cash flow benefits for New Standard. Importantly, this is in the oil window (95%+ revenue from oil and NGLs), so revenue is significantly higher than in the dry gas sections of the Eagle Ford.

New Standard, alongside strategic alliance partner Magnum Hunter has already commenced additional drilling activities since obtaining the acreage in January 2014.



New Standard Energy's position within the Eagle Ford



New Standard's acreage position within the oil window of the broader Eagle Ford play

The Company purchased the initial Eagle Ford acreage for US$1,500 per acre (net of production) and is focussed on driving that acreage value upwards as it drills more wells and generates additional value in its reserves base. Optimising processes and utilising new technologies alongside its experienced partner, New Standard expects to lower costs and raise Internal Rate of Return (IRR).

New Standard has made its newly acquired Atascosa Project the core focus of its operations, successfully drilling, hydraulically fracturing and bringing into production the Peeler Ranch-5H and 6H wells on time and under initial budget forecasts.

The program was operated by strategic business partner and now largest New Standard shareholder, Magnum Hunter, using its existing technical skillset and local knowledge base to advance the development and production project.

In addition to drilling on its current acreage, the Company aims to increase its Eagle Ford acreage position to between 8,000 and 10,000 net acres over the next twelve months. Consistent with that strategy, New Standard is seeking additional acreage with a focus on securing leases:

- Adjacent to existing leases in order to increase potential wells and/or lateral lengths
- Located in attractive areas on the right financial terms
- That can provide maximum reserves impact for minimum drilling commitments

The Peeler Ranch-5H (completed 25 February 2014) and 6H (completed 24 March 2014) wells were drilled from the same pad in parallel lateral lengths, targeting the same Eagle Ford hydrocarbon bearing zone to maximise production and minimise associated drilling, hydraulic fracturing and production tie-in costs.

The drilling operations for the Peeler Ranch wells were completed on time and under budget forecasts.

The Peeler Ranch-5H and 6H wells recorded 24-hour Initial Production (IP24) of 705 and 758 BOEPD respectively, incorporating 656 and 716 barrels of oil. In comparison, the previous well drilled on the acreage, the Peeler Ranch-4H, which was drilled in August 2013, delivered IP24 of 735 BOEPD (615 barrels of oil).

Following on from the IP24 results, the 30-day Initial Production (IP30) rates for the Peeler Ranch-5H and 6H wells were 417 and 374 BOEPD respectively, with oil cuts in excess of 90 per cent, which is in line with the Company's expectations for the wells.

New Standard plans to continue its success in the Eagle Ford by targeting wells with similar IPs and with high oil percentages in the future. In addition, the Company will work on continuing to drive down well costs and is aiming to keep drilling and completion costs to under US$6.5 million per well.

Funding of the next wells planned at the Atascosa Project will be provided through a combination of cashflow from production and additional debt drawdown based on updated reserves.

During the upcoming year, New Standard will work to increase production and reserves, therefore lowering the cost of capital and debt at the Atascosa Project. The Company will drive this strategy alongside experienced partner Magnum Hunter with optimised drilling processes and by working with new technologies to lower overall costs and raise its IRRs. By building a meaningful acreage position in a proven play and drilling the acreage to be all Held by Production (HBP), New Standard will be well positioned to create value in its Eagle Ford assets.

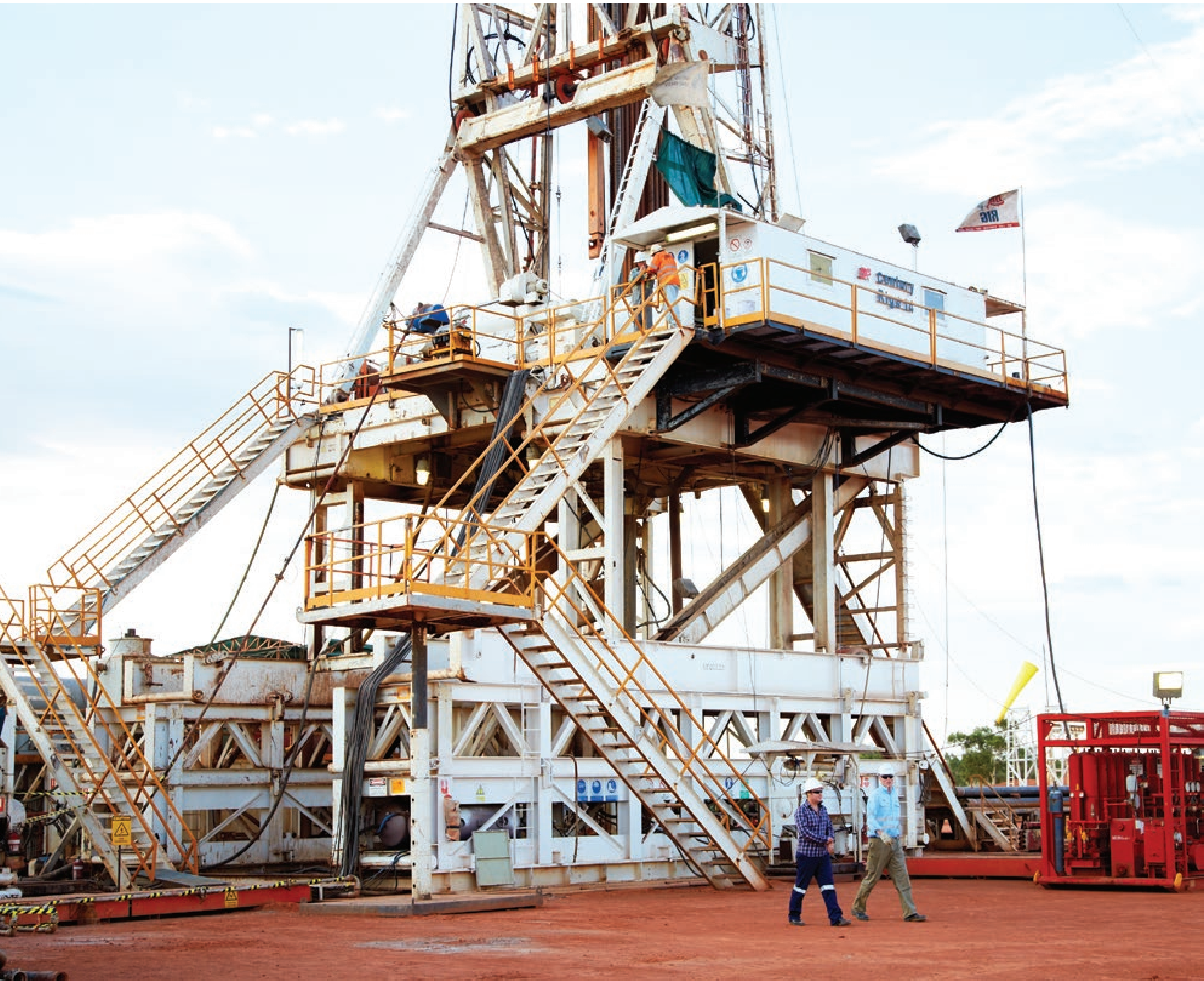
Australia

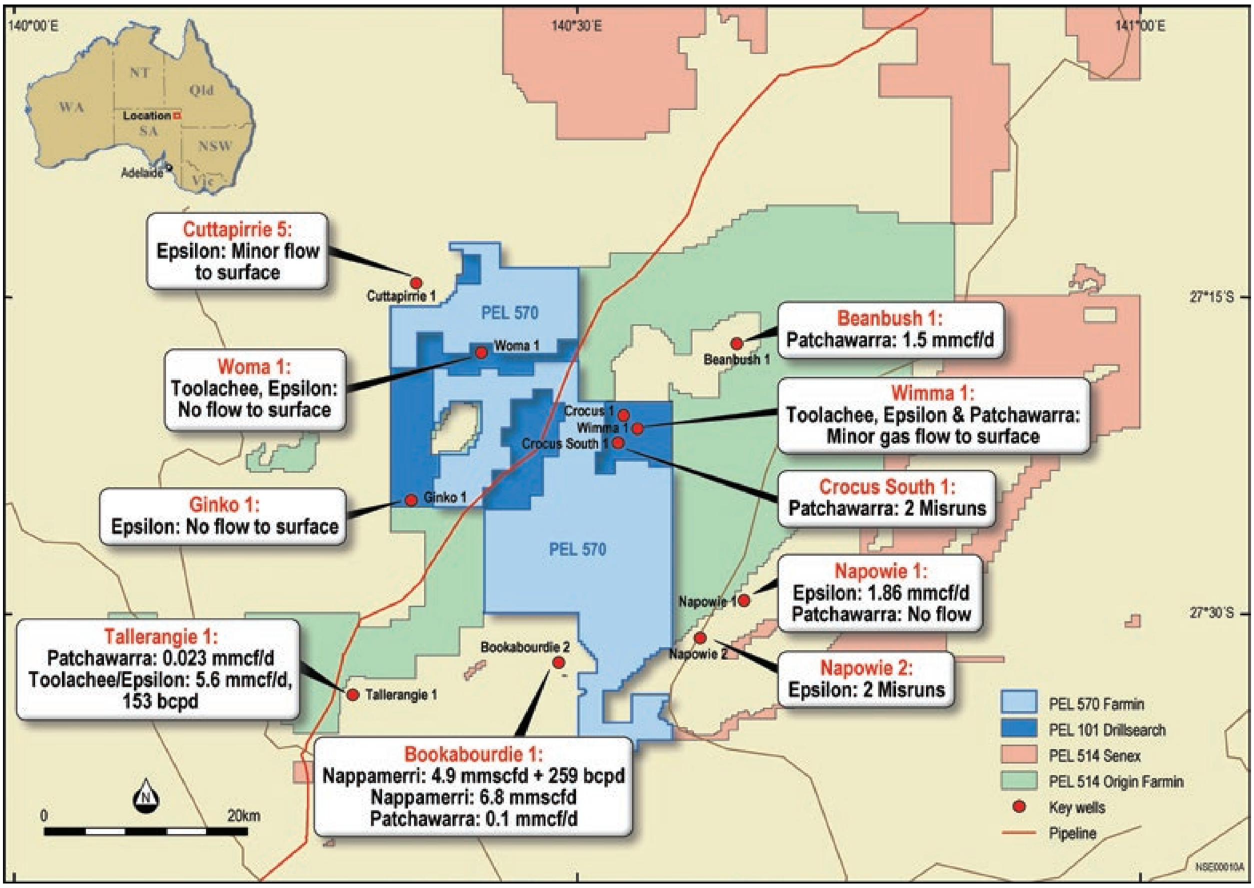
The development of the Australian shale gas industry is accelerating rapidly and with a large footprint over some of the country's most prospective onshore basins, the Cooper, Canning and Carnarvon Basins, New Standard Energy is strategically positioned to remain at the forefront of this development.

The Company's Australian projects, while at an early stage, are highly prospective for large, strategic onshore hydrocarbon resources which New Standard intends to develop alongside joint venture partners and supported by strategic alliance partner Magnum Hunter.

New Standard has been focussed on continuing to develop an understanding of the geological environments, while progressing its Australian shale gas and tight gas portfolio with a view to strategically position the Company at the forefront of this emerging sector.

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 New Standard shareholder wealth creation.





Primary portion of New Standard's acreage position in the Cooper Basin, South Australia prospective for Unconventional Developments

PEL570, Cooper Basin, South Australia

The Cooper Basin acquisition in January 2014 provided New Standard the opportunity to access one of the few remaining substantial acreage positions within the Cooper Basin. Part of a producing petroleum system and adjacent to pipeline infrastructure, PEL570 has a combination of attractive components, which made the acreage so appealing to New Standard. Recent corporate activity and significant current and planned drilling surrounding PEL570 confirms that this is a prime location in the basin.

A large and rising east coast gas demand market, with multiple pathways to accessing that market, has triggered significant corporate activity in the Cooper Basin in the past two years.

Through the farm-in to PEL570, New Standard has secured a 52.5% operated working interest in a 2,400 square kilometre foothold in the Basin with a relatively quick path to market for future exploration success.

Licence area PEL570 is on trend of a proven, producing petroleum system and also adjacent to existing pipeline infrastructure. It consists of five parts; two in the core of the Patchawarra trough and three located north of the Patchawarra trough. The Patchawarra trough is the source for the oil and liquids rich gas fields such as Tirrawarra, Fly Lake and Moorari fields, owned and operated by the Cooper Basin Joint Venture. These fields are located in the southern part of the trough and New Standard intends to target the Patchawarra tight gas sands.

In the northern part of the trough, oil and gas have been discovered at Flax, Juniper and Yarrow. The southern section of PEL570 is also prospective for gas, being almost surrounded by gas fields including Bookabourdie, Crocus Verona, Cuttapirrie and Lamdina.

The Patchawarra Trough has been found to contain low CO_2 and possesses higher liquids content, particularly in the northern region on the Basin.

New Standard expects to work closely with Magnum Hunter to develop a comprehensive unconventional exploration program for PEL570. Magnum Hunter's technical input will be invaluable in establishing the most effective exploration strategy for PEL570.

Subsequent to year end, New Standard received approval from the South Australian State regulator for amendments to its five year work program in PEL570 in the Cooper Basin. As part of the revised program, New Standard now has seismic and drilling to commence in Year Two before the new deadline of March 2016, with only minor expenditure on geological studies in Year One required before then.

The Company plans to use the postponement to plan and enhance its upcoming exploration program to commence drilling in Year Two of the program.

Western Australian assets

New Standard's Western Australian portfolio comprises of three projects located in the Canning and Carnarvon Basins:

- The Southern Canning Joint Venture, Canning Basin
- The Laurel Project, Canning Basin
- The Merlinleigh Project, onshore Carnarvon Basin

In October 2013, the Company reached agreement with Buru Energy Limited to increase its share of the Canning Basin exploration permit EP417 in the Company's Laurel Project from 65 to 100 per cent. When combined with the neighbouring Seven Lakes SPA, in which New Standard also holds 100 per cent equity, New Standard's net Laurel Project acreage position will now total 1.46 million acres (5,881 square kilometres) across the Laurel formation – a geological setting that has been the source of numerous recent exploration successes.

In June 2014, New Standard advised that the Southern Canning Joint Venture (SCJV) agreed to delay drilling of the Brooke North-1 well until late 2015. This decision resulted from delays in receiving various stakeholder approvals making it impossible to drill the well prior to the commencement of the year's wet season. In line with this, the Company plans to defer all of its Canning and Carnarvon Basin drilling activity until 2015.

New Standard is actively seeking farm-in partners for all of its Western Australian assets to reduce risk and defray its capital commitments.

New Standard's acreage positions within the Canning and Carnarvon Basins in Western Australia.
Pale blue application areas are 100% NSE

Conventional Onshore United States Portfolio

New Standard retains working interests between 32.5 percent and 33.7 percent in various properties in onshore Texas, United States. The largest asset within this 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 these non-core US assets.

Equity investments

Elixir Petroleum

New Standard's investment in Elixir Petroleum increased during the year from 13.7 per cent to 28.2 per cent following its support of an underwritten entitlements issue undertaken by Elixir at 1.2 cents per share. The entitlement 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. The funding gave Elixir the ability to retain and continue to develop its position in the world class Paris Basin petroleum province.

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 to appoint a nominee to the Elixir Board, post completion of the raising. Subsequently, New Standard Executive Director Sam Willis joined the Elixir Board.

Summary

New Standard Energy is well positioned to capitalise from its portfolio of assets, combining near term low-risk development in the Eagle Ford with mid-term prospects in the Cooper Basin and the higher risk, longer dated portfolio in Western Australia.

The Company is now well positioned to extract value from within its revitalised exploration, development and production portfolio and will continue to assess and progress additional opportunities on an ongoing basis in an effort to further enhance the potential for New Standard shareholder value creation.

Annual Reserves Statement

On 10 January 2014, the Company announced SPE-PRMS compliant reserves information derived from a report (Eagle Ford Reserves Report) relating to the Eagle Ford shale formation (EFS) contained within its Atascosa Project area, located in Atascosa County, Texas, USA. This report was prepared for the Company by the global petroleum consulting firm Cawley, Gillespie and Associates Inc. who are also located in Texas (CG&A). CG&A used the deterministic method of petroleum reserves estimation in the Eagle Ford Reserves Report, which had an evaluation date of 1 December 2013.

As at the date of this Annual Report, the Company has not prepared or commissioned a further SPE-PRMS compliant reserves report in relation to the Atascosa Project and accordingly, the reserves estimates disclosed on 10 January 2014 remain the most up-to-date SPE-PRMS compliant information concerning that project.

For the purposes of Listing Rule 5.39, the Company is pleased to re-confirm the following net reserves (allowing for working interests, royalties and taxes etc) associated with the Atascosa Project:

Table 1: CG&A certified SPE-PRMS compliant reserves (net) in the Atascosa Project acreage held by New Standard

* Net Reserves		Proved Developed Producing (PDP)	Proved Undeveloped (PUD)	Total 1 P Reserves	Probable	Total 2 P Reserves
Oil	Mbbl**	282.8	798.4	1,081.1	798.4	1,879.5
Gas	MMcf***	345.6	1,077.8	1,423.4	1,077.8	2,501.2
NGL	Mbbl	52.5	163.8	216.4	163.8	380.2
Total BOE	Mbbl	392.9	1,141.8	1,534.7	1,141.8	2,676.6

* Net Reserves are based on the Company's net revenue interests, as defined in the additional information below, and are estimated at the gate (which is the reference point for the purposes of Listing Rule 5.26.5)

** 1 Mbbl = 1,000 barrels (1 Mbbl = 1,000 BOE)

*** 1 MMcf = 1 million cubic feet. (6 MMcf = 1,000 BOE)

The Company further confirms for the purposes of Listing Rule 5.39 that:

- The reserves information disclosed in the above table relates to a single geographical area, being the leasehold package of 7,289.76 gross acres (5,182 net acres) originally acquired by the Company in Atascosa County, Texas.
- No reserves have been estimated in relation to any of the Company's other assets or projects and accordingly, the information in the above table constitutes all of the relevant reserves information applicable to the Company and its child entities.
- All of the information in the above table relates to onshore unconventional petroleum reserves.
- As at the date of its 2013 Annual Report, no petroleum reserves had been estimated in relation to the petroleum tenements and projects held by the Company and its child entities. Accordingly, there has been a material variance in the quantity of reserves reported above as compared to the (nil) reserves from the previous year. The material change in the Company's holdings in this regard has arisen as a result of the acquisition by the Company of the Atascosa Project, which completed on 28 January 2014 (as announced by the Company on 29 January 2014).

Additional information relating to reserves estimates

To assist in interpreting the above table, the Company is also pleased to re-state the following information which was originally disclosed in its announcement of 10 January 2014 in connection with the Eagle Ford Reserves Report and in response to the requirements of the specific ASX Listing Rules indicated in the headings below:

(a) Description of land area, tenure and economic interest - [LRs 5.25.5, 5.31.3 and 5.31.7]

The Atascosa Project consists of two prospects, the Alright (including the Eppright) Prospect and the Peeler Ranch Prospect. The Company's interests in the Atascosa Project are held under lease, with a total aggregate area of 7,289.76 gross acres for the Atascosa Project in total. Set out below is a table providing additional information in relation to those interests and how they are held:

Prospect	Gross acres	Company's working interest
Eppright Prospect	2,285.95	96.88%
Alright Prospect	3,108.56	35.40%
Peeler Ranch Prospect	1,895.25	98.44%

(b) Number of wells, including operatorship information - [LRs 5.31.6, 5.31.7 and 5.31.2]

The 1P reserves information contained in the Eagle Ford Reserves Report was based on the five then-current (proven developed producing) wells and a further five proved undeveloped wells. Information for the five relevant producing wells is as follows:

Prospect	Well name	Operator	Company's working interest
Eppright	Lagunillas Camp #1H	Shale Hunter, LLC*	100%
Eppright	Lagunillas Camp #2H	Shale Hunter, LLC*	96.88%
Alright	McCarty Unit A #1H	Marathon Oil EP, LLC	30.21%
Peeler	Peeler Ranch #3H	Shale Hunter, LLC*	49.71%
Peeler	Peeler Ranch #4H	Shale Hunter, LLC*	100%

* Shale Hunter, LLC is a subsidiary of Magnum Hunter Resources Corporation (MHR). MHR is a strategic business partner, and the largest shareholder of New Standard Energy.

Subsequent Production, Drilling and Acquisitions

Since the release of the Eagle Ford Reserves Report, the Company has drilled and completed two additional producing unconventional wells within the Atascosa Project area (designated Peeler Ranch #5H and Peeler Ranch #6H) and has also completed a number of additional land transactions. The Peeler #5H and Peeler #6H wells were both included as PUDs in the Annual Report referenced, therefore drilling of these wells has increased PDP's but no increase in 1P reserves will necessarily occur until additional PUD's are assigned by a qualified reserves estimator because of their successful production.

In this regard, whilst the Company has not yet commissioned an updated report, it is likely to do so in the coming months. As a matter of good Governance it is the intention of the Company to commission as a minimum, an annual reserves and resources statement and reconciliation compliant with the Petroleum Resources Management System (PRMS) standards as required at entity and aggregated levels, as part of our Annual Report. In the interim, as announced by the Company on 15 July 2014, 30-day Initial Production (IP) rates for the Peeler Ranch #5H and #6H wells have been recorded as being 417 and 374 barrels of oil equivalent per day (Boepd) respectively, with oil cuts in excess of 90 per cent. As announced, these figures are in line with Company expectations relating to these wells.

NSE also concluded a deal with Marathon in relation to certain leases within the Alright Prospect which has resulted in an increase in the Company's working interest in the respective leases from 30% to 80% and transferred operatorship of the leases to the Company. A total of 392 additional net acres have been acquired as a result of various additions of net acreage positions and additional interests in the Company's prospect areas. This increase of acreage within the producing area of our leases will likely be reflected in increased reserves in our next updated PRMS Compliant Reserves Report.

In the period between 1 December 2013 (the effective date of the Company's acquisition of the Atascosa Project) and 30 June 2014, a total of 42,390 BOE (net to the Company's interests) have been produced from the project, resulting in the generation of approximately US$3.19M in revenue to the Company.

The information in this reserves statement relating to petroleum reserves and resources is based on and fairly represents information and supporting documentation prepared by Matthew K. Regan who is a Partner and Reservoir Engineer (License #113228) at petroleum consulting firm, CG&A. The full information required under Listing Rules 5.41 and 5.42 in connection with Mr Regan's sign-off as a qualified petroleum reserves and resources evaluator has previously been disclosed by the Company in its announcement of 10 January 2014 and the Company confirms for the purposes of Listing Rule 5.43.2 that it is not aware of any new information or data that materially affects the information or data contained in that announcement and that all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

This reserves statement as a whole has been approved by Mr Gregory M. Carlsen. Mr Carlsen is the Exploration and Operations Manager for New Standard Energy. He has 35 years of experience in the oil and gas industry and is a member of the SPE, AAPG, SEG, and PESA. Mr Carlsen consents to the inclusion of the reserves statement in this Annual Report in the form and context in which it appears.

Chairman's Report

New Standard has undertaken a massive transformation since our last Annual Report 12 months ago as we have grown from a junior, frontier oil and gas explorer into an oil and gas producer, developer and explorer. The significance of this should not be underestimated.

From a cost perspective we have drilled, completed and brought into production two wells in the Eagle Ford for considerably less cost than a single vertical exploration well in the Canning Basin.

From a path to market perspective those wells are now on production and are generating cashflow. Even if we had drilled a "successful" well in the Canning or Carnarvon it would take substantially more investment and many years before any production, and thus revenue, could be booked.

Of course, that's not the whole game, but it's much more sustainable for New Standard, so is less risky and more manageable, while we still retain the upside from the strategic exploration of our frontier assets.

A transformation as significant as this does not come without its challenges. I am pleased that we have realised our initial goal to diversify, balance the risk and create the platform to grow the company.

Some time ago, the Board recognised the need to diversify the Company's portfolio and rebalance the substantial risk associated with maintaining a sole Western Australian asset portfolio. High risk comes with high reward but it leaves the company exposed to large sentiment swings and huge capital requirements on an almost annual basis. The board wanted to rebalance this to retain the exposure to long term frontier exploration success while ensuring we could create additional nearer term, lower risk value with development and production assets in our portfolio.

The January transaction where New Standard secured acreage in the Eagle Ford Shale and Cooper Basin fulfilled that objective. Importantly, subsequent transactions and takeover offers in nearby acreage in both of these plays are at significant premiums to New Standard's purchase price.

The benefits of this transaction have been immediate, particularly given the issues New Standard and other explorers are facing with the complexity and cost of exploration in the north-west of WA. I am confident that our decision to diversify our portfolio away from a 'one trick pony' will serve us well.

Shifting a large part of our focus away from Western Australia for the immediate future has allowed us to gain momentum in the United States, with our Atascosa Project validating the Company's ability to capitalise on a proven development play.

In less than a year we have expanded our asset portfolio, drilled and brought our first two wells into production, secured a debt facility with Credit Suisse and acquired an enviable position within South Australia's Cooper Basin.

Initially, we are seeking to increase the production volumes and reserves base in the Eagle Ford and thus lower the cost of capital and debt. Looking ahead, we will identify acreage opportunities in the Eagle Ford to add to our existing portfolio. From there we will be able to accelerate our drilling program and systematically increase our reserves and our revenue.

We have expanded our Board during the course of the year to manage the growth and development of the Company, welcoming Kip Ferguson III, Greg Channon and Jeffrey Swanson as Non-Executive Directors.

Kip brings to New Standard more than 24 years of onshore exploration and development experience in several major United States oil and gas basins. He is also currently the Executive Vice President of Exploration at Magnum Hunter Resources Corporation.

Jeffrey brings more than 34 years of oil and gas experience, with strong commercial and operational experience in both conventional and shale oil and gas exploration and production in the US, as well as extensive knowledge of the service provider sector.

Greg is a geologist with more than 29 years of experience in the oil and gas industry and will be able to provide New Standard vast technical and operational knowledge and experience, particularly in the Cooper Basin.

Kip joined the Company during a transition period as Dr Mark Hagan expressed his desire to step-back from his role as a Non-Executive Director. The Board accepted Mark's resignation after Mark indicated some time ago his desire to spend more quality time with his family.

I would like to take this opportunity to express my gratitude to Mark for his hard work and dedication to this company over the past seven years. I do not believe that we would be the company we are today without his contribution, his knowledge and his unrivalled enthusiasm for the shale and tight gas exploration.

I would like to welcome Kip, Jeffrey and Greg to the New Standard Board knowing that their collective level of experience will be invaluable to the Company's future operations.

Unfortunately, our change of direction with a focus on growth and expansion in the US has forced us to have a tough conversation about corporate rationalisation, as we made the decision to review overheads that has seen us cut staff numbers by half. This was a necessary process given that we are no longer on the cusp of immediate drilling in Australia, and has resulted in a substantial reduction in corporate overheads.

It is never an easy decision to make, and I thank the staff for their understanding during this process. I would like to take this opportunity to thank all of New Standard's employees for their valuable contribution to the company.

Looking ahead, this year will focus on driving the development and production in the Eagle Ford, while planning our future work program in the Cooper Basin. We will be pursuing a farm-out of our Western Australian assets to eliminate major capital commitments whilst retaining the upside potential.

On behalf of the Board, I wish to thank Phil Thick and his management team, including all of our employees and contractors, for their work over the last financial year and for driving the transformation of the Company's portfolio. I look forward to the year ahead and to watching the further development of all of our projects.

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 2014.

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 72

Qualifications

B.E. (Chem)

Experience

Arthur Dixon graduated from Melbourne University as a Chemical Engineer. Arthur is a 40 year oil and gas 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 was also formerly 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

389,212 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
(Originally appointed Non-Executive Director on 16 July 2012 and became Managing Director on 2 April 2013)

Age 55

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

Discovery Africa Ltd (ASX:DAF)
(until April 2014)

Argosy Minerals Ltd (ASX:AGY)
(until April 2014)

MHM Metals Ltd (ASX:MHM)
(until December 2013)

Relevant interests in shares and options

2,500,000 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

1,800,000 performance rights with vesting based on absolute TSR and measurement date 14 September 2016

Mr Sam Willis

Executive Director Corporate
(Originally appointed Managing Director on 28 July 2008, became Non-Executive Director on 1 July 2013, and became Executive Director Corporate on 10 December 2013)

Age 42

Qualifications

B.Com

Experience

Mr Willis is an experienced company director in the resources and energy sectors and previously served as Managing Director of New Standard for 7 years as part of his 10 year involvement with the company.

Mr Willis provides New Standard with in excess of 15 years' experience and expertise in capital markets, corporate finance and executive board involvement with emerging small and mid-cap companies.

Mr Willis has also held previous roles as a private client advisor with Hartleys and investment analyst at 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)

Elixir Petroleum Ltd (ASX:EXR)

Relevant interests in shares and options

10,700,000 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

1,000,000 performance rights with vesting based on absolute TSR and measurement date 14 September 2016

Mr Chris Sadler

Non-Executive Director
(Appointed 23 April 2012)

Age 52

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 Ltd (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 H.C. Kip Ferguson III

Non-Executive Director
(Appointed 11 February 2014)

Age 49

Qualifications

University of Texas at Austin
– Bachelor degree in Geology

Experience

Kip currently serves as the Executive Vice President of Exploration for strategic alliance partner Magnum Hunter Resources Corporation (NYSE: MHR). Kip brings more than 26 years of exploration and development experience in several major U.S. basins to New Standard. As a third-generation geologist and earning his degree in Geology from the University of Texas at Austin, Kip has an excellent foundation of technical background and experience in the oil and gas sector. Kip was also formerly the President of Sharon Resources, Inc.

Kip's practical experience in the development of oil and gas fields will be critical to New Standard as it seeks to unlock the value across its Australian acreage positions. Kip has published case studies and papers on the study and analysis of using advanced drilling and completion technology for unconventional resources.

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

Nil

Relevant interests in shares and options

Nil

Mr Jeffrey Swanson

Non-Executive Director
(Appointed 24 June 2014)

Age 58

Qualifications

Southern Methodist University
– BBA – Cox School of Business

Experience

Jeffrey Swanson has more than 34 years of oil and gas experience, with strong commercial and operational experience in both conventional and shale oil and gas exploration and production in the US, as well as extensive knowledge of the service provider sector.

Jeffrey is a leader in the development and application of innovation and technology to the exploration and production businesses of the oil and gas industry. He founded, and is Chairman, CEO and President of GrailQuest Corp, a company set up in 2002 as a software and service provider to meet various needs in the oil and gas industry.

As a consultant, Jeffrey has broad experience internationally, primarily in South and Latin America where he consulted for Petroleos De Venezuela, Pemex, Exxon, Mobil, Kerr McGee, Pennzoil and others. He is also Chairman, CEO and President of Durango Resources Corp, an oil and gas operator and producer predominantly in Texas, and a Non-Executive Director at Magnum Hunter Resources Corporation (NYSE: MHR).

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

Magnum Hunter Resources Corporation (NYSE:MHR)

Relevant interests in shares and options

Nil

Mr Greg Channon

Non-Executive Director
(Appointed 24 June 2014)

Age 51

Qualifications

BSc (Hons)

Experience

Mr Channon is a geologist with more than 29 years of experience in the oil and gas industry and will provide New Standard with vast technical and operational knowledge and experience, particularly in the Cooper Basin.

Greg worked for Santos Ltd for 13 years with geological responsibility for its Cooper Basin program. He has since held a number of senior roles with oil and gas listed companies, including at CEO and Managing Director level.

Greg brings extensive experience in both onshore and offshore exploration and production management, leasing, mergers and acquisitions and farm-in/farm-out agreements and is currently the Vice President of New Business at Pathfinder Energy Pty Ltd.

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

Sirocco Energy Ltd (ASX:SCY)

Statesman Resources (TSX:SRR)

Relevant interests in shares and options

Nil

Dr G. Mark Hagan

(Appointed 28 July 2008 as Technical Director, moved into Non-Executive Director role on 1 September 2013, resigned 11 February 2014)

Age 67

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.

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

Nil

Relevant interests in shares and options

3,767,539 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 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 member of the Institute of Chartered Accountants of Australia, an affiliated member of the Governance Institute of Australia and a member of the Institute of Directors of the United Kingdom. He has over 19 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 Governance Institute of Australia. He has over 19 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. Mark previously worked for an international accounting firm.

Principal Activities

The principal activities of the Company during the course of the year were the management, operation and development of oil and gas producing and prospective properties in the Eagle Ford Shale in Texas, USA, and the exploration for oil and gas in the Cooper Basin in South Australia and the Carnarvon Basin and Canning Basin in Western Australia, and investments in onshore development in the Texas Gulf region, Southern USA.

Operating Results

The consolidated entity's net loss attributable to members of New Standard for the year ended 30 June 2014 after applicable income tax was $2.0 million (2013: profit of $16.7 million).

Future Developments

The Company intends to pursue its current stated objectives as a hydrocarbon explorer, developer and producer.

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 undertook a substantial diversification of its asset portfolio in January 2014. As a result, the Company has changed from a Western Australian focused junior oil and gas explorer into an international exploration, development and production company with a core focus on driving production in the oil rich window of the Eagle Ford Shale in the United States. New Standard, supported by strategic business partner, and the Company's largest shareholder, Magnum Hunter Resources Corporation (NYSE: MHR¸ Magnum Hunter), has made significant progress at the Atascosa Project, drilling its first two wells in 2014, which have added to an existing five producing wells on the acreage. These new wells came into production in May 2014 and have added significantly to the Company's revenue and cash flow.

The Eagle Ford has become the core focus and project area for New Standard in 2014. New Standard is focused on delivering increased value for shareholders via its Eagle Ford development and production assets by growing the reserves base in order to increase acreage value and in turn drive Company value. The Company has delivered on its first two major objectives following the transformational transaction – putting in place a debt facility to help fund the Eagle Ford program and successfully drilling and bringing into production the first two New Standard wells. Both targets were delivered on time and as planned. The Company is now working on plans to increase acreage in the Eagle Ford and accelerate the drilling program, to further drive reserves, production and asset value growth.

New Standard has also acquired a significant farm-in position in the heart of the Patchawarra Trough in South Australia's Cooper Basin. This gives the Company a large footprint over some of Australia's most prospective onshore basins, the Cooper, Canning and Carnarvon Basins. New Standard Energy is strategically positioned to remain at the forefront of the development of shale and tight gas fields in Australia. These projects, while at an early stage, are highly prospective for large, strategic onshore hydrocarbon resources which New Standard intends to develop alongside joint venture partners and supported by strategic alliance partner Magnum Hunter.

The Cooper Basin acquisition provided New Standard the opportunity to access one of the few remaining substantial acreage positions within the Cooper Basin. Part of a producing petroleum system and adjacent to pipeline infrastructure, PEL570 has a combination of attractive components, which made the acreage very appealing to New Standard. Recent corporate activity and significant current and planned drilling surrounding PEL570 confirms that this is a prime location in the basin. Through the farm-in to PEL570, New Standard has secured a 52.5% operated working interest in a 2,400 square kilometre foothold in the Cooper Basin with a relatively quick path to market for future exploration success. Licence area PEL570 is on trend from a proven, producing petroleum system and also adjacent to existing pipeline infrastructure. New Standard expects to work closely with Magnum Hunter and other parties to develop a comprehensive unconventional exploration program for PEL570.

New Standard retains its three projects and a large acreage position in Western Australia. In October 2013, the Company increased its share of the Canning Basin exploration permit EP417 in the Company's Laurel Project from 65 to 100 per cent through an agreement with Buru. In December 2013 the Company deferred the drilling of the Condon-1 well in the Merlinleigh Project in the Carnarvon Basin to focus on the asset diversification transaction. In June 2014, New Standard advised that the Southern Canning Joint Venture (SCJV) agreed to delay drilling of the Brooke North-1 well until late 2015. This decision resulted from delays in receiving various stakeholder approvals making it impossible to drill the well prior to the commencement of the year's wet season. In line with this, the Company plans to defer all of its Canning and Carnarvon Basin drilling activity until 2015.

New Standard is actively seeking farm-in partners for all of its Western Australian assets to reduce risk and defray its capital commitments.

New Standard also retains working interests between 32.5 percent and 33.7 percent in various properties in onshore Texas, United States.

New Standard's investment in Elixir Petroleum increased during the year from 13.7 per cent to 28.2 per cent following its support of an underwritten entitlements issue undertaken by Elixir at 1.2 cents per share.

Post year-end New Standard has completed a major restructure of the Company to more accurately and efficiently fit the new business structure. The result was a reduction in staff and overheads, with staff numbers being reduced from 28 to 12.

Financial summary

Year ended 30 June	2014	2013
Revenue	4,184,398	42,590,776
Depletion, Depreciation & Impairment	(1,308,562)	(7,392,530)
Operating Profit Before Tax	(6,116,652)	30,308,167
Operating Profit After Tax	(2,041,618)	16,699,068
Exploration and Development Costs	14,594,278	21,047,204
Capitalised Production Costs	37,804,717	-
Net Assets	80,268,735	71,126,358

The Group reported a loss after tax of $2.0 million for the year ended 30 June 2014. Whilst this is significantly down on the $16.7 million profit after tax for the previous year, a one-off gain on sale of Buru shares for $40.6 million was realised in that year.

The Group's net revenue from continuing operations was $3.2 million for the year ended 30 June 2014, and relates entirely to oil and gas sales from the Atascosa Project in the Eagle Ford Shale, Texas. Production and depletion costs of $1.9 million were incurred in generating the revenue. As these assets were acquired during the 2014 financial year, no comparisons can be made to the prior financial year.

Finance costs for the year of $0.5 million related to the establishment of a US$45 million reserves based lending facility to support growth of the Atascosa Project. At balance date US$9 million had been drawn down against this facility.

A loss on investment in associate of $1.2 million was recorded in the year, relating to NSE's proportional share in the loss recorded by Elixir Petroleum Ltd (ASX:EXR) as reflected by NSE's 28% ownership in EXR. This is an accounting entry as required by Australian accounting standards.

A total of $13.2 million exploration, evaluation and development costs were invested in the year ended 30 June 2014 relating to New Standard's Australian assets, which includes $6.4 million consideration for the acquisition of the interest in PEL570 in the Cooper Basin of which $2.4 million was paid in NSE stock. This was offset by $6 million research and development claim relating to activities undertaken in the Canning and Carnarvon Basins during the 2012/13 financial year. Further, $8.1 million of the $30.5 million invested to acquire the Eagle Ford assets was classified as exploration assets whilst the remaining $22.4 million has been classified as oil and gas properties, reflecting the proved production nature of part of the acreage acquired. Of the $30.1 million paid to acquire the Eagle Ford assets, $10.8 million was paid in NSE stock. Additional spend of $15.5 million was incurred on the drilling and completion of two production wells on this acreage.

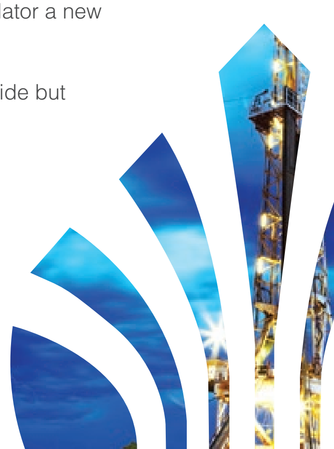
The net assets of the Group have increased by $9.2 million from $71.1 million at 30 June 2013 to $80.3 million as at 30 June 2014. This net increase is substantially due to the increase in issued capital used as part consideration for the acquisition of the Eagle Ford and Cooper Basin assets.

Outlook

New Standard's primary focus in the coming financial year will be on its Eagle Ford Shale assets, accumulating additional acreage and accelerating the drilling program. The Company plans to drill 6-8 wells by the end of 2015 to increase reserves, production and asset value.

New Standard is actively seeking partners in its Cooper Basin assets to defray capital exposure on its farm-in commitments. The Company will be working with its partners and Magnum Hunter to develop and have approved by the Regulator a new unconventional program for PEL570 with drilling to commence in the second half of 2015.

New Standard is also seeking to farm-out its Western Australian assets over the coming six months to retain upside but substantially reduce or eliminate capital commitments.



Shares under Option

Details of unissued ordinary shares in 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-Mar-11	$0.225	30-Jun-15
Unlisted Options	500,000	29-Mar-11	$0.275	30-Jun-15
Unlisted Options	6,250,000	20-Dec-11	$0.385	20-Dec-14
Unlisted Options	3,750,000	20-Dec-11	$0.430	20-Dec-14
Unlisted Options	150,000	24-Apr-12	$0.810	24-Apr-15
Unlisted Options	150,000	24-Apr-12	$0.905	24-Apr-15
Unlisted Options	300,000	12-Dec-12	$0.390	12-Dec-15
Unlisted Options	300,000	12-Dec-12	$0.440	12-Dec-15
Unlisted Options	500,000	12-Dec-13	$0.400	01-Apr-16
Unlisted Options	500,000	12-Dec-13	$0.400	01-Apr-16
Unlisted Options	500,000	12-Dec-13	$0.500	01-Apr-16
Unlisted Options	500,000	12-Dec-13	$0.500	01-Apr-16
Unlisted Options	100,000	13-Feb-14	$0.519	12-Dec-17
Unlisted Options	100,000	13-Feb-14	$0.581	12-Dec-17
Unlisted Options	75,000	27-May-14	$0.224	26-May-17
Unlisted Options	75,000	27-May-14	$0.248	26-May-17
Unlisted Options	500,000	06-Aug-14	$0.167	05-Aug-17
Unlisted Options	500,000	06-Aug-14	$0.187	05-Aug-17

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. 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.

Environmental Regulations

The New Standard group is subject to environmental regulations under relevant Australian legislation in relation to its oil and gas exploration activities, particularly with the Western Australian Department of Mines and Petroleum, the Western Australian Department of Environment and Conservation, and Department of State Development in South Australia. 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.

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

New Standard advised on 30 July 2014, that it had received approval for amendments to its five year work program in PEL570 in the Cooper Basin. New Standard requested a suspension of the work program for PEL570 acreage and a deferral of the planned seismic due to the uncertainty surrounding the ownership of the Company's PEL570 joint venture partner. As part of the revised program, New Standard now has seismic and drilling to commence in Year Two before the new deadline of March 2016, with only minor expenditure on geological studies in Year One required before then.

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, eleven Board meetings were held. There were three remuneration committee meetings and four audit committee meetings.

Directors	Board of Directors		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Mr A Dixon AM	11	11	4	4	3	3
Mr P Thick	11	11	4	4*	n/a	-
Mr S Willis	11	10	4	2*	n/a	-
Dr M Hagan	6	5	n/a	-	n/a	-
Mr C Sadler	11	10	4	4	3	3
Mr. H.C. Ferguson III	5	4	n/a	-	n/a	-
Mr G Channon	-	-	n/a	-	n/a	-
Mr J Swanson	-	-	n/a	-	n/a	-

* attended by invitation

Dr Hagan resigned from the Board effective 11 February 2014. Mr Ferguson was appointed as Non-executive Director on 11 February 2014, and Mr Channon and Mr Swanson were both appointed as Non-Executive Directors on 24 June 2014. All 3 appointments were in line with the rights to Board positions agreed with Magnum Hunter Resources Corporation and Pathfinder Energy Pty Ltd as part of the transaction approved by shareholders in January 2014.

Whilst there is currently no formal nomination committee established, when required a sub-committee of the Board is delegated the responsibility for identifying suitable candidates for Board appointments. The sub-committee will engage 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 Group's activities in the USA.

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 *Corporation Act 2001* in relation to the audit of the full year is included on page 50.

Remuneration Report - Audited

This remuneration report sets out the remuneration arrangements for New Standard Energy Limited (New Standard) for the year ended 30 June 2014. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

Remuneration Policy

New Standard is committed to the close alignment of executive remuneration to shareholder return. 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.

The Company's remuneration policy and structure 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 Quantum Rights consisting of Performance Rights with performance hurdles linked to absolute total shareholder return (TSR) and Retention Rights linked to tenure.

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.

In determining competitive remuneration rates, the Remuneration Committee seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

Board Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The board determines actual payments to directors and reviews their remuneration annually, based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. A review of directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

Key principles of executive remuneration

Remuneration for the executive management team 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. If target at-risk remuneration is earned, the proportion of total remuneration represented by fixed and at-risk remuneration would be:

Role	Fixed Remuneration (TFR)	Variable Remuneration (at risk)	Total
Managing Director	50%	50%	100%
Direct Reports	59%	41%	100%

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

The STIP is the cash component of the at-risk remuneration, payable based on a mix of Company and individual annual performance standards. At-risk remuneration strengthens the link between pay and executive performance. The purpose of these programs is to reward 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.

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 criterion may be allocated a weighting for each year that reflects the relative importance of each performance criterion for the year.

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.

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

Increase in TSR over 3 year period	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 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 and the first cycle of the LTIP began on 15 September 2012.

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.

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 and positive benefit to shareholders.

The Company uses a retention period of 3 years as the standard benchmark for vesting of Retention Rights.

Use of independent 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.

Voting and comments made at the Company's 2013 Annual General Meeting

The Company received more than 95% of "yes" votes on its remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

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 year
Executives		
P Thick	Managing Director	
S Willis [(i)]	Executive Director Corporate	10 December 2013
M Hagan [(ii)]	Technical Director	
D Hansen-Knarhoi	Chief Financial Officer and Joint Company Secretary	
M Gracey	Business Development Manager & General Counsel	
P Achour	Health, Safety and Environment Manager	
K Aitken [(iii)]	Engineering and Operations Manager	
G Carlsen	Exploration and Operations Manager	29 July 2013
Non-executive		
A Dixon	Chairman	
C Sadler	Director	
K Ferguson III	Director	11 February 2014
G Channon	Director	24 June 2014
J Swanson	Director	24 June 2014

(i) Mr Willis was appointed to the role as Executive Director Corporate on 10 December 2013, after serving as Non-executive Director since 1 July 2013.

(ii) Dr Hagan resigned from the role as Technical Director and moved into a Non-Executive Director role on 31 August 2013, and subsequently resigned from this role on 11 February 2014.

(iii) Mr Aitken resigned on 30 April 2014.

Executive remuneration outcomes for 2014

Overview

As the Company recognised it has gone through a period of significant change, increases in base salary packages for KMP were minimal in the 2013/14 financial year, and there was no increase applied to the Managing Director's base salary. Further, the Company applied a 65% reduction in Incentive Rights to all KMP from the calculated LTI values prescribed under the LTIP.

Base Package Salaries

In 2013, independent remuneration consultant, Godfrey Remuneration Group Pty Ltd (Godfrey) was engaged to review the structure of the Company's remuneration components, including base salary packages of KMP. Their review compared the Company's existing base scale with the latest executive remuneration data and trends among comparative companies and the industry generally and their findings were put to the Remuneration Committee for consideration. As a result, the Remuneration Committee recommended to the Board that Base Package salaries of KMP be adjusted by reference to the P50 range of market practice using a +/-20% range to recognise role scope and individual competence in fulfilling the role responsibilities, which was subsequently approved by the Board, effective 1 July 2013. Under the terms of the engagement, Godfrey was paid $63,850 for these services in the 2013 financial year.

The Remuneration Committee considers the present policy remains appropriate for the financial year ended 30 June 2015.

Short Term Incentives

For the year ended 30 June 2014, 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 size of any payment is linked to the extent of achievement. Levels of performance required for target levels of STI are 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 STIP 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 of 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 Managing Director and other executives have a target STIP 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 based on external advice to achieve the remuneration policy intent of 75% percentile total remuneration package market positioning.

The Remuneration Committee is responsible for assessing whether the KPIs are met. The STIP target annual payment is reviewed annually. The Remuneration Committee has the discretion to adjust STI's downwards in light of unexpected or unintended circumstances.

The STIP entitlements earned for performance in the year ended 30 June 2014 noted in the Remuneration Table which follows have been accrued as at 30 June 2014 and will be paid in the year ended 30 June 2015.

Long Term Incentives

The Incentive Rights granted under the LTIP have a 3 year measurement period. Performance Rights are measured against New Standard's share price performance and will vest on a sliding scale against pre-determined absolute TSR targets after a 3 year measurement period. Retention Rights are linked to tenure and will vest if a 3 year continuous period of service is completed. Any Performance Rights or Retention Rights that do not vest after the measurement period will immediately lapse.

Absolute TSR is calculated by reference to share price growth 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 and positive benefit to shareholders.

Of the Incentive Rights that were tested against their vesting conditions during the year ended 30 June 2014, all Retention Rights vested and all Performance Rights lapsed.

Company performance

The table below sets out summary information about the Company's assets, profitability and share price movements for the 5 years to 30 June 2014:

	30 June 2014 $	30 June 2013 $	30 June 2012 $	30 June 2011 $	30 June 2010 $
Share price	0.14	0.12	0.535	0.19	0.215
Total Assets	117,371,505	83,675,665	94,362,875	30,430,324	19,792,879
Net Profit/(loss) before Tax	(6,116,652)	30,308,167	(3,454,500)	(79,081)	3,298,537

Remuneration Tables

The remuneration for each Executive Director and KMP of the Company for the years ending 30 June 2013 and 30 June 2014 was as follows:

Name	Short Term Employment Benefits		Post Employment Benefits	LTI - Share Based Payments					
2014	Salary $	Cash bonus(i) $	Superannuation $	Options(ii) $	Incentive Rights(iii) $	Shares $	Total $	Value of options as proportion of remuneration %	Proportion performance related %
Executive Directors									
Mr P Thick	464,226	-	20,774	47,379	38,063	-	570,442	8%	7%
Mr S Willis(iv)	193,045	57,600	-	-	23,093	-	273,738	0%	29%
Dr M Hagan	16,527	-	-	-	-	-	16,527	0%	0%
Key Management Personnel									
Mr K Aitken(v)	307,645	-	20,833	(28,710)	9,367	-	309,135	*	3%
Mr D Hansen-Knarhoi	259,955	27,597	25,000	-	23,652	-	336,205	0%	15%
Mr M Gracey	247,140	48,574	24,579	-	21,684	-	341,976	0%	21%
Mr P Achour	157,854	21,118	16,176	-	15,667	-	210,815	0%	17%
Mr G Carlsen	268,477	40,300	24,834	-	13,402	-	347,013	0%	15%
Total	1,914,869	195,190	132,196	18,669	144,927	-	2,405,851	1%	14%
2013									
Executive Directors									
Mr P Thick	115,273	-	4,118	20,687	-	-	140,078	15%	0%
Mr S Willis	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	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%

* Percentage not disclosed as the total amount of LTI remuneration expense was negative for the relevant period.

Notes

(i) The cash bonuses have been accrued at 30 June 2014 as STIP amounts resulting from KPI achievements for the year ended 30 June 2014, and have since been reviewed and confirmed 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 were approved by shareholders 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 2014, using the Black-Scholes options pricing model, was $47,379.

Mr Aitken resigned as Engineering and Operations Manager effective 30 April 2014. The negative remuneration amount of $28,710 relates to the forfeiture of options that were issued to Mr Aitken in the year ended 30 June 2013.

(iii) Incentive rights were granted in the years ended 30 June 2013 and 30 June 2014, 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-rata value of these incentive rights in the year ended 30 June 2014. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual may receive.

(iv) Mr Willis was appointed as Non-Executive Director on 1 July 2013, and then appointed as Executive Director Corporate on 10 December 2013.

(v) Mr Aitken resigned as Engineering and Operations Manager effective 30 April 2014.

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:

	2014	2013
Base fees		
Chairman	92,011	91,800
Other non-executive directors	103,533	103,628
Additional fees		
Company secretarial services	48,000	48,000

Non-Executive remuneration for the year ended 30 June 2014 and comparative 2013 remuneration:

Name	Salary and fees $	Non-cash benefit $	Superannuation $	Options(v) $	Total $	Value of Options as a proportion of Remuneration $
2014						
Mr A Dixon	84,220	-	7,790	-	92,011	0%
Mr C Sadler	57,523	-	2,546	21,932	82,000	27%
Dr M Hagan(i)	26,964	-	-	-	26,964	0%
Mr S Willis(ii)	164,868	-	-	-	164,868	0%
Mr K Ferguson III(iii)	-	-	-	-	-	0%
Mr G Channon(iv)	-	-	-	-	-	0%
Mr J Swanson(iv)	-	-	-	-	-	0%
Total	333,575	-	10,336	21,932	365,843	6%
2013						
Mr A Dixon	84,220	-	7,580	17,234	109,034	16%
Mr C Sadler	55,046	-	4,954	18,407	78,407	23%
Mr P Thick	40,043	-	3,584	18,407	62,034	30%
Total	179,309	-	16,118	54,047	249,475	22%

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) Dr Hagan resigned from the role as Technical Director and moved into a Non-Executive Director role on 31 August 2013, and subsequently resigned from this role on 11 February 2014.

(ii) Mr Willis served as Non-executive Director from 1 July 2013 until he was appointed to the role as Executive Director Corporate on 10 December 2013. During his time as Non-executive Director Mr Willis also provided consultancy services for the value of $148,368 to the Company.

(iii) Mr Ferguson III is not paid by the Company for his Non-executive Director services to the Company because his executive role at Magnum Hunter Resources (MHR) includes fulfilling such a role, and therefore it is MHR policy that no additional remuneration should be provided.

(iv) Mr Channon and Mr Swanson were appointed as Non-executive Directors on 24 June 2014 and each receives a fixed remuneration of $60,000 per annum.

(v) 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 current 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 $	Maximum Value yet to Vest $
Mr P Thick	12/12/2012	150,000	0.390	12/12/2015	12/12/2013	150,000	100%	-	-	-	0.156	23,438	-
	12/12/2012	150,000	0.430	12/12/2015	12/12/2014	-	0%	-	-	-	0.147	22,030	10,261
	2/04/2013	500,000	0.400	1/04/2016	2/04/2014	500,000	100%	-	-	-	0.064	30,543	-
	2/04/2013	500,000	0.400	1/04/2016	2/04/2015	-	0%	-	-	-	0.064	30,543	4,935
	2/04/2013	500,000	0.500	1/04/2016	2/04/2014	500,000	100%	-	-	-	0.055	26,016	-
	2/04/2013	500,000	0.500	1/04/2016	2/04/2015	-	0%	-	-	-	0.055	26,016	3,939
Mr C Sadler	12/12/2012	150,000	0.390	12/12/2015	12/12/2013	150,000	100%	-	-	-	0.156	23,438	-
	12/12/2012	150,000	0.430	12/12/2015	12/12/2014	-	0%	-	-	-	0.147	22,030	10,261
Mr K Aitken	14/08/2012(i)	375,000	0.745	14/08/2015	14/08/2013	375,000	100%	-	-	-	0.252	94,330	-
	14/08/2012(i)	375,000	0.835	14/08/2015	14/08/2014	-	0%	-	-	-	0.236	93,534	-
Total		3,350,000				1,675,000						391,919	29,394

Notes

(i) Mr Aitken resigned as Engineering and Operations Manager effective 30 April 2014 and these 750,000 options lapsed post 30 June 2014.

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 27 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

During the year ended 30 June 2014, Performance Rights and Retention Rights were granted to executives as part of their remuneration packages. The table below outlines movements in Incentive Rights during the year and the balance held by each executive as at 30 June 2014.

Name	Grant Date	Type of Incentive Rights	Number of Incentive Rights	Fair Value of each Incentive Right ($)	Vesting Date[(i)]	Maximum Value yet to Vest ($)	Minimum Vesting Hurdle[(ii)]	Number Vested	Number Lapsed	Balance at 30 June 2014
Mr P Thick	14/02/2014	Performance Rights	1,800,000	0.080	14/09/2016	106,657	$ 0.2250	-	-	1,800,000
Mr S Willis	14/02/2014	Performance Rights	1,000,000	0.088	14/09/2016	64,707	$ 0.2250	-	-	1,000,000
Mr K Aitken[(iii)]	28/06/2013	Performance Rights	296,000	0.002	14/03/2014	-	$ 0.5765	-	296,000	-
	28/06/2013	Performance Rights	296,000	0.014	14/09/2015	-	$ 0.6651	-	-	296,000
	28/06/2013	Retention Rights	74,000	0.120	14/03/2014	-	18 months tenure	74,000	-	-
	28/06/2013	Retention Rights	74,000	0.120	14/09/2015	-	3 years tenure	-	-	74,000
	14/02/2014	Performance Rights	620,000	0.081	14/09/2016	-	$ 0.2250	-	-	620,000
	14/02/2014	Retention Rights	155,000	0.105	14/09/2016	-	3 years tenure	-	-	155,000
Mr D Hansen-Knarhoi	28/06/2013	Performance Rights	220,000	0.002	14/03/2014	-	$ 0.5765	-	220,000	-
	28/06/2013	Performance Rights	220,000	0.014	14/09/2015	1,681	$ 0.6651	-	-	220,000
	28/06/2013	Retention Rights	55,000	0.120	14/03/2014	-	18 months tenure	55,000	-	-
	28/06/2013	Retention Rights	55,000	0.120	14/09/2015	3,602	3 years tenure	-	-	55,000
	14/02/2014	Performance Rights	460,000	0.076	14/09/2016	25,867	$ 0.2250	-	-	460,000
	14/02/2014	Retention Rights	115,000	0.101	14/09/2016	8,581	3 years tenure	-	-	115,000
Mr M Gracey	28/06/2013	Performance Rights	192,000	0.002	14/03/2014	-	$ 0.5765	-	192,000	-
	28/06/2013	Performance Rights	192,000	0.014	14/09/2015	1,467	$ 0.6651	-	-	192,000
	28/06/2013	Retention Rights	48,000	0.120	14/03/2014	-	18 months tenure	48,000	-	-
	28/06/2013	Retention Rights	48,000	0.120	14/09/2015	3,144	3 years tenure	-	-	48,000
	14/02/2014	Performance Rights	440,000	0.076	14/09/2016	24,775	$ 0.2250	-	-	440,000
	14/02/2014	Retention Rights	110,000	0.101	14/09/2016	8,208	3 years tenure	-	-	110,000

Name	Grant Date	Type of Incentive Rights	Number of Incentive Rights	Fair Value of each Incentive Right ($)	Vesting Date[(i)]	Maximum Value yet to Vest ($)	Minimum Vesting Hurdle[(ii)]	Number Vested	Number Lapsed	Balance at 30 June 2014
Mr P Achour	28/06/2013	Performance Rights	140,000	0.002	14/03/2014	-	$0.5765	-	140,000	-
	28/06/2013	Performance Rights	140,000	0.014	14/09/2015	1,070	$0.6651	-	-	140,000
	28/06/2013	Retention Rights	35,000	0.120	14/03/2014	-	18 months tenure	35,000	-	-
	28/06/2013	Retention Rights	35,000	0.120	14/09/2015	2,292	3 years tenure	-	-	35,000
	14/02/2014	Performance Rights	300,000	0.081	14/09/2016	17,842	$0.2250	-	-	300,000
	14/02/2014	Retention Rights	75,000	0.105	14/09/2016	5,804	3 years tenure	-	-	75,000
Mr G Carlsen	14/02/2014	Performance Rights	500,000	0.077	14/09/2016	28,227	$0.2250	-	-	500,000
	14/02/2014	Retention Rights	125,000	0.101	14/09/2016	9,327	3 years tenure	-	-	125,000
Total			7,820,000			313,251		212,000	848,000	6,760,000

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.

(ii) The minimum vesting hurdle for Performance Rights is 10% compound average growth rate (CAGR) in the NSE share price, which represents 33% absolute total shareholder return (TSR) over a 3 year measurement period. Should this minimum hurdle be achieved only 25% of the Performance Rights will vest.

(iii) Mr Aitken resigned as Engineering and Operations Manager effective 30 April 2014 and all of Mr Aitken's Performance Rights and Retention Rights lapsed post 30 June 2014.

Equity Instruments held by Key Management Personnel

The table below shows the number of options, rights, and shares held in The Company during the financial year by Key Management Personnel, including their close family members and entities related to them.

Name	Balance at 1 July 2013	Granted as Compensation	Exercised Options/ Vested Rights	Received on Exercise of Options/ Vesting of Rights	Lapsed	Other Changes	Balance at 30 June 2014	Vested and Exercisable	Unvested
Mr A Dixon									
Unlisted Options	750,000	-	-	-	-	-	750,000	750,000	-
Performance Rights	-	-	-	-	-	-	-	-	-
Retention Rights	-	-	-	-	-	-	-	-	-
Ordinary Shares	221,212	-	n/a	-	n/a	168,000	389,212	n/a	n/a
Mr P Thick									
Unlisted Options	300,000	-	-	-	-	2,000,000(i)	2,300,000	1,150,000	1,150,000
Performance Rights	-	1,800,000	-	-	-	-	1,800,000		1,800,000
Retention Rights	-	-	-	-	-	-	-	-	-
Ordinary Shares	650,000	-	n/a	-	n/a	1,850,000	2,500,000	n/a	n/a
Mr S Willis									
Unlisted Options	4,000,000	-	-	-	-	-	4,000,000	4,000,000	-
Performance Rights	-	1,000,000	-	-	-	-	1,000,000	-	1,000,000
Retention Rights	-	-	-	-	-	-	-	-	-
Ordinary Shares	11,130,762	-	n/a	-	n/a	(430,762)(ii)	10,700,000	n/a	n/a
Dr M Hagan									
Unlisted Options	2,750,000	-	-	-	-	-	2,750,000	2,750,000	-
Performance Rights	-	-	-	-	-	-	-	-	-
Retention Rights	-	-	-	-	-	-	-	-	-
Ordinary Shares	4,088,893	-	n/a	-	n/a	(321,354)(ii)	3,767,539	n/a	n/a
Mr C Sadler									
Unlisted Options	300,000	-	-	-	-	-	300,000	300,000	-
Performance Rights	-	-	-	-	-	-	-	-	-
Retention Rights	-	-	-	-	-	-	-	-	-
Ordinary Shares	100,000	-	n/a	-	n/a	-	100,000	n/a	n/a

Name	Balance at 1 July 2013	Granted as Compensation	Exercised Options/ Vested Rights	Received on Exercise of Options/ Vesting of Rights	Lapsed	Other Changes	Balance at 30 June 2014	Vested and Exercisable	Unvested
Mr K Aitken									
Unlisted Options	750,000	-	-	-	-	-	750,000	375,000	375,000
Performance Rights	592,000	620,000	-	-	(296,000)	-	916,000	-	916,000
Retention Rights	148,000	155,000	(74,000)	-	-	-	229,000	-	229,000
Ordinary Shares	-	-	n/a	67,939	n/a	-	67,939	n/a	n/a
Mr D Hansen-Knarhoi									
Unlisted Options	750,000	-	-	-	-	-	750,000	750,000	-
Performance Rights	440,000	460,000	-	-	(220,000)	-	680,000		680,000
Retention Rights	110,000	115,000	(55,000)	-	-	-	170,000	-	170,000
Ordinary Shares	169,399	-	n/a	48,939	n/a	77,786	296,124	n/a	n/a
Mr M Gracey									
Unlisted Options	2,750,000	-	-	-	-	-	2,750,000	2,750,000	-
Performance Rights	384,000	440,000	-	-	(192,000)	-	632,000	-	632,000
Retention Rights	96,000	110,000	(48,000)	-	-	-	158,000	-	158,000
Ordinary Shares	221,387	-	n/a	41,939	n/a	13,014	276,340	n/a	n/a
Mr P Achour									
Unlisted Options	300,000	-	-	-	-	-	300,000	300,000	-
Performance Rights	280,000	300,000	-	-	(140,000)	-	440,000	-	440,000
Retention Rights	70,000	75,000	(35,000)	-	-	-	110,000	-	110,000
Ordinary Shares	40,410	-	n/a	28,939	n/a	-	69,349	n/a	n/a
Mr G Carlsen									
Unlisted Options	-	-	-	-	-	-	-	-	-
Performance Rights	-	500,000	-	-	-	-	500,000	-	500,000
Retention Rights	-	125,000	-	-	-	-	125,000	-	125,000
Ordinary Shares	-	-	n/a	-	n/a	140,000	140,000	n/a	n/a

(i) Mr Thick was granted 2,000,000 options in accordance with his employment contract in the year ended 30 June 2013 that was subject to shareholder approval at the 2013 Annual General Meeting. Shareholder approval was duly received and the options were issued on 12 December 2013.

(ii) This reduction in shareholding pertains to the sale of shares held by Mr Willis and Dr Hagan in accordance with the terms of the legacy LTI scheme, and no proceeds were received by Mr Willis or Dr Hagan as a result of the sale.

Loans to Key Management Personnel

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	Business Development Manager & General Counsel	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.

Other Transactions with Key Management Personnel

There were no other transactions with key management personnel during the year ended 30 June 2014.

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 2014 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 P Achour	Employee	Ongoing	12 weeks No notice required for termination by Company for cause	12 weeks
Mr G Carlsen	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	Employee	Ongoing	None	None
Mr G Channon	Employee	Ongoing	None	None
Mr K Ferguson III	Employee	Ongoing	None	None
Mr C Sadler	Employee	Ongoing	None	None
Mr J Swanson	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
Chairman

25 September 2014

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 2014 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

25 September 2014

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 a 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 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 seven directors of whom three are considered independent. The remaining directors do not meet the Company's criteria for independence.

Given the significant transformation the Company has undergone over the past year the Board feels the composition of the Board is appropriate at this stage. The Board will review the composition over the coming year to better align with the new direction of the Company. 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 2014				30 June 2013			
	Female		Male		Female		Male	
Gender representation	No	%	No	%	No	%	No	%
Board representation	-	-	7	100	-	-	5	100
Group representation	10	40	15	60	9	39	14	61

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

- Human Resources Manager

The Company's proposed diversity objectives for the 2015 financial year are as follows:

- Continue to assess and proactively monitor gender diversity at all levels of the Company's business and the implementation and effectiveness of the Company's diversity initiatives and programs;
- 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 Chief Financial Officer 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.

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. The Company does not have a Risk Management Committee because the Board considers it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

The Managing Director and Chief Financial Officer 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 and Chief Financial Officer 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 Company’s 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 incentives 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:

Principal 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 the Executive Leadership Team (ELT). The ELT’s 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

Principal 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. The Board consists of three independent Directors and four non-independent Directors.	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.
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.	The 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. The Company does not have a Nomination Committee because the Board considers 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. Given the significant transformation the Company has undergone over the past year the Board feels the composition of the Board is appropriate at this stage. The Board will review the composition over the coming year to better align with the new direction of the Company. The Board endeavours to review this policy from time to time. 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

Principal 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

Principal No.	Recommendation	Compliance	Reason for Non-compliance
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 four members, including two 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 composition 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
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

Principal No.	Recommendation	Compliance	Reason for Non-compliance
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 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 Company's 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
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	The Remuneration Committee consists of four members, of which two are independent non-executive directors and is chaired by an independent non-executive director. 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 ELT, 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 2014

Auditor's Independence Declaration

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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 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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

BDO Audit (WA) Pty Ltd

Perth, 25 September 2014

Independent Audit Report

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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 2014, 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 2014 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through debt or equity, successful exploration and subsequent exploitation of the consolidated entity's tenements. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 25 September 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue from continuing operations	2	3,192,845	-
Gain on sale of available-for-sale financial assets	2	-	40,588,300
Gain on investments	2	41,768	-
Other Revenue	2	949,785	2,002,476
Total revenue and other income		4,184,398	42,590,776
Expenses			
Production and lease operating expenses	3	(944,882)	-
Depletion, depreciation and accretion expenses	3	(1,308,562)	(296,000)
Exploration and evaluation costs		-	(33,933)
Administrative expenses	3	(6,666,877)	(4,114,171)
Share based payments	26	(198,479)	(740,051)
Foreign exchange gain/(loss)		10,763	(1,924)
Impairment of exploration and evaluation and development expenditure		-	(5,383,445)
Impairment of available-for-sale investment		-	(1,713,085)
Loss on investment in associate	10	(1,193,013)	-
Profit/(loss) before income tax expense		(6,116,652)	30,308,166
Income tax benefit/(expense)	4	4,075,034	(13,609,099)
Profit/(loss) after tax attributable to owners of the Parent entity		(2,041,618)	16,699,068
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)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(2,398,729)	543,288
Other comprehensive loss for the year		(2,398,729)	(29,918,507)
Total comprehensive loss for the year		(4,440,347)	(13,219,439)
Total comprehensive loss for the year is attributable to:			
Owners of the Company		(4,440,347)	(13,219,439)

Earnings/(loss) per Share for profit/(loss) from continuing operations attributable to the ordinary shareholders of the Company

		Cents Per Share	Cents Per Share
Basic earnings/(loss) per share (cents per share)	23	(0.60)	5.49
Diluted earnings/(loss) per share (cents per share)	23	(0.60)	5.49

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 $	2013 $
Current Assets			
Cash and cash equivalents	22(a)	8,625,765	41,536,690
Trade and other receivables	6	2,862,295	715,618
Available for sale financial assets		-	536,915
Derivative financial instruments	7	48,157	-
Other assets		203,797	-
Total Current Assets		11,740,014	42,789,223
Non-Current Assets			
Derivative financial instruments	7	119,961	-
Exploration and evaluation and development expenditure	8	54,408,596	39,814,318
Oil and Gas properties	9	36,891,767	-
Investment in associate	10	389,531	-
Property, plant and equipment	11	708,984	1,072,124
Deferred tax asset	14	12,931,384	-
Other assets		181,268	-
Total Non-Current Assets		105,631,491	40,886,442
Total Assets		117,371,505	83,675,665
Current Liabilities			
Trade and other payables	12	8,132,416	2,403,870
Borrowings	13	138,700	73,667
Total Current Liabilities		8,271,116	2,477,537
Non-Current Liabilities			
Borrowings	13	9,186,312	122,300
Deferred tax liability	14	19,645,342	9,949,470
Total Non-Current Liabilities		28,831,654	10,071,770
Total Liabilities		37,102,770	12,549,307
Net Assets		80,268,735	71,126,358
Equity			
Issued capital	15	67,011,182	53,626,937
Reserves	16	839,916	3,040,166
Retained earnings	16(d)	12,417,636	14,459,255
Total Equity		80,268,735	71,126,358

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 2014

	Issued Capital $	Retained Earnings $	Share Based Payment Reserve $	Available for Sale Financial Assets Reserve $	Foreign Currency Translation Reserve $	Total $
Equity as at 1 July 2013	53,626,937	14,459,254	3,964,386	-	(924,220)	71,126,358
Profit/(Loss) for the year	-	(2,041,618)	-	-	-	(2,041,618)
Loss on translation of foreign operations	-	-	-	-	(2,398,729)	(2,398,729)
Total comprehensive income / (loss)	-	(2,041,618)	-	-	(2,398,729)	(4,440,347)
Transactions with owners in their capacity as owners;						
Issue of shares, net of transaction costs	13,384,245	-	-	-	-	13,384,245
Share based payments	-	-	198,479	-	-	198,479
Equity as at 30 June 2014	67,011,182	12,417,636	4,162,865	-	(3,322,949)	80,268,735

	Issued Capital $	Retained Earnings $	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 / (loss)	-	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	14,459,254	3,964,386	-	(924,220)	71,126,358

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 2014

	Note	2014 $	2013 $
Cash Flows From Operating Activities			
Oil & Gas sales		1,820,022	-
Payments to suppliers and employees		(6,857,843)	(3,259,012)
Interest received		1,105,594	1,861,207
Interest Paid		(15,498)	(28,183)
Net cash used in operating activities	21(b)	(3,947,725)	(1,425,988)
Cash Flows From Investing Activities			
Payments for oil and gas properties		(14,958,808)	-
Reimbursement of exploration expenditure		6,030,755	3,146,196
Cash receipts offset against development expenditure		580,092	167,237
Payment for exploration, evaluation and development		(10,044,617)	(27,438,849)
Proceeds from available-for-sale financial assets		-	43,122,130
Payments for acquisition of subsidiary net of cash acquired	24	(18,476,419)	-
Payments for purchase of equity investments		(1,003,860)	-
Payments for plant and equipment		(75,320)	(932,558)
Net cash (used in)/provided by investing activities		(37,948,177)	18,064,156
Cash Flows From Financing Activities			
Proceeds from borrowings		9,135,234	-
Proceeds from issue of shares		151,999	-
Repayment of borrowings		(73,667)	(67,648)
Net cash flows (used in)/provided by financing activities		9,213,566	(67,648)
Net increase/(decrease) in cash and cash equivalents		(32,682,336)	16,570,520
Cash and cash equivalents at beginning of the financial year		41,536,690	24,890,855
Exchange rate adjustments		(228,589)	75,315
Cash and cash equivalents at the end of the financial year	21(a)	8,625,765	41,536,690

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

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 25 September 2014.

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 2014.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year the consolidated entity incurred a net loss after income tax for the year ended of $2,041,618 and incurred net cash outflows from operating and investing activities of $41,895,902.

The ability of the consolidated entity to continue as a going concern is dependent upon future capital raisings to fund ongoing exploration commitments and for working capital. The Directors believe that they will be able to raise additional capital as required and are in the process of evaluating the consolidated entity's cash requirements.

The Directors believe that the consolidated entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However, should the consolidated entity be unsuccessful in undertaking additional raisings, the consolidated entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

Principals of Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

1. Summary Of Accounting Policies (continued)

(b) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

(c) Joint arrangements

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint operations.

Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint ventures

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated statement of financial position.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) 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.

(f) 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.

1. Summary Of Accounting Policies (continued)

(g) 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 cash flows 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.

(h) 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.

(i) 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.

1. Summary Of Accounting Policies (continued)

(j) 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.

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.

(k) Development Expenditure

Development expenditure is accumulated in respect of each separate area of interest. Development expenditure relates to costs incurred to access a hydrocarbon resource after the technical feasibility and commercial viability of extracting the hydrocarbon 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(h).

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.

1. Summary Of Accounting Policies (continued)

(l) 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.

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.

(m) 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.

1. Summary Of Accounting Policies (continued)

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.

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.

(n) 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.

(o) Revenue Recognition

Revenue from the sale of oil and gas related products are recognised when the significant risks and rewards of ownership has transferred to the buyer and can be measured reliably. In the case of oil, this is usually at the time of lifting. Interest income is recognised in profit or loss as it accrues and takes into account 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.

(p) Property, Plant and Equipment

Owned assets

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

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.

1. Summary Of Accounting Policies (continued)

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 useful life and depreciation method applied to an asset are reassessed at least annually. 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	1-15 years depending on the nature of the asset
(iii)	Leasehold improvements	3-10 years depending on the nature of the asset

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

(q) Oil and gas properties

These properties represent the accumulation of all exploration, evaluation and development expenditure, pre-production development costs and ongoing costs of continuing to develop reserves for production incurred by or on behalf of the entity in relation to areas of interest. When further development expenditure is incurred in respect of a property after the commencement of production, such expenditure is carried forward as part of the cost of that property only when expected future economic benefits are to be received, otherwise such expenditure is classified as part of the cost of production

Depletion / depreciation / amortisation

Oil and gas properties are depleted using the units of production method. Depletion is not charged until commencement of production. Changes in factors such as estimates of proved and probable reserves that effect unit of production calculations do not give rise to prior year financial period adjustments and are dealt with on a prospective basis

(r) 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.

(s) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method. Borrowings are classified as current liabilities, unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(t) Derivatives

Currently the Group uses certain hedging derivatives to mitigate commodity price risk. These derivatives are initially measured at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value monthly. The accounting treatment for subsequent changes in fair values is that the changes are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(u) 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.

1. Summary Of Accounting Policies (continued)

(v) 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.

(w) 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.

(x) 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.

(y) 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.

1. Summary Of Accounting Policies (continued)

(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.

(z) 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.

(aa) Adoption of new and revised accounting standards

The nature and effect of each new and revised standards on the Group's consolidated financial report at 30 June 2014 are described below.

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 impact on its existing arrangements and the change has had no 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 impact on its existing arrangements and the change has had no 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 impact on its existing arrangements and the change has had no material effect on the financial statements.

1. Summary Of Accounting Policies (continued)

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 impact on its existing arrangements and the change has had no material effect on the financial statements.

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 impact on its existing arrangements and the change has had no 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 has assessed the impact on its existing arrangements and the change has had no material effect on the financial statements.

(bb) Standards and Interpretations Issued not yet Effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

1. Summary Of Accounting Policies (continued)

Reference and Title	Summary	Application date of standard	Impact on New Standard Energy Limited financial statements
Financial Instruments - AASB 9 (issued December 2009 and amended December 2010)	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2018	When this standard is first adopted from 1 July 2018, there will be no impact on transactions and balances recognised in the financial statements.
Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11(issued May 2014)	When an entity acquires an interest in a joint operation whose activities meet the definition of a 'business' in IFRS 3 *Business Combinations*, to the extent of its share of assets, liabilities, revenues and expenses as specified in the contractual arrangement, the entity must apply all of the principles for business combination accounting in IFRS 3, and other IFRSs, to the extent that they do not conflict with IFRS 11 *Joint Arrangements*. This means that it will expense all acquisition-related costs and recognise its share, according to the contractual arrangements, of: • Fair value of identifiable assets and liabilities, unless fair value exceptions included in IFRS 3 or other IFRSs, and • Deferred tax assets and liabilities that arise from the initial recognition of an asset or liability as required by IFRS 3 and IAS 12 *Income Taxes*. Goodwill will then be recognised as the excess consideration over the fair value of net identifiable assets acquired.	Annual reporting periods commencing on or after 1 January 2016	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to acquisitions of interests in joint operations.

1. Summary Of Accounting Policies (continued)

Reference and Title	Summary	Application date of standard	Impact on New Standard Energy Limited financial statements
AASB 2013-3 (issued June 2013) Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	Clarifies the disclosure requirements for cash-generating units (CGUs) with significant amounts of goodwill and intangibles with indefinite useful lives and also adds additional disclosures when recoverable amount is determined based on fair value less costs to sell.	Annual reporting periods commencing on or after 1 January 2014	As this standard amends disclosure requirements only, there will be no impact on amounts recognised in the financial statements. The recoverable amount for CGUs with significant amounts of goodwill and intangibles with indefinite lives will only be required to be disclosed where an impairment loss has been recognised. However, there will be additional disclosures about the level of the fair value hierarchy where recoverable amount for a CGU is determined based on fair value less costs to sell.
IFRS 2 Share – based Payment	Definition of vesting condition The amendment clarifies the definition of vesting conditions and market conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition without themselves being specifically defined	Share-based payments transactions for which grant date is on or after 1 July 2014	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014.
IFRS 3 Business Combinations	Accounting for contingent consideration in a business combination The amendment clarifies that contingent consideration is assessed as either a liability or an equity instrument on the basis of IAS 32 Financial Instruments: Presentation. The amendment also requires contingent consideration that is not classified as equity to be remeasured to fair value at each reporting date, with changes in fair value being reported in profit or loss.	Business combinations occurring on or after 1 July 2014	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

1. Summary Of Accounting Policies (continued)

Reference and Title	Summary	Application date of standard	Impact on New Standard Energy Limited financial statements
IFRS 8) Operating Segments	Aggregation of operating segments When operating segments have been aggregated in determining reportable segments, additional disclosures are required regarding judgements made by management in applying the aggregation criteria used to assess that the aggregated segments have similar economic characteristics, including: • A description of the operating segments that have been aggregated • The economic indicators considered in determining that the aggregated operating segments share similar economic characteristics. Reconciliation of the total of a reportable segment's assets to the entity's assets The amendment clarifies that a reconciliation of the total of reportable segments' assets to the entity's assets is only required if a measure of segment assets is regularly provided to the chief operating decision maker (CODM).	Annual periods commencing on or after 1 July 2014	There will be no impact on the financial statements when these amendments are first adopted because this is a disclosure standard only. Further, because the group does not currently aggregate operating segments in determining reportable segments, it is unlikely that any additional disclosures will be required when this amendment is adopted for the first time for the year ended 30 June 2015.
IAS 24 Related Party Disclosures	Key management personnel The amendment clarifies that an entity that provides key management personnel services ('management entity') to a reporting entity (or to the parent of the reporting entity), is a related party of the reporting entity. The amendment also requires separate disclosure of amounts recognised as an expense for key management personnel services provided by a separate management entity (but not in the categories set out in IAS 24.17).	Annual reporting periods beginning on or after 1 January 2014	There will be no impact on the financial statements when these amendments are first adopted because this is a disclosure standard only. As the group does not currently engage the services of a management entity, it is also unlikely that any additional disclosures will be required when this amendment is adopted for the first time for the year ended 30 June 2015.

1. Summary Of Accounting Policies (continued)

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 and development 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 $54,408,596.

The ultimate recoupment of costs carried forward for development assets is dependent either upon the successful development and commercial exploitation, or sale, of the respective areas of interest. If the asset is successfully developed it will be transferred and reclassified as a production asset. The production asset will then be accounted within Oil and Gas properties to which its carrying value will be depleted as production value is extracted from the asset.

Determination of hydrocarbon reserves

Estimates of recoverable quantities of proven, probable and possible reserves reported include judgemental assumptions regarding commodity prices, exchange rates, discount rates, capital costs and production and operating costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values and the recognition of deferred tax assets due to changes in expected future cash flows. Reserves are integral to the amount of amortisation charged to the profit and loss.

Determination of fair values on intangible assets acquired in business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their fair values. In measuring fair value management uses estimates about expected future cash flows generated from the use or eventual sale (less costs) of the asset. Details of acquired assets and liabilities are given in Note 24.

Units of production depletion of oil and gas assets

Oil and gas properties are depleted using the method units of production over the total provided and undeveloped reserves. This results in a depletion charge proportional to the depletion of the anticipated remaining production.

The economic life of the well, which is assessed annually, has regard to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the depletion rate could be impacted to the extent that actual production in the future is different from the current forecast production based on total proved reserves, or future capital expenditure estimates.

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.

Impairment

The carrying amounts of the Group's assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an assets or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the assets belong.

2. Revenue

	2014 $	2013 $
Revenue:		
Oil and Gas sales revenue (net of royalties)	3,192,845	-
Interest revenue	932,785	1,969,310
Other revenue	17,000	33,166
Other income consisted of the following items:		
Gain on sale of available-for-sale financial assets	-	40,588,300
Gain on investments	41,768	-
Total Revenue	4,184,398	42,590,776

3. Expenses

	2014 $	2013 $
Profit/(loss) before income tax includes the following specific expenses:		
Production and operating expense		
Sales taxes	159,116	-
Lease operating expenses	785,766	-
Total production and operating expenses	944,882	-
Depletion, depreciation and accretion expenses		
Depletion	912,950	-
Depreciation	393,518	296,000
Accretion	2,094	-
Total depletion, depreciation and amortisation expense	1,308,562	296,000
Administrative expenses		
Employee benefit expenses	3,474,294	2,879,036
Professional fees	539,310	325,331
Occupancy expenses	568,506	226,789
Other administrative expenses	2,084,767	683,015
Total administrative expense	6,666,877	4,114,171

4. Income Tax Expense

	2014 $	2013 $
(a) The components of tax expense/(benefit) comprise:		
Current Tax	-	-
Deferred Tax	(4,075,034)	13,609,099
	(4,075,034)	13,609,099
Deferred tax expense/(benefit) included in income tax expense comprises:		
Decrease (increase) in deferred tax assets	(12,931,384)	-
(Decrease) increase in deferred tax liabilities	8,856,350	13,609,099
	(4,075,034)	13,609,099
(b) The prima facie tax from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Profit/(loss) before tax	(6,116,652)	30,308,167
Tax expense (benefit) calculated at 30%	(1,834,996)	9,092,450
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	59,544	222,015
Other permanent differences	37,265	1,432,643
Entertainment	8,636	11,320
Difference in overseas tax rate	(20,491)	(29,544)
Deferred tax liability not previously recognised	-	2,880,215
Deferred tax asset not previously recognised	(2,670,366)	-
	(4,420,408)	13,609,099
Tax losses and timing differences not recognised	345,374	-
Income tax expense/(benefit)	(4,075,034)	13,609,099

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

Tax consolidation legislation

News Standard Energy Limited and its wholly owned Australian controlled entities elected to enter into the tax consolidation legislation from 1 July 2008. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, New Standard Energy Limited.

5. Auditors Remuneration

Auditor of the Parent Entity –		
(a) Audit Services		
BDO Audit (WA) Pty Ltd	61,760	57,890
BDO USA LLP	38,889	-
	100,649	57,890

6. Trade and Other Receivables

	2014 $	2013 $
Current		
Trade receivables	2,282,212	-
Other receivables	580,083	715,618
Total	2,862,295	715,618

The average credit period on trade and other receivables is 30 days. No interest is charged on prepayments and receivables. The Group 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 22 for the Group's risk management policy.

7. Derivative Financial Instruments

	2014 $	2013 $
Current Assets		
Commodity put options	48,157	-
Non-current Assets		
Commodity put options	119,961	-
Total assets	168,118	-

From time to time, the Group is party to derivative financial instruments, in the normal course of business, in order to hedge exposure to fluctuations in commodity prices. The Group enters into certain commodity derivative instruments to mitigate risk associated with a portion of its future crude oil and natural gas production and related cash flows.

8. Exploration, Evaluation and Development Expenditure

	2014 $	2013 $
Movement in Exploration, Evaluation and Development Expenditure		
Balance at beginning of the year	39,814,318	18,767,114
Acquisition from business combination (note 24)	8,129,391	-
Acquisition of exploration assets	6,400,000	
Revenue Offset	(287,347)	(688,108)
Expenditure incurred	6,789,699	29,025,327
Expenditure impaired	-	(5,383,445)
Foreign exchange movement	(406,710)	460,922
Expenditure recovered[1]	(6,030,755)	(2,367,492)
Balance at end of the year	54,408,596	39,814,318

(1) The exploration expenditure incurred during the period relates to the Company's oil and gas permits and application areas in Australia, and working interests in the Atascosa County and Colorado County both 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. 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 $6,030,755 relating to applicable works undertaken in the year ended 30 June 2013 in the Canning and Carnarvon Basins.

8. Exploration, Evaluation and Development Expenditure (continued)

The Consolidated Entity has interests in the following wholly-owned and non-wholly owned oil and gas exploration and development assets:

Country	Area	Asset	Operator	Principal Activity	Percentage Interest
USA	Eagle Ford	Eppright Prospect (includes 1 lease)	NSE Texas LLC	Exploration, development of hydrocarbons	96.88%
		Alright Prospect (includes 37 leases)			35.40%
	Colorado County	Heintschel-1	AKG Energy LLC	Exploration, development of hydrocarbons	32.5%
		Heintschel-2			32.5%
		D Truchard-1			32.5%
		Joann-1			33.68%
Australia	Cooper Basin	PEL 570	Outback Energy Hunter Pty Ltd	Exploration of hydrocarbons	52.5%
	Canning Basin	EP443	New Standard Onshore Pty Ltd	Exploration of hydrocarbons	25%
		EP450			25%
		EP451			25%
		EP456			25%
		STP–EPA-006			100%
		STP-EPA-007			100%
		STP-EPA-010			100%
		STP-EPA-0092			100%
		EP417			100%
		STP-EPA-0109			100%
	Carnarvon Basin	EP481	New Standard Onshore Pty Ltd	Exploration of hydrocarbons	100%
		EP482			100%

Assets acquired on the Peeler Prospect are included with note 9 oil and gas properties.

9. Oil and Gas Properties

	2014 $	2013 $
At cost	37,804,717	-
Accumulated depletion	(912,950)	-
Net carrying value	36,891,767	-
A reconciliation of movements in oil and gas properties during the year is as follows:		
At cost		
Opening balance	-	-
Acquisitions from business combination (note 24)	23,290,622	-
Additions	15,456,854	-
Foreign exchange movement	(942,759)	-
Closing balance	37,804,717	-
Accumulated depletion		
Opening balance	-	-
Depletion	(912,950)	-
Closing balance	(912,950)	-

10. Investment In Associate

On August 13, 2013 New Standard Energy increased its equity holding in Elixir Petroleum Limited (ASX: EXR) to 28.23% resulting in the investment being classified as an associate, previously held as an available for sale asset (30 June 2013: $536,915).

	2014 $	2013 $
(a) Movements in carrying amount		
Carrying amount at the beginning of the period	-	-
Transfer of available for sale investment	1,582,544	-
Share of net loss in associate	(1,193,013)	-
Carrying amount at the end of the period	389,531	-

(b) Summarised financial information of associates

The group's share of the results of its associate are as follows:

	Ownership Interest %	Group's share of: Assets $	Liabilities $	Revenues $	Profit/(Loss)* $
2014					
Elixir Petroleum Limited	28.23	2,428,124	727,035	-	(1,193,013)
		2,428,124	727,035	-	(1,193,013)

* Portion of losses recognised from the date of Elixir Petroleum Limited being recognised as an investment in associate.

At 30 June 2013 New Standard Energy did not recognise the equity investment in Elixir Petroleum Limited as an investment in associate and therefore there is no comparative data.

11. Property, Plant and Equipment

	2014 $	2013 $
Property, plant and equipment	1,403,933	1,389,281
Accumulated depreciation	(694,949)	(317,157)
Net book amount	708,984	1,072,124

	Furniture and equipment $	Motor Vehicles $	Leasehold Improvements $	Total $
Year ended 30 June 2014				
Opening net book amount	513,833	189,871	368,420	1,072,124
Additions	30,378	-	-	30,378
Disposals	-	-	-	-
Depreciation expense	(184,038)	(61,939)	(147,541)	(393,518)
Closing net book amount	360,173	127,932	220,879	708,984
Year ended 30 June 2013				
Opening net book amount	196,553	256,706	2,180	455,439
Additions	456,834	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

12. Trade and Other Payables

	2014 $	2013 $
Current		
Trade payables	5,124,799	752,181
Sundry payables and accrued expenses	3,007,617	1,651,689
	8,132,416	2,403,870

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 22 for the Group's risk management policy.

Due to their short-term nature, these payables are deemed to approximate their fair value.

13. Borrowings

	2014 $	2013 $
Current		
Credit facility	77,550	-
Finance lease-vehicle	61,150	73,667
	138,700	73,667
Non-current		
Credit facility	9,125,162	-
Finance lease-vehicle	61,150	122,300
	9,186,312	122,300

(a) Credit facility

On 28 May 2014 the Group entered into a credit agreement with the bank Credit Suisse which provides borrowings of up to US$45M that is subject to achieving certain oil and gas reserve levels. The facility is a secured reserve based lending facility which provides funding against oil and gas reserves that have been certified by an independent reserves engineer.

The base interest rate payable on the loan is 13 per cent per annum, with only 7 per cent being paid in cash and 6% accrued to the loan for the period of the first six months of the loan, after which the full interest amount will be payable in cash. The maturity date of the loan is 30 months after the completion date (28 May 2014). The credit facility requires the Group to maintain certain financial ratios and limits the amount of indebtedness the Group can incur. As at 30 June 2014 the Group has only drawn down US$9M, and is in compliance with its financial ratios.

A fair value assessment of the borrowings has taken place, given that the loan was entered into during the current reporting period, the Directors of the Company have deemed that the risk profile of the Company is unchanged at 30 June 2014 from that at 28 May 2014 and hence there has been no change in relation to the fair value of the borrowings.

(b) Finance leases

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. Deferred Tax Balances

	2014 $	2013 $
Deferred tax assets recognised		
Unused tax losses		
- Australia	1,561,557	2,106,831
- US	8,634,418	1,035,767
Unexpired capital raising costs	222,921	322,776
US deductible temporary differences	687,066	1,692,785
Deductible temporary differences	1,825,422	756,854
Total deferred tax assets	12,931,384	5,915,013
Set of deferred tax liabilities pursuant to set-off provisions	-	(5,915,013)
Net deferred tax assets	12,931,384	-
Reconciliation of movement in deferred tax assets:		
Opening balance	-	-
(Debited) credited to statement of profit or loss and other comprehensive income	12,931,384	-
Closing balance	12,931,384	-
Deferred tax liabilities		
Accrued revenue/income	-	56,758
Property, plant & equipment	-	11,771
Foreign currency translation	-	170,805
Capitalised exploration expenditure - Australia	11,232,281	12,670,892
Capitalised exploration - US	7,573,539	2,953,042
Business combination	839,522	-
Other	-	1,216
Total deferred tax liabilities	19,645,342	15,864,484
Set of deferred tax liabilities pursuant to set-off provisions	-	(5,915,013)
Net deferred tax liability	19,645,342	9,949,470
Reconciliation of movement in deferred tax liabilities:		
Opening balance	9,949,470	9,630,213
Debited (credited) to statement of profit or loss and other comprehensive income	8,856,350	13,609,099
Debited (credited) to assets	839,522	-
Debited (credited) to equity	-	(13,289,842)
Closing balance	19,645,342	9,949,470

15. Issued Capital

	2014 $	2013 $
386,169,603 fully paid ordinary shares (2013: 305,331,847)	67,011,182	53,626,937

(a) Fully paid ordinary shares

2014	No.	$
Balance at beginning of financial year	305,331,847	53,626,937
On 8 January 2014, consideration on expiry of ESOP loans	-	151,995
On 21 January 2014, issue of shares to the previous owners of Outback Energy Hunter Pty Ltd	15,000,000	2,400,000
On 29 January 2014, issue of shares to Magnum Hunter Corporation	65,650,000	10,832,250
On 28 March 2014, issue of shares upon vesting of Retention Rights	187,756	-
Balance at end of financial year	386,169,603	67,011,182
2013		
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

(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 and Incentive Rights

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 26 of the consolidated financial statements.

16. Reserves

	2014 $	2013 $
Share based payments reserve	4,162,865	3,964,386
Foreign currency translation reserve	(3,322,949)	(924,220)
	839,916	3,040,166

(a) Movements in available for sale financial assets reserve

	2014 $	2013 $
Balance at beginning of year	-	30,461,795
Impairment of financial assets available for sale	-	(30,461,795)
Balance at end of year	-	-

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

	2014 $	2013 $
Balance at the beginning of the year	3,964,386	3,224,335
Add: Issue of options		
- Directors	130,466	229,839
- Employees	68,013	510,212
Balance at the end of year	4,162,865	3,964,386

Nature and purpose of reserve

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

(c) Movements in foreign currency translation reserve

	2014 $	2013 $
Balance at the beginning of the year	(924,220)	(1,467,508)
Unrealised profit on translation of foreign operation	(2,398,729)	543,288
Balance at the end of the year	(3,322,949)	(924,220)

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 profits/(losses)

	2014 $	2013 $
Balance at the beginning of the year	14,459,254	(2,239,814)
Net profit/(loss) attributable to members of the Company	(2,041,618)	16,699,068
Balance at the end of the year	12,417,636	14,459,254

17. Dividends

There have been no dividends paid or proposed in the 2013 or 2014 financial years.

18. Commitments For Expenditure

Exploration Permits and Oil and Gas Leases – Commitments for Expenditure

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:

	2014 $	2013 $
Not longer than 1 year	47,500,000	23,368,378
Longer than 1 year and not longer than 5 year	134,380,000	38,817,500
Longer than 5 years	-	625,000
	181,880,000	62,810,878

Australian Exploration Permits

In order to maintain current rights of tenure to Australian exploration permits and tenements, the Group is required to meet the minimum expenditure requirements established with the Western Australian Department of Mines and Petroleum (DMP) and the South Australian Department of State Development (DSD). The above commitments reflect the minimum work programs and costs as required by the DMP and DSD and total $97,800,000.

US Exploration Permits

In order to maintain current rights to leases held in the US, the Group is required to meet certain periodic drilling obligations until the lease reaches held by production (HBP) status. The above commitments reflect this work and the associated costs total $84,000,000.

Leases

The Company entered into a 5 year operating lease agreement effective 1 December 2012 for the corporate head offices at Level 2, 7 Ventnor Ave, West Perth. The lease obligation is not provided for in the consolidated statement of financial position but is to be incurred as outlined below.

	2014 $	2013 $
Not longer than 1 year	237,705	237,705
Longer than 1 year and not longer than 5 years	574,454	812,159
Longer than 5 years	-	-
	812,159	1,049,864

19. Segment Reporting

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June 2014 are as follows:

Australia

The Group currently operates within 3 geological basins, being the Canning, Carnarvon and Cooper basins

United States

The Group currently operates within the Atascosa and Colorado counties in Texas

	Australia		United States		Unallocated		Total	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Sales revenue	-	-	3,192,845	-	-	-	3,192,845	-
Production costs	-	-	(944,882)	-	-	-	(944,882)	-
General and administration costs	-	-	(1,724,927)	-	-	-	(1,724,927)	-
Depletion, depreciation and accretion expenses	-	-	(915,044)	-	-	-	(915,044)	-
Fair value adjustment	-	-	-	(5,383,445)	-	-	-	(5,383,445)
Reportable segment profit / (loss)	-	-	(392,008)	(5,383,445)	-	-	(392,008)	(5,383,445)
Other income	-	-	-	-	991,553	42,557,610	991,553	42,557,610
Other costs	-	-	(120,447)	-	(6,595,750)	(6,865,997)	(6,716,197)	(6,865,997)
Net profit / (loss) before tax	-	-	(512,455)	(5,383,445)	(5,604,197)	35,691,613	(6,116,652)	30,308,168
Segment assets								
Exploration assets	43,964,447	37,020,807	8,761,782	2,793,511	-	-	52,726,229	39,814,318
Development assets	-	-	1,682,367	-	-	-	1,682,367	-
Oil and gas assets	-	-	36,269,457	-	-	-	36,269,457	-
Plant and equipment	-	-	-	-	708,984	536,915	708,984	536,915
Other assets	-	-	4,822,259	-	21,162,209	43,324,432	25,984,468	43,324,432
Total assets	43,964,447	37,020,807	51,535,865	2,793,511	21,871,193	43,861,347	117,371,505	83,675,665
Segment liabilities								
Borrowings	-	-	9,605,970	-	-	-	9,605,970	-
Other liabilities	-	-	4,886,634	-	22,610,166	12,549,307	27,496,800	12,549,307
Total liabilities	-	-	14,492,604	-	22,610,166	12,549,307	37,102,770	12,549,307
Net assets	43,964,447	37,020,807	37,043,261	2,793,511	(738,973)	31,312,040	80,268,735	71,126,358

20. Related Party Disclosures

	2014 $	2013 $
(a) Key Management Personnel Compensation		
Short term employee benefits	2,443,633	2,352,612
Post employment benefits	142,532	144,541
Share based payments	185,528	664,086
	2,771,693	3,161,239

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

	2014 $	2013 $
(b) Transactions with related parties.		
Share based payments(i)	-	56,409
Amounts recognised as other revenue(ii)		
Rental of office space	15,000	-
Provision of accounting services	2,000	-
	17,000	56,409

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 reporting date.

Name	Title	No. of Shares	Non-recourse Loan Value ($)	Fair Value at Grant Date ($)	Interest
Mr Gracey	Business Development Manager & General Counsel	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%
- risk-free interest rate: 2.94%
- time to maturity: 2.38 years
- dividend yield: 0%

(ii) New Standard Energy ("NSE") entered in to a services contract with Elixir Petroleum Limited ("EXR"), to which NSE is a significant shareholder at the reporting date, to provide office space and accounting services from 1 February 2014. The contract was based on normal commercial terms and conditions. NSE director Mr Sam Willis is also the Chairman of EXR and does not receive any personal benefit from this services agreement.

21. Notes To The Statement Of Cash Flow

For the purposes of the statement of cash flows, cash includes cash on hand and in banks less un-presented cheques 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:

		2014 $	2013 $
(a)	Reconciliation of cash and cash equivalents		
	Cash and cash equivalents	8,625,765	41,536,690
(b)	Reconciliation of net profit/(loss) after tax to net cash flows from operating activities		
	Profit/(loss) after income tax	(2,041,618)	16,699,068
	Non-cash expenditure:		
	Share based payments	198,479	740,051
	Gain on sale of financial assets	-	(40,588,300)
	Loss on sale of fixed assets	-	7,678
	Impairment of exploration expenditure	-	5,383,445
	Impairment of Available for Sale Financial Assets	-	1,713,085
	Loss on investment in associate	1,193,013	-
	Depletion, depreciation and amortisation expense	1,308,562	296,000
	Unrealised foreign exchange gain	(10,763)	1,924
	Income tax expense/ (benefit)	(4,075,034)	13,609,099
	(Increase)/decrease in assets:		
	Receivables	(2,146,677)	317,049
	Other current assets	(251,954)	-
	Increase/(decrease) in liabilities:		
	Current payables	1,878,267	394,913
	Net cash used in operating activities	(3,947,725)	(1,425,988)
(c)	Non-cash investing and financing activities		
	Acquisition of exploration assets and oil and gas properties	10,832,250	-

22. Financial Risk Management

The Group's principal financial instruments, other than derivatives, comprise cash and cash equivalents, borrowings, receivables and payables, and also investments in associates. 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 trade receivables and trade payables, which arise directly from its operations. The Group also enters into derivative transactions in the form of commodity hedges.

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.

22. Financial Risk Management (continued)

(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. The Group's reserve based lending facility has a fixed interest rate in the US, so is not exposed to market interest rate fluctuations. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing.

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	
Financial Assets	Note	2014 $	2013 $	2014 $	2013 $
Cash at Bank	21(a)	8,625,765	41,536,690	8,625,765	41,536,690
Total		8,625,765	41,536,690	8,625,765	41,536,690

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through adequate credit facilities to meet obligations when due. The Group is primarily funded through on-going cash flow, debt funding and equity capital raisings, as and when required. Funding is in place with a reputable financial institution in the US. US bank compliance reporting is undertaken monthly and adherence is checked regularly. Management also regularly monitors actual and forecast cash flows to manage liquidity risk. The Group has access to a US$45 million reserve based lending facility, of which the following was drawn at the end of the reporting period:

Fixed Rate	2014 $	2013 $
– Expiring within one year	77,550	-
– Expiring beyond one year	9,125,162	-
	9,202,712	-

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities as at 30 June 2014. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 June 2014	Less than 6 months ($)	6 - 12 months ($)	Between 1 and 2 years ($)	Between 2 and 5 years ($)	Total contractual cash flows ($)	Carrying amount of liabilities ($)
Trade Payables	8,132,416	-	-	-	8,132,416	8,132,416
Borrowings	474,460	788,778	1,603,294	9,777,074	12,643,606	9,202,712
Finance Lease	37,227	37,227	74,125	-	148,579	122,300
Total	8,644,103	826,005	1,677,419	9,777,074	20,924,601	17,457,428

22. Financial Risk Management (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. The Group seeks to mitigate this exposure by borrowing in USD for US operations. The Group's exposure to foreign exchange risk at the reporting date is limited to the transfer of funding from the Australian head office to US operations that is provided in US dollars.

The Company also has a joint venture with Conoco Philips (Canning Basin) Pty Ltd (COP) and PetroChina International Investment (Australia) Pty Ltd (CNPC) to explore and evaluate the shale gas potential of the Southern Canning Project in the Canning Basin, Western Australia. Under the agreement, 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 contracts for the duration of the 2012/13 drilling program to protect against an upward movement in the AUD/USD exchange rate. As operational activity has since decreased significantly, foreign exchange exposure was negligible, no foreign exchange hedge contracts were in place at year end. As such, no sensitivity analysis is required or provided.

(d) Fair Value

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and represent fair value. The fair value of investment in associates is equal to the carrying value, and accounts for the Group's share in the net profit or loss of the associate. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group makes a number of assumptions based upon observable market data existing at each reporting period. The fair value of current financial assets and liabilities settled within 12 months approximate fair value due to their short term nature.

The following tables classify financial instruments recognised in the statement of financial position 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).

2014	Level 1 $	Level 2 $	Level 3 $	Total $
Investment in Associate	389,531	-	-	389,531
Available for sale investments	-	-	-	-
Commodity Put Options	-	168,118	-	168,118
Total	389,531	168,118	-	557,649
2013				
Investment in Associate	-	-	-	-
Available for sale investments	536,915	-	-	536,915
Commodity Put Options	-	-	-	-
Total	536,915	-	-	536,915

22. Financial Risk Management (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 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. In the US, trade receivables (balances with oil and gas purchasers) have not exposed the Group to any bad debts to date, and all purchasers are major oil companies with a credit rating of "A" or higher.

The Group has apportioned cash reserves amongst several financial institutions and the credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings:

	2014 $	2013 $
Cash at Bank and short term bank deposits (AA-)	6,680,372	21,807,157
Cash at Bank and short term bank deposits (A)	316,097	729,533
Cash at Bank and short term bank deposits (BBB)	-	19,000,000
Cash at Bank and short term bank deposits (BBB-)	1,629,296	-
Total	8,625,765	41,536,690

(f) Price Risk

The Group's revenues are exposed to commodity price fluctuations, in particular oil prices. The Group enters forward commodity hedges to manage its exposure to falling spot oil prices. The Group's commodity hedging program utilizes financial instruments based on regional benchmarks including Nymex WTI. For the year ended 30 June 2014, 80% of forecasted oil production was subject to a Put Option hedge at US$99.75 per barrel. A sensitivity analysis is not included because based on the minimal financial instruments held as at 30 June 2014 the sensitivity analysis is deemed not to have a material impact on the Consolidated Profit or Loss and other Comprehensive Income. As the Group did not own any material producing assets in the year ended 30 June 2013 no commodity hedging was in place during that year.

23. Earnings / (Loss) Per Share

	2014 Cents Per Share	2013 Cents Per Share
Basic earnings / loss per share	(0.60)	5.49
Diluted earnings / loss per share	(0.60)	5.49

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

	$	$
Profit / (loss) for the year	(2,041,618)	16,699,068

	2014 No.	2013 No.
Weighted average number of ordinary shares used in the calculation of basic EPS	339,504,547	304,446,205
Weighted average number of ordinary shares used in the calculation of diluted EPS	339,504,547	304,446,205

24. Business Combination

On December 10 2013 the Group announced that it had entered into an agreement to acquire oil and gas assets in the Eagle Ford, Texas, US from Magnum Hunter Resources. The transaction was settled by the issuance of 65,650,000 ordinary shares at an issue price of $0.154 each, with further cash payments of US$15,000,000 and AUD$3,000,000. A further 45 million performance shares were also to be issued after approximately 18 months from completion, if certain conditions are met. At the reporting date no monetary value has been assigned to these shares as it is deemed too early in the lifecycle of the effected production wells for management to form an assessment. The Group completed the acquisition on the 28 January 2014 and has been provisionally accounted for using the guidelines as set out in IFRS/AASB 3 'Business Combinations'.

Details of the purchase consideration and assets acquired are as follows:

24. Business Combination (continued)

Net Assets Acquired	Provisional Fair Value as at 28 January 2014 $
Exploration assets	8,129,391
Oil and gas properties	23,290,622
Deferred tax liability	(900,000)
	30,520,013
Purchase Consideration	
Net cash outflow on acquisition	19,687,763
Shares	10,832,250
Total consideration paid	30,520,013

25. Subsidiaries

Name of Entity	Country of Incorporation	Nature of Activities	Ownership Interest 2014 %	Ownership Interest 2013 %
Parent Entity				
New Standard Energy Limited	Australia	Exploration, development and production of hydrocarbons		
Subsidiaries				
New Standard Onshore Pty Ltd	Australia	Exploration of hydrocarbons	100	100
Outback Energy Hunter Pty Ltd	Australia	Exploration of hydrocarbons	100	N/A
Pathfinder Onshore Energy Pty Ltd	Australia	Exploration of hydrocarbons	100	N/A
New Standard Energy Inc	USA	Exploration, development of hydrocarbons	100	100
New Standard Energy Texas LLC	USA	Exploration, development and production of hydrocarbons	100	N/A
New Standard Energy Colorado LLC	USA	Exploration, development and production of hydrocarbons	100	N/A
New Standard Energy Ventures LLC	USA	Exploration, development and production of hydrocarbons	100	N/A

26. Share Based Payments

Expenses arising from share-based payment transactions	2014 $	2013 $
Options issued to directors	69,311	229,839
Incentive Rights issued to directors	61,156	-
Shares issued to key management personnel	-	56,409
Options issued to key management personnel	(28,710)	377,536
Incentive Rights issued to key management personnel	83,771	302
Shares issued to other employees	-	12,396
Options issued to other employees	4,814	63,569
Incentive Rights issued to other employees	8,137	-
	198,479	740,050

26. Share Based Payments (continued)

Unlisted Options

The Employee Share Option Plan (ESOP) was approved by shareholders at the 2011 annual general meeting. The ESOP is designed to provide long-term incentives for senior managers and executives to deliver long-term shareholder returns. Under the Plan, participants are granted Options which only vest if certain tenure requirements are met. Participation in the ESOP is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits. Options are granted under the Plan for no consideration, and carry no dividend or voting rights.

The tables below provide summaries of Options granted under the ESOP

2014

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.
29-Mar-11	30-Jun-15	0.225	500,000	-	-	-	500,000	500,000
29-Mar-11	30-Jun-15	0.275	500,000	-	-	-	500,000	500,000
20-Dec-11	20-Dec-14	0.385	6,250,000	-	-	-	6,250,000	6,250,000
20-Dec-11	20-Dec-14	0.430	3,750,000	-	-	-	3,750,000	3,750,000
24-Apr-12	24-Apr-15	0.810	300,000	-	-	(150,000)	150,000	150,000
24-Apr-12	24-Apr-15	0.905	300,000	-	-	(150,000)	150,000	150,000
09-May-12	09-May-15	0.535	300,000	-	-	(300,000)	-	-
09-May-12	09-May-15	0.600	300,000	-	-	(300,000)	-	-
10-Aug-12	10-Aug-15	0.745	375,000	-	-	-	375,000	375,000
10-Aug-12	10-Aug-15	0.835	375,000	-	-	-	375,000	-
12-Dec-12	12-Dec-15	0.390	300,000	-	-	-	300,000	300,000
12-Dec-12	12-Dec-15	0.440	300,000	-	-	-	300,000	-
02-Aug-13	01-Apr-16	0.400	-	500,000(1)	-	-	500,000	500,000
02-Aug-13	01-Apr-16	0.400	-	500,000(1)	-	-	500,000	-
02-Aug-13	01-Apr-16	0.500	-	500,000(1)	-	-	500,000	500,000
02-Aug-13	01-Apr-16	0.500	-	500,000(1)	-	-	500,000	-
13-Feb-14	12-Dec-17	0.519	-	100,000	-	-	100,000	100,000
13-Feb-14	12-Dec-17	0.581	-	100,000	-	-	100,000	100,000
27-May-14	26-May-17	0.224	-	75,000	-	-	75,000	-
27-May-14	26-May-17	0.248	-	75,000	-	-	75,000	-
			13,550,000	2,350,000	-	(900,000)	15,000,000	13,175,000
Weighted Average exercise price			0.42	0.44	0.00	0.66	0.43	0.42

2013

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.
29-Mar-11	30-Jun-15	0.225	500,000	-	-	-	500,000	500,000
29-Mar-11	30-Jun-15	0.275	500,000	-	-	-	500,000	500,000
20-Dec-11	20-Dec-14	0.385	6,250,000	-	-	-	6,250,000	6,250,000
20-Dec-11	20-Dec-14	0.430	3,750,000	-	-	-	3,750,000	3,750,000
24-Apr-12	24-Apr-15	0.810	300,000	-	-	-	300,000	300,000
24-Apr-12	24-Apr-15	0.905	300,000	-	-	-	300,000	300,000
09-May-12	09-May-15	0.535	300,000	-	-	-	300,000	300,000
09-May-12	09-May-15	0.600	300,000	-	-	-	300,000	-
10-Aug-12	10-Aug-15	0.745	-	375,000	-	-	375,000	-
10-Aug-12	10-Aug-15	0.835	-	375,000	-	-	375,000	-
12-Dec-12	12-Dec-15	0.390	-	300,000	-	-	300,000	-
12-Dec-12	12-Dec-15	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

(1) These options were granted in accordance with an employment contract on 2 April 2013 that was subject to shareholder approval at the 2013 Annual General Meeting. Shareholder approval was duly received and the options were issued on 12 December 2013.

26. Share Based Payments (continued)

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.

2014

Fair value of share options and assumptions for the year ended 30 June 2014:	
Fair value at grant date of $0.400 and $0.500 options	$0.055 - $0.064
Number of options	2,000,000
Share price	$0.185
Exercise price	$0.400 - $0.500
Employment vesting conditions	12-24 months
Expected volatility (expressed as a weighted average volatility used in the modelling under Black Scholes model)	75%
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)	2.88%
Fair value at grant date of $0.519 and $0.581 options	$0.200 - $0.220
Number of options	200,000
Share price	$0.120
Exercise price	$0.519 - $0.581
Employment vesting conditions	none
Expected volatility (expressed as a weighted average volatility used in the modelling under Black Scholes model)	80%
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)	2.98%
Fair value at grant date of $0.224 and $0.248 options	$0.056 - $0.060
Number of options	150,000
Share price	$0.150
Exercise price	$0.224 - $0.248
Employment vesting conditions	12-24 months
Expected volatility (expressed as a weighted average volatility used in the modelling under Black Scholes model)	80%
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)	2.85%

2013

Fair value of share options and assumptions for the year ended 30 June 2013:	
Fair value at grant date of $0.745 and $0.835 options	$0.236 - $0.252
Number of options	750,000
Share price	$0.550
Exercise price	$0.745 - $0.835
Employment vesting conditions	12-24 months
Expected volatility (expressed as a weighted average volatility used in the modelling under Black Scholes model)	80%
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)	2.73%
Fair value at grant date of $0.390 and $0.440 options	$0.147 - $0.156
Number of options	600,000
Share price	$0.320
Exercise price	$0.390 - $0.440
Employment vesting conditions	12-24 months
Expected volatility (expressed as a weighted average volatility used in the modelling under Black Scholes model)	80%
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)	2.52%

26. Share Based Payments (continued)

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.

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. During the 2014 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 Remuneration Report in the Director's Report for further details on the structure of the LTIP.

The table below outlines movements in Incentive Rights during the 2014 financial year and the balance held as at 30 June 2014.

Type of Incentive Rights	Grant Date	Vesting Date	Fair Value of each Incentive Right ($)	Balance at start of Year No.	Granted during the year No.	Vested during the Year No.	Lapsed during the Year No.	Balance at the end of the Year No.
Performance Rights	28-Jun-13	14-Mar-14	0.002	848,000	-	-	848,000	-
Performance Rights	28-Jun-13	14-Sep-15	0.014	848,000	-	-	-	848,000
Incentive Rights	28-Jun-13	14-Mar-14	0.120	212,000	-	212,000	-	-
Incentive Rights	28-Jun-13	14-Sep-15	0.120	212,000	-	-	-	212,000
Performance Rights	14-Feb-14	14-Sep-16	0.080	-	1,800,000	-	-	1,800,000
Performance Rights	14-Feb-14	14-Sep-16	0.088	-	1,000,000	-	-	1,000,000
Performance Rights	14-Feb-14	14-Sep-16	0.081	-	920,000	-	-	920,000
Performance Rights	14-Feb-14	14-Sep-16	0.076	-	1,400,000	-	-	1,400,000
Incentive Rights	14-Feb-14	14-Sep-16	0.105	-	380,000	-	-	380,000
Incentive Rights	14-Feb-14	14-Sep-16	0.101	-	500,000	-	-	500,000
				2,120,000	6,000,000	212,000	848,000	7,060,000

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

Type of Incentive Rights	Grant Date	Vesting Date	Fair Value of each Incentive Right ($)	Balance at start of Year No.	Granted during the year No.	Vested during the Year No.	Lapsed during the Year No.	Balance at the end of the Year No.
Performance Rights	28-Jun-13	14-Mar-14	0.002	-	848,000	-	-	848,000
Performance Rights	28-Jun-13	14-Sep-15	0.014	-	848,000	-	-	848,000
Incentive Rights	28-Jun-13	14-Mar-14	0.120	-	212,000	-	-	212,000
Incentive Rights	28-Jun-13	14-Sep-15	0.120	-	212,000	-	-	212,000
				-	2,120,000	-	-	2,120,000

27. Contingencies

There were not material contingent liabilities or contingent assets for the Group as at 30 June 2014 or as at the date of the report.

28. Parent Entity Information

The following details information related to the parent entity, New Standard Energy Limited, as at 30 June 2014. 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 2014, or as at the date of the report, other than those already disclosed elsewhere in the report.

	2014 $	2013 $
Current assets	13,997,699	41,387,111
Non-current assets	80,692,126	41,693,444
Total assets	94,689,825	83,080,555
Current liabilities	3,127,659	1,200,486
Non-current liabilities	11,293,431	10,157,955
Total liabilities	14,421,090	11,358,441
Contributed equity	76,171,014	62,786,779
Retained earnings	2,333,100	4,952,429
Reserves	1,764,621	3,982,906
Total equity	80,268,735	71,722,114
Profit/(loss) for the year	(2,619,332)	17,516,376
Other comprehensive income for the year	(2,398,729)	(29,918,507)
Total comprehensive income for the year	(5,018,061)	(12,402,131)

29. Events Subsequent To Year End

New Standard advised on 30 July 2014, that it had received approval for amendments to its five year work program in PEL570 in the Cooper Basin. New Standard requested a suspension of the work program for PEL570 acreage and a deferral of the planned seismic due to the uncertainty surrounding the ownership of the Company's PEL570 joint venture partner. As part of the revised program, New Standard now has seismic and drilling to commence in Year Two before the new deadline of March 2016, with only minor expenditure on geological studies in Year One required before then.

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 2 October 2014

The shareholder information set out below was applicable as at 2 October 2014.

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	186	51,485	0.01%
1,001 - 5,000	440	1,416,015	0.37%
5,001 - 10,000	406	3,465,508	0.90%
10,001 - 100,000	1,315	53,605,528	13.88%
100,001 and over	381	327,631,067	84.84%
Total	2,728	386,169,603	100.00%

(b) There are 542 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	%
Magnum Hunter Resources Corp	65,650,000	17.00
J P Morgan Nominees Aust Ltd	21,663,757	5.61
Buru Energy Ltd	13,057,930	3.38
Citicorp Nominees PL	11,145,682	2.89
National Nominees Ltd	10,234,609	2.65
Phoenix Props Int PL	8,508,453	2.20
Willis Samuel J C & C M	7,400,000	1.92
HSBC Custody Nominees Aust Ltd	7,034,484	1.82
Young Alan	6,905,252	1.79
TC Inv Pte Ltd	6,860,000	1.78
HSBC Custody Nominees Aust Ltd	6,510,779	1.69
Harris Richard J & S E	5,560,834	1.44
Kensington Cap Mgnt PL	4,500,000	1.17
Alybrit Inv PL	4,296,923	1.11
Tess Aust PL	4,296,923	1.11
Shorai Holdings PL	4,296,923	1.11
Harris Richard & Susan	3,904,166	1.01
Ice Cold Inv PL	3,500,000	0.91
Carossa Holdings PL	3,300,000	0.85
Merrill Lynch Aust Nom PL	2,292,856	0.59
Total	200,919,571	52.03

3. Substantial Shareholders

As at 2 October 2014, the Company has received substantial notices from the following shareholders:

Name of Shareholder	No of shares	% of Issued Capital at the Time of Notice
Magnum Hunter Resources Corp	65,650,000	17.00

4. Unquoted Securities

As at 2 October 2014 there were a total of 6 Performance Rights holders holding 5,052,000 Performance Rights, a total of 6 Retention Rights holders holding 863,000 Retention Rights, and a total of 10 Unlisted Option holders holding 15,250,000 Unlisted Options.

5. 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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