



NEW STANDARD
ENERGY

Annual
REPORT
2016

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Hui Song	Non-Executive Chairman
Hua Li	Managing Director
Ning Han	Non-Executive Director
Xiaofeng Liu	Non-Executive Director
Dongbo Zhang	Non-Executive Director
Phil Thick	Non-Executive Director

COMPANY SECRETARY

Hua Li

ASX CODE

NSE

OTCQX CODE

NWSTF

PLACE OF BUSINESS

6 Outram Street
West Perth, Western Australia 6005
Ph: +61 8 9481 7477
Fax: +61 8 9324 3366
Web: www.newsstandard.com.au

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008

LEGAL ADVISORS

Murcia Pestell Hillard Pty Ltd
Suite 183, Level 6
580 Hay Street
Perth, Western Australia 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, Western Australia, 6000

CHAIRMAN'S LETTER

The 2015/2016 financial year commenced with a major divestment of New Standards assets to pay off debt and keep the Company alive. This obviously also signalled a major change of direction for us, with a substantial focus on preserving cash and cutting staff, costs and overheads, whilst we waited for the oil and gas market to recover from its substantial collapse in 2014/15.

Following the transaction to sell New Standard Energy's US and South Australian assets to Sundance Energy Australia Limited, which was overwhelmingly supported by shareholders and completed in early August 2015, the Company returned its focus to its Western Australian assets and looking for new growth opportunities both in the oil and gas industry and in other areas.

New Standard continued to further cut costs and overheads to allow the company to survive in a very harsh environment that saw many other small companies, and many much larger, cease to exist. The Company's directors continued throughout the year to work for no remuneration whilst trying to turn the Company around.

By November 2015 the cash position of the Company was getting dangerously low and we had to seek funding to allow us to continue to operate and to fund our forward plan for the next 12 – 18 months. We negotiated with a number of interested parties and we were fortunate to reach an agreement with Huizhou Energy Investment (Beijing) Co. Ltd to take a placement of 91.4 million shares at 1c per share to raise \$914,000 cash for New Standard. This was completed in November 2015.

As a condition of the Placement Huizhou Energy agreed to fully underwrite a Rights Issue to all existing shareholders to raise up to an additional \$1 million. Market conditions in the oil and gas sector have remained depressed and the Company has agreed not to proceed with the Rights Issue at this time. On 12 September 2016 the Company announced that Huizhou Energy are finalising approvals for the previously planned Rights Issue and announced a fully underwritten Rights Issue as the strategic direction of the Company is considered.

Following the sale of our US assets to Sundance, New Standard's previous major shareholder Magnum Hunter Resources Corporation sold their stake to Western Australian private company Jara Resources. We farewelled Kip Ferguson III and Jeff Swanson from the Board and welcomed Ning Han representing Jara Resources and Song Hui and Liu Xiaofeng representing Huizhou Energy.

Over the past six months the Company has carried out an extensive review of our Western Australian assets and Huizhou Energy's technical team has conducted major geological studies on both our Canning Basin and Carnarvon Basin permits. We have chosen to relinquish or not renew three of our permits and we continue discussion with the Western Australian DMP around variations to our work programs on our remaining assets.

We have also reviewed and pursued a number of other opportunities to grow or change the business during this period, and discussions and negotiations continue on a number of these.

I thank all involved for their considerable and tireless efforts through another very trying twelve month period and we look forward to continuing to pursue opportunities to rebuild the company and rebuild shareholder value.

Yours sincerely



Phil Thick
Director

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 2016.

OPERATIONAL AND FINANCIAL REVIEW

PROJECTS

During the period New Standard closed out the transaction with Sundance Energy Australia Ltd (ASX: SEA, Sundance) to sell the Company's United States and Cooper Basin assets for total consideration of approximately \$24 million. This deal was announced to investors on 29 June 2015 and was subject to shareholder approval at an Extraordinary General Meeting held on 4 August 2015. The transaction was approved by more than 96 per cent of the shareholders voting at the meeting and completion occurred on 10 August 2015. Under the terms of the transaction, Sundance issued the Company six (6) million of its shares, paid out 100% of debts owed to Credit Suisse and assumed various other liabilities and commitments associated with the assets sold.

ATASCOSA PROJECT, EAGLE FORD TEXAS, USA

Revenue from seven producing wells in the Atascosa Project continued to accrue to New Standard until the completion of the Sundance acquisition of NSE Texas LLC on 10 August 2015. Completion of that transaction resulted in all NSE Texas LLC creditors being moved across to Sundance and New Standard's debt facility with Credit Suisse being paid out in full, with release from all obligations and guarantees.

COLORADO COUNTY PROJECT TEXAS, USA

New Standard transferred 100 per cent of its working interest in the Colorado County assets to Sundance effective 10 August 2015. The Company received revenue up until this date.

PEL 570 PROJECT, COOPER BASIN SOUTH AUSTRALIA

Sundance acquired NSE PEL570 Pty Ltd from New Standard on 10 August 2015. This acquisition resulted in the sale and transfer of the Company's working interest in the PEL570 Project including all commitments to Sundance.

CANNING AND CARNARVON BASINS, WESTERN AUSTRALIA

During the period New Standard worked with the Company's new largest shareholder Huizhou Energy Investment (Beijing) Co., Ltd (**Huizhou Energy**) to complete a high level review of its Western Australian assets.

This review was necessary in the current environment due to the high cost of retaining the large acreage position (previously in excess of \$500,000 per annum before any exploration or development costs) and the associated work programs. Given the size of the Company and the current challenging market conditions it was considered sensible to relinquish some of the Company's over 15 million acres within the onshore Carnarvon and Canning Basins.

As a result New Standard chose not to extend or renew three of its Canning Basin permits, EP417, EP443 and EP450 and these have now lapsed. New Standard has retained 100% of EP481 and EP482 in the Carnarvon Basin and EP451 and EP456 in the Canning Basin.

Subsequent to year end, the Company announced that following a technical review by Huizhou Energy on the Company's onshore Carnarvon Basin permits, EP481 and EP482, a decision has been made not to proceed with new work programs or renew these permits when they fall due.

New Standard has continued discussion with the Department of Mines and Petroleum (**DMP**) and the Company over the remaining four permits to agree variations and extensions to existing work programs to make the activity and expenditure more achievable. New Standard also has 100% interest in various application areas located in the Canning Basin which are not yet granted.

CORPORATE & FINANCE

New Standard closed out the transaction with Sundance to sell the Company's United States and Cooper Basin assets for total consideration of approximately \$24 million at a shareholder meeting in August 2015.

On 24 November 2015 New Standard announced a placement of 91.4 million shares to Huizhou Energy at 1 cents per share, raising \$914,424 for the Company. As a result of this placement Huizhou Energy became New Standard's largest shareholder with 19.15% of the Company's issued capital. In conjunction with the placement, the parties committed to undertaking a Rights Issue, with Huizhou Energy agreeing to fully underwrite the issue. The Company remains in discussions with Huizhou Energy around the most appropriate timing for the Rights Issue.

New Standard accepted the resignations of Directors Mr H C (Kip) Ferguson III and Mr Jeff Swanson in line with Magnum Hunter's sale of their stake in New Standard. The Company also appointed Mr Song Hui and Mr Liu Xiaofeng as Directors representing Huizhou Energy and Mr Ning Han representing Jara Resources.

New Standard ended the year with a cash position of \$233,268. At the end of the period the Company held 2,778,000 shares in Sundance Energy Australia Limited (ASX: SEA), of which 1,528,000 are held in escrow. The Company has no debt.

New Standard continues to review and reduce overheads wherever possible. The Non-Executive Chairman and all Non-Executive Directors' fees remain suspended and no Non-Executive Chairman and Non-Executive Directors' fees have been paid since February 2015.

New Standard has also continued to review other opportunities for the Company to recover and grow both in the oil and gas space and in other areas.

DIRECTORS' REPORT

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 Hui Song

Non-Executive Chairman
(Appointed 12 September 2016)
(Originally appointed Non-Executive Director on 16 December 2015)

Age 46

Qualifications

Nil

Experience

Mr Song is the founding director of Huizhou Energy Investment (Beijing) Co., Ltd. He brings 23 years' experience in capital markets, business administration, investment banking, mergers and corporate restructures. Mr Song has over seven years of experience in oil exploration and development.

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

Nil

Relevant interests in shares and options

Fully paid ordinary shares	91,442,400
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Options over fully paid ordinary shares	Nil
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Mr Hua Li

Managing Director and Company Secretary
(Appointed 12 September 2016)

Age 45

Qualifications

LLB, M.A.Sc (UNSW)

Experience

Mr Li has significant experience in business management and international trade with many large enterprises in China. Most recently, Mr Li was General Manager of Beijing Hanrende Trade Co., Ltd, a company which trades silicon steel, other metal materials and power products within China.

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

Nil

Relevant interests in shares and options

Fully paid ordinary shares	Nil
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Options over fully paid ordinary shares	Nil
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Mr Ning Han

Non-Executive Director
(Appointed 12 November 2015)

Age 34

Qualifications

Nil

Experience

Mr Han is an electrical engineer and studied at Beijing University of Technology, China, Inha University, Korea and Stevens Institute of Technology, USA. He is presently the co-founder and Chief Operating Officer of Shanghai Insight Information Technology Co. Ltd and has experience in corporate transactions and capital markets.

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

Nil

Relevant interests in shares and options

Fully paid ordinary shares	65,650,000
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Options over fully paid ordinary shares	Nil
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Mr Dongbo Zhang

Non-Executive Director
(Appointed 12 September 2016)

Age 49

Qualifications

B.E., Master of Marketing (UNSW)

Experience

Mr Zhang specialises in international trading and has experience in investment and project management in China, Hong Kong, Australia and New Zealand. Mr Zhang is currently a director of Top Education Group, Fortune City Development Ltd and Tristar United Investment Ltd.

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

Nil

Relevant interests in shares and options

Fully paid ordinary shares	Nil
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Options over fully paid ordinary shares	Nil
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Mr Xiaofeng Liu

Non-Executive Director
(Appointed 16 December 2015)

Age 50

Qualifications

Nil

Experience

Mr Liu is the Chief Geologist of Huizhou Energy Investment (Beijing) Co., Ltd and a resident of Beijing. He has 26 years' experience in the oil field including extensive experience in seismic interpretation, reservoir description and prediction and well deployment. He was previously the Director of the Oil and Gas Centre at Beijing Orion Energy Technology & Development Co., Ltd and Technical Director of Beijing Oriental Cisco Reservoir Technology Co., Ltd.

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

Nil

Relevant interests in shares and options

Fully paid ordinary shares	Nil
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Options over fully paid ordinary shares	Nil
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Mr Phil Thick

Non-Executive Director
(Originally appointed Non-Executive Director on 16 July 2012, became Managing Director on 2 April 2013, resigned as Managing Director on 31 July 2016 became Non-Executive Director on 6 July 2016 announced resignation on 23 September 2016)

Age 57

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

Fully paid 2,999,096
ordinary shares

Options over
fully paid
ordinary shares

Incentive 3,700,000
rights performance rights
with vesting based on
absolute TSR and
measurement date
14 September 2017

Mr Arthur Dixon AM

Non-Executive Chairman
(Originally appointed 1 May 2011,
resigned 12 September 2016)

Age 74

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

Fully paid 389,212
ordinary shares

Options over
fully paid
ordinary shares

Mr Sam Willis

Director
(Originally appointed
Managing Director
on 28 July 2008, became
Non-Executive Director
on 1 July 2013
resigned 5 August 2016)

Age 44

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

Fully paid 10,700,000
ordinary shares

Options over
fully paid
ordinary shares

Incentive 1,200,000
rights performance rights
with vesting based on
absolute TSR and
measurement date
14 September 2017

DIRECTORS' REPORT

Mr H.C. Kip Ferguson III

Non-Executive Director
(Appointed 11 February 2014,
resigned 20 October 2015)

Age 51

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

Fully paid ordinary shares Nil

Options over fully paid ordinary shares Nil

Mr Jeffrey Swanson

Non-Executive Director
(Appointed 24 June 2014,
resigned 20 October 2015)

Age 60

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

Fully paid ordinary shares Nil

Options over fully paid ordinary shares Nil

Mr Mark Clements

Company Secretary
(Appointed 28 July 2008
resigned 12 September 2016)

Qualifications

B.Com, FCA, MAICD

Experience

Mark has a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants of Australia. Mark is also a member of the Australian Institute of Company Directors and an affiliated member of the Institute of Chartered Secretaries in Australia. He has over 20 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 exploration for oil and gas in the Carnarvon Basin and Canning Basin in Western Australia.

OPERATING RESULTS

The consolidated entity's net loss attributable to members of New Standard for the year ended 30 June 2016 after applicable income tax was \$4.5 million (2015: loss of \$79.7 million).

FUTURE DEVELOPMENTS

The Company will complete a strategic review to thoroughly assess the potential value in the onshore Canning Basins, through the Southern Canning, and Merlinleigh Projects in Western Australia, to underpin additional corporate activity. Following a technical review by Huizhou Energy on the Company's onshore Carnarvon Basin permits, EP481 and EP482, a decision has been made not to proceed with new work programs or renew these permits when they fall due.

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.

FINANCIAL SUMMARY

The Group reported a loss after tax of \$4.5 million for the year ended 30 June 2016. This is significantly lower than the \$79.7 million loss after tax for the previous year due to an impairment assessment carried out last year with a total \$34.3 million capitalised exploration and development expenditure impaired and the discontinued operations for the previous year with a total of \$46.9 million.

On 10 August 2015 the Company announced the completion of transaction with Sundance Energy Australia Ltd (**Sundance**) and the satisfaction of all the remaining conditions precedent. Under the agreement Sundance has directly acquired New Standard's Colorado County Project in the US and indirectly acquired its Atascosa Project and interest in Cooper Basin permit PEL 570 through the purchase of NSE Texas LLC and New Standard Energy PEL 570 Pty Ltd, inclusive of the associated assets and liabilities which includes the lending facility of US\$14.9 million. Finance costs for the year of \$482,110 related to the completion of the Sundance transaction. The Group's net revenue from continuing operations was nil (2015: nil) for the year ended 30 June 2016 due to the disposal of the Atascosa Project in the Eagle Ford Shale, Texas to Sundance.

A total of \$472,450 (2015: \$3.6 million) exploration and evaluation costs were invested in the year ended 30 June 2016 relating to New Standard's Australian assets. This was offset by \$245,974 (2015: \$1.9 million) research and development claim relating to activities undertaken in the Canning and Carnarvon Basins during the 2014/15 financial year.

The net assets of the Group have decreased by \$6.6 million from \$7 million at 30 June 2015 to \$0.4 million as at 30 June 2016. This net decrease is substantially due to the sale of Sundance shares during the year, the reduced value of the remaining Sundance shares held by the Group and the full impairment of all capitalised exploration and evaluation expenditure of \$4.7 million during the year.

Year ended 30 June from continuing and discontinued operations	2016	2015
Revenue	38,057	93,454
Depreciation	(59,180)	(288,893)
Operating loss before tax from continuing operations	(7,680,264)	(38,793,185)
Operating loss after tax from continuing operations	(7,680,264)	(32,760,954)
Operating gain/(loss) after tax from discontinued operations	3,192,790	(46,955,903)
Net assets	427,040	7,045,633

DIRECTORS' REPORT

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	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 note 25 to the financial statements for details of options granted. No options were granted during the year ended 30 June 2016.

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 and the Western Australian Department of Environment and Conservation. The Directors actively monitor compliance with the regulations and as the date of this report, the Directors are not aware of any material breaches in respect of the regulations.

GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

Given the nature and location of the Group's operations in Australia, 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

On 31 July 2016 Mr Thick resigned as the Managing Director of the Company. He remains a Non-Executive Director of the Company until 31 October 2016. On 12 September 2016 Mr Thick announced that he will be resigning as a Non-Executive Director effective 23 September 2016.

On 5 August 2016 Mr Willis resigned as Director of the Company.

On 12 September 2016, Mr Song was appointed as Non-Executive Chairman, Mr Li was appointed as Managing Director and Company Secretary and Mr Zhang was appointed Non-Executive Director of the Company. Mr Dixon resigned as Non-Executive Chairman and Mr Clement resigned as Company Secretary of the Company effective immediately.

On 12 September 2016 the Company announced that the Company's largest shareholder, Huizhou Energy Investment (Beijing) Co., Ltd are finalising approvals for the previously planned and announced a fully underwritten rights issue as the strategic direction of the Company is considered. Following a technical review by Huizhou Energy on the Company's onshore Carnavon Basin permits, EP481 and EP482, a decision has been made not to proceed with new work programs or renew these permits when they fall due.

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, seven (7) Board meetings were held.

Directors	Board of Directors	
	Held	Attended
Mr A Dixon AM ⁽ⁱ⁾	7	7
Mr P Thick ⁽ⁱⁱ⁾	7	7
Mr S Willis ⁽ⁱⁱⁱ⁾	7	7
Mr Ning Han ^(iv)	3	2
Mr Hui Song ^(v)	2	2
Mr Xiofeng Liu ^(v)	2	2
Mr H.C. Ferguson ^(vi)	3	2
Mr J Swanson ^(vi)	3	2

(i) Mr Dixon resigned as Non-Executive Chairman on 12 September 2016.

(ii) Mr Thick resigned as Managing Director on 31 July 2016. He remains a Non-Executive Director of the Company until 31 October 2016 or such other date agreed by the Company and Mr Thick. On 12 September 2016 Mr Thick announced that he will be resigning as a Non-Executive Director effective 23 September 2016.

(iii) Mr Willis resigned as Director on 5 August 2016.

(iv) Mr Han was appointed as Non-Executive Director on 12 November 2015.

(v) Mr Song and Mr Liu were both appointed as Non-Executive Directors on 16 December 2015.

(vi) Mr Ferguson and Mr Swanson both resigned as Non-Executive Directors on 20 October 2015.

There were no formal Audit or Remuneration committees held during the year. The Board attended to these committee responsibilities when required.

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 was extended to cover the Group's activities in the USA until the sale of Sundance occurred.

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 independence declaration under s.307C of the *Corporations Act 2001* in relation to the audit of the full year is included on page 26.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This remuneration report sets out the remuneration arrangements for New Standard Energy Limited (**New Standard**) for the year ended 30 June 2016. 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.

There was no Remuneration Committee during the year due to the size and nature of the Company.

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.

SHORT TERM INCENTIVE PLAN (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.

LONG TERM INCENTIVE PLAN (LTIP)

The LTIP is the equity component of at-risk remuneration and is linked to the Company's TSR performance over a 3 year period.

The LTIP aims to reward participants for New Standard's TSR performance in absolute terms such that LTI awards only become valuable to the recipient upon achievement of absolute TSR hurdles as set by the Remuneration Committee.

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%
Between 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 (% of TFR)	Total
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.

DIRECTORS' REPORT

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 2015 ANNUAL GENERAL MEETING

The Company received 98% of "yes" votes on its remuneration report for the 2015 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*/resigned during the year
<i>Executives</i>		
P Thick	Director	Resigned as Managing Director 31 July 2016 Announced resignation as Director on 23 September 2016
S Willis	Director	Resigned 5 Aug 2016
<i>Non-Executives</i>		
A Dixon	Chairman	Resigned 12 September 2016
N Han	Director	Appointed 12 Nov 2015*
H Song	Director	Appointed 16 Dec 2015*
X Liu	Director	Appointed 16 Dec 2015*
J Swanson	Director	Resigned 20 Oct 2015
K Ferguson III	Director	Resigned 20 Oct 2015

EXECUTIVE REMUNERATION OUTCOME FOR 2016

Overview

During the year, the Company's growth plans were severely impacted by the rapid decline in world oil prices and associated effect on the oil industry's commercial landscape. The size and pace of the macro shift in world oil markets largely caught the industry by surprise and the Company reacted quickly to this change by focussing on reducing operational and corporate costs and overheads.

There was a significant downsizing of employee numbers in 2015 such that the Company's workforce reduced to a total of two employees as at 30 June 2016. During the year, the Company's directors agreed to continue suspending all directors' fees until market conditions improve and the Managing Director agreed to reduce his salary by 50% in line with these changes.

The Company did not engage an independent remuneration consultant to review the structure of the Company's remuneration components in 2016. The Remuneration Committee considers the present policy remains appropriate for the financial year ended 30 June 2016.

Base Package Salaries

There were no increment in base salary packages during the 2015/16 financial year for KMP given market conditions.

Short Term Incentives

There have been no STIP entitlements earned or accrued for performance in the year ended 30 June 2016. The STIP entitlements earned in the year ended 30 June 2015 have been reflected in the remuneration table below.

For the year ended 30 June 2016, 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 or exceed this level of achievement.
- **Stretch** – a performance level that is clearly at the upper limit of what may be achievable. The STIP is designed such that there is a 10% to 20% probability the executive will achieve or exceed this level of achievement.

The 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.

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 2016, all Retention Rights vested and all Performance Rights lapsed.

Options are issued to provide long term incentives for KMP to deliver long term shareholder returns. KMP are granted options which only vest if certain tenure requirements are met.

Company Performance

The table below sets out summary information about the Company's continuing business assets, profitability and share price movements for the 5 years to 30 June 2016:

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
	\$	\$	\$	\$	\$
Share price	0.004	0.012	0.140	0.120	0.535
Total assets	686,766	7,675,891	117,371,505	83,675,665	94,362,875
Net profit/(loss) before tax	(7,680,264)	(38,793,185)	(6,116,652)	30,308,167	(3,454,500)

Remuneration Tables

The remuneration for each Executive Director and KMP of the Company for the years ended 30 June 2016 and 30 June 2015 was as stated in the following page:

Name	Short term employment benefits			Long term employment benefits		LTI – Share based payments			Proportion performance related	
	Salary	Cash bonus (i)	Other (ii)	Annual leave	Super-annuation	Options (iii)		Incentive Rights (iv)		
						\$	\$			\$
2016										
Executive Director										
Mr P Thick (v)	221,461	–	–	–	21,039	–	–	84,237	326,737	26%
Mr S Willis (vi)	155,813	–	–	–	–	–	–	40,979	196,792	21%
Total	377,274	–	–	–	21,039	–	–	125,216	523,529	24%
2015										
Executive Director										
Mr P Thick	384,632	–	–	–	19,535	19,134	–	67,446	490,747	14%
Mr S Willis	264,896	100,000	–	–	–	–	–	35,496	400,392	34%
Key Management Personnel										
Mr D Hansen-Knarthoi (vii)	240,326	33,960	35,799	–	21,410	–	–	36,852	368,347	19%
Mr M Gracey (viii)	233,318	54,000	42,150	–	21,718	47,101	–	35,349	433,636	21%
Mr G Carlisle (viii)	262,018	–	23,182	–	24,243	–	–	34,636	344,079	10%
Mr P Achour (vii)	54,587	19,726	22,768	–	6,071	–	–	17,050	120,202	31%
Total	1,439,777	207,686	123,899	–	92,977	66,235	–	226,829	2,157,403	20%

Notes

- (i) The cash bonuses included for 2015 relate to amounts accrued at 30 June 2014 as STIP amounts resulting from KPI achievements for the year ended 30 June 2014 and were paid during 2015. Bonus payments are pro-rated for KMP who commenced part way through the year and a retention bonus was made to Mr Sam Willis. No STIP amounts have been earned or accrued for in 2015 and 2016.
- (ii) Other benefits include redundancy termination benefits and outstanding annual leave paid to employees who were made redundant during 2015.
- (iii) 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.
- (iv) There was no incentive rights granted in the year ended 30 June 2016. Incentive rights were granted in the years ended 30 June 2015, 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 2016. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual may receive.
- (v) Mr Thick resigned as the Managing Director of the Company effective 31 July 2016. He remains a Non-Executive Director of the Company until 31 October 2016 or such other date agreed by the Company and Mr Thick. On 12 September 2016 Mr Thick announced that he will be resigning as a Non-Executive Director effective 23 September 2016.
- (vi) Mr Willis resigned as the Director of the Company effective 5 August 2016.
- (vii) Mr Hansen-Knarthoi, Mr Gracey and Mr Carlisle were made redundant effective 5 May 2015 and Mr Achour was made redundant effective 8 January 2015. The redundancy payments associated are outlined in the 'Other' column.

NON-EXECUTIVE REMUNERATION 2016

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:

	2016	2015
Base fee		
Chairman	66,000	66,000
Other non-executive directors	60,000	60,000
Additional fees		
Company secretarial services	41,000	36,000

In response to the falling oil price environment, Mr Dixon and the Non-Executive Directors have agreed to suspend all Non-Executive Chairman and Non-Executive Directors' fees until market conditions improved starting from 1 February 2015 and remain suspended to date. As a result the 2016 remuneration outlined below reflects no Non-Executive Chairman and Non-Executive Directors fee paid in 2015/16.

Non-executive remuneration for the year ended 30 June 2016 and comparative 2015 remuneration:

	Salary and fees	Superannuation	Options ⁽ⁱ⁾	Total
	\$	\$	\$	\$
2016				
Mr A Dixon ⁽ⁱⁱ⁾	–	–	–	–
Mr H Song ⁽ⁱⁱⁱ⁾	–	–	–	–
Mr N Han ^(iv)	–	–	–	–
Mr X Liu ^(iv)	–	–	–	–
Mr K Ferguson III ^(v)	–	–	–	–
Mr J Swanson ^(v)	–	–	–	–
Total	–	–	–	–
2015				
Mr A Dixon ⁽ⁱⁱ⁾	49,128	4,667	–	53,795
Mr K Ferguson III ^(v)	–	–	–	–
Mr J Swanson ^(v)	35,000	–	–	35,000
Mr G Channon ^(vi)	33,059	3,141	–	36,200
Mr C Sadler ^(vi)	35,000	–	10,260	45,260
Total	152,187	7,808	10,260	170,255

Notes

- (i) 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).
- (ii) Mr Dixon resigned as the Non-Executive Chairman effective 12 September 2016.
- (iii) Mr Han was appointed as Non-Executive Director on 12 November 2015.
- (iv) Mr Song and Mr Liu were appointed as Non-Executive Directors on 16 December 2015.
- (v) 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. Mr K Ferguson II and Mr J Swanson both resigned as Non-Executive Directors on 20 October 2015.
- (vi) Mr Channon and Mr Sadler resigned as Non-Executive Directors on 10 April 2015 and 3 March 2015 respectively and each received a pro-rata fixed remuneration of \$60,000 per annum.

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.

DIRECTORS' REPORT

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.

Grant date	Vesting date	Expiry date	Exercise price	Value per option at grant date	% vested
12 Dec 2012 ^(A) ⁽ⁱ⁾	12 Dec 2013	12 Dec 2015	\$0.39	\$0.156	100%
12 Dec 2012 ^(B) ⁽ⁱ⁾	12 Dec 2014	12 Dec 2015	\$0.43	\$0.147	100%
2 Apr 2013 ^(C) ⁽ⁱⁱ⁾	2 Apr 2014	1 Apr 2016	\$0.40	\$0.064	100%
2 Apr 2013 ^(D) ⁽ⁱⁱ⁾	2 Apr 2015	1 Apr 2016	\$0.40	\$0.064	100%
2 Apr 2013 ^(E) ⁽ⁱⁱ⁾	2 Apr 2014	1 Apr 2016	\$0.50	\$0.055	100%
2 Apr 2013 ^(F) ⁽ⁱⁱ⁾	2 Apr 2015	1 Apr 2016	\$0.50	\$0.055	100%

Note (i) Options expired without being exercised on 12 December 2015. (ii) Options expired without being exercised on 1 April 2016.

The number of options over ordinary shares in the company provided as remuneration to directors and key management personnel are shown below. The options carry no dividend or voting rights.

Name and Grant date	Balance at start of year		During the year				Balance at end of year	
	Vested	Unvested	Granted	Vested	Exercised	Lapsed	Vested	Unvested
Mr P Thick ⁽ⁱ⁾								
12 Dec 2012 ^(A)	150,000	-	-	-	-	(150,000)	-	-
12 Dec 2012 ^(B)	150,000	-	-	-	-	(150,000)	-	-
2 Apr 2013 ^(C)	500,000	-	-	-	-	(500,000)	-	-
2 Apr 2013 ^(D)	500,000	-	-	-	-	(500,000)	-	-
2 Apr 2013 ^(E)	500,000	-	-	-	-	(500,000)	-	-
2 Apr 2013 ^(F)	500,000	-	-	-	-	(500,000)	-	-
TOTAL	2,300,000	-	-	-	-	(2,300,000)	-	-

Note (i) Mr Thick resigned as the Managing Director of the Company effective 31 July 2016. He remains a Non-Executive Director of the Company until 31 October 2016 or such other date agreed by the Company and Mr Thick. On 12 September 2016 Mr Thick announced that he will be resigning as a Non-Executive Director effective 23 September 2016.

All options were issued for nil consideration. No options were exercised during the year.

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 0 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 2016, no Performance Rights and Retention Rights were granted to executives as part of their remuneration packages.

The fair value of the rights is determined based on the market price of the company's shares at the grant date, with an adjustment made to take into account the vesting conditions and expected dividends during that period that will not be received by the directors and key management personnel.

Type of incentive rights	Grant date	Minimum vesting hurdles ⁽ⁱ⁾	Vesting date ⁽ⁱⁱ⁾	Fair value of each incentive rights
Performance rights ^(A) ⁽ⁱⁱⁱ⁾	14 Feb 2014	\$0.2920	14 Sep 2016	\$0.080
Performance rights ^(B) ⁽ⁱⁱⁱ⁾	14 Feb 2014	\$0.2920	14 Sep 2016	\$0.088
Performance rights ^(C)	16 Dec 2014	\$0.1820	14 Sep 2017	\$0.050

Note

- (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) Performance rights and retention rights lapsed without being exercised on 14 September 2016.

INCENTIVE RIGHTS (cont'd)

The table below outlines movements in Incentive Rights during the year and the balance held by each executive as at 30 June 2016.

Name and Grant date	Type of incentive rights	Balance at start of year No.	During the year			Balance at end of year No.	Maximum value yet to vest \$
			Granted	Vested	Lapsed		
Mr P Thick ⁽ⁱ⁾							
14 Feb 2014	Performance rights ^(A)	1,800,000	–	–	–	1,800,000	10,044
16 Dec 2014	Performance rights ^(C)	3,700,000	–	–	–	3,700,000	52,229
Mr S Willis ⁽ⁱⁱ⁾							
14 Feb 2014	Performance rights ^(B)	1,000,000	–	–	–	1,000,000	6,094
16 Dec 2014	Performance rights ^(C)	1,200,000	–	–	–	1,200,000	16,939
TOTAL		7,700,000	–	–	–	7,700,000	85,306

Note (i) Mr Thick resigned as the Managing Director of the Company effective 31 July 2016. He remains a Non-Executive Director of the Company until 31 October 2016 or such other date agreed by the Company and Mr Thick. On 12 September 2016 Mr Thick announced that he will be resigning as a Non-Executive Director effective 23 September 2016.

(ii) Mr Willis resigned as the Director of the Company effective 5 August 2016.

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 start of year	During the year				Balance at end of year		
		Granted	Vested	Lapsed	Others	TOTAL	Vested	Unvested
Mr A Dixon ⁽ⁱ⁾								
Unlisted options	–	–	–	–	–	–	–	–
Ordinary shares	389,212	–	n/a	n/a	–	389,212	n/a	n/a
Mr P Thick ⁽ⁱⁱ⁾								
Unlisted options	2,300,000	–	–	(2,300,000)	–	–	–	–
Performance rights	5,500,000	–	–	–	–	5,500,000	–	5,500,000
Ordinary shares	2,690,000	–	n/a	n/a	309,096	2,999,096	n/a	n/a
Mr N Han ⁽ⁱⁱⁱ⁾								
Unlisted options	–	–	–	–	–	–	–	–
Ordinary shares	–	–	n/a	n/a	65,650,000	65,650,000	n/a	n/a
Mr H Song ^(iv)								
Unlisted options	–	–	–	–	–	–	–	–
Ordinary shares	–	–	n/a	n/a	91,442,400	91,442,400	n/a	n/a
Mr X Liu ^(iv)								
Unlisted options	–	–	–	–	–	–	–	–
Ordinary shares	–	–	n/a	n/a	–	–	n/a	n/a
Mr S Willis ^(v)								
Unlisted options	–	–	–	–	–	–	–	–
Performance rights	2,200,000	–	–	–	–	2,200,000	–	2,200,000
Ordinary shares	10,700,000	–	n/a	n/a	–	10,700,000	n/a	n/a

Note (i) Mr Dixon resigned as the Non-Executive Chairman effective 12 September 2016.

(ii) Mr Thick resigned as the Managing Director of the Company effective 31 July 2016. He remains a Non-Executive Director of the Company until 31 October 2016 or such other date agreed by the Company and Mr Thick. On 12 September 2016 Mr Thick announced that he will be resigning as a Non-Executive Director effective 23 September 2016.

(iii) Mr Han was appointed as Non-Executive Director on 12 November 2015.

(iv) Mr Song and Mr Liu were appointed as Non-Executive Directors on 16 December 2015. Mr Song is a founding director of Huizhou Energy Investment (Beijing) Co., Ltd (Huizhou Energy). Huizhou Energy holds 91,442,400 ordinary shares in the Company and is the Company's largest shareholder (19.1%).

(v) Mr Willis resigned as the Director of the Company effective 5 August 2016.

DIRECTORS' REPORT

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no loans or other transactions with key management personnel during the year ended 30 June 2016.

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 2016 are provided below.

Name	Engagement	Term of contract	Notice period by either party	Termination benefit
Mr P Thick ⁽ⁱ⁾	Employee	Ongoing	12 weeks No notice required for termination by Company for cause	9 months
Mr S Willis ⁽ⁱⁱ⁾	Consultancy	Ongoing	30 days No notice required for termination by Company for cause	None
Mr A Dixon ⁽ⁱⁱⁱ⁾	Employee	Ongoing	None	None
Mr N Han ^(iv)	Employee	Ongoing	None	None
Mr H Song ^(v)	Employee	Ongoing	None	None
Mr X Liu ^(v)	Employee	Ongoing	None	None

- Note**
- (i) Mr Thick resigned as the Managing Director of the Company effective 31 July 2016 as agreed by the Company and Mr Thick. Mr Thick did not receive a termination benefit of 9 months' salary upon his resignation. He remains a Non-Executive Director of the Company until 31 October 2016 or such other date agreed by the Company and Mr Thick. On 12 September 2016 Mr Thick announced that he will be resigning as a Non-Executive Director effective 23 September 2016.
 - (ii) Mr Willis resigned as the Director of the Company effective 5 August 2016.
 - (iii) Mr Dixon resigned as the Non-Executive Chairman of the Company effective 12 September 2016.
 - (iv) Mr Han was appointed as Non-Executive Director on 12 November 2015.
 - (v) Mr Song and Mr Liu were appointed as Non-Executive Directors on 16 December 2015.

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.

Phil Thick
Director

23 September 2016

DIRECTORS' 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 2016 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
- (d) the directors have been given the declarations by Mr Thick who performs both the Chief Executive Officer and the Chief Financial Officer functions as required by section 295A of the *Corporations Act 2001*.

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



Phil Thick
Director

23 September 2016

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 complexity.

The 3rd edition of the ASX Corporate Governance Principles and Recommendations was introduced on 27 March 2014 and took effect for a listed entity's first full financial year ending on or after 1 July 2014. Accordingly this Corporate Governance Statement has been prepared on the basis of disclosure under the 3rd edition of these principles with a table included at the back of this statement detailing the Company's compliance with these principles during the period.

This statement describes how New Standard has addressed the Council's guidelines and eight corporate governance principles and where the Company's corporate governance practices depart from a recommendation, the Company discloses the reason for adoption of its own practices on an "if not, why not" basis.

Given the size and stage of development of the Company and the cost of strict compliance with all the recommendations, the Board has adopted a range of modified procedures and practices which it considers appropriate to enable it to meet the principles of good corporate governance. At the end of this statement is a checklist setting out the recommendations with which the Company does or does not comply. The information in this statement is current as at 23 September 2016.

The following governance-related documents can be found on the Company's website at www.newstandard.com.au under the section marked "Governance".

CHARTERS

- Board
- Audit Committee
- Nominee Committee
- Remuneration Committee

POLICIES AND PROCEDURES

- Board Performance Evaluation
- Code of Conduct
- Shareholder Communications
- Continuous Disclosure Policy
- Securities Trading Policy
- Diversity Policy
- Donation and Sponsorship Policy
- Risk Management Policy
- Health & Safety Policy
- Environment Policy
- Indigenous and Community Policy

Principle 1: Lay solid foundations for management and oversight

Role and Responsibilities of the Board and Management

The main function of the Board is to lead and oversee the management and strategic direction of the Company. The Board regularly measures the performance of Management in implementation of the strategy through regular Board meetings.

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.

Role of the Board

The Board responsibilities are as follows:

- 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 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;

CORPORATE GOVERNANCE STATEMENT

Principle 1: Lay solid foundations for management and oversight (cont'd)

Role of the Board (cont'd)

- 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.
- Establishing a diversity policy and setting objectives for achieving diversity.

Delegation to Management

Other than matters specifically reserved for the Board, responsibility for the operation and administration of the Company has been delegated to the Managing Director. This responsibility is subject to an approved delegation of authority which is reviewed regularly and at least annually.

Internal control processes are designed to allow management to operate within the parameters approved by the Board and the Managing Director cannot commit the Company to additional activities or obligations in excess of these delegated authorities without specific approval of the Board.

Election of Directors

The Board is responsible for overseeing the selection process of new directors, and will undertake appropriate checks before appointing a new director, or putting forward a candidate for election as a director. All relevant information is to be provided in the Notice of Meeting seeking the election or re-election of a director including:

- biographical details including qualifications and experience;
- other directorships and material interests;
- term of office;
- statement by the board on independence of the director;
- statement by the board as to whether it supports the election or re-election; and
- any other material information.

Terms of appointment

Non-Executive Directors

To facilitate a clear understanding of roles and responsibilities all non-executive directors have signed letter of appointment. This letter of appointment letter includes acknowledgement of:

- director responsibilities under the Corporations Act, Listing Rules, the Company's Constitution and other applicable laws;
- corporate governance processes and Company policies;
- board and board committee meeting obligations;
- conflicts and confidentiality procedures;
- securities trading and required disclosures;
- access to independent advice and employees;
- confidentiality obligations;
- directors fees;
- expenses reimbursement;
- directors and officers insurance arrangements;
- other directorships and time commitments; and
- board performance review.

Managing Director

The Managing Director has a signed executive services agreement. For further information refer to the audited Remuneration Report.

Role of Company Secretary

The Company Secretary is accountable to the Board for:

- advising the Board and committees on corporate governance matters;
- the completion and distribution of board and committee papers;
- completion of board and committee minutes; and
- the facilitation of director induction processes and ongoing professional development of directors.

All directors have access to the Company Secretary who has a direct reporting line to the Chairman.

CORPORATE GOVERNANCE STATEMENT

Principle 1: Lay solid foundations for management and oversight (cont'd)

Diversity

The Board values diversity in all aspects of its business and is committed to creating a working environment that recognises and utilizes the contribution of its employees. The purpose of this is to provide diversity and equality relating to all employment matters. The Company's policy is to recruit and manage on the basis of ability and qualification for the position and performance, irrespective of gender, age, marital status, sexuality, nationality, race/cultural background, religious or political opinions, family responsibilities or disability. The company opposes all forms of unlawful and unfair discrimination.

The Board acknowledges the absence of female participation on the Board of Directors. However, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Company has not set or disclosed measurable objectives for achieving gender diversity. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

The Company currently only has one full-time employee, being the Managing Director who is male. The Company contracts four consultants, two of whom are female and two of whom are male.

Performance review

Board and board committees

A review of the Board's performance and effectiveness is conducted annually and the performance of individual directors is undertaken regularly. The Board has the discretion for these reviews to be conducted either independently or on a self-assessment basis.

The review focuses on:

- strategic alignment and engagement;
- board composition and structure;
- processes and practices;
- culture and dynamics; Relationship with management; and
- personal effectiveness.

A formal review of the Board's performance and effectiveness in respect of the financial year ended 30 June 2016 did not occur.

Managing Director and senior executives

Performance evaluation of the Managing Director, senior executives and employees is undertaken annually through a performance appraisal process which involves reviewing and assessment of performance against agreed corporate and individual key performance indicators and deliverables.

For further information refer to the audited Remuneration Report.

Retirement and rotation of directors

Retirement and rotation of directors are governed by the *Corporations Act 2007* and the Constitution of the Company. Each year, one third of directors must retire and may offer themselves for re-election. Any casual vacancy filled will be subject to shareholder vote at the next

There were three directors appointed during the year and as such they will stand for re-election at the 2016 Annual General Meeting. It is intended that Mr Dixon will stand for re-election by rotation at the Company's 2016 Annual General Meeting.

Independent Professional Advice

Each director of the Company or a controlled entity has the right to seek independent professional advice at the expense of the Company or the controlled entity; however prior approval of the Chairman is required which will not be unreasonably withheld.

Access to employees

Directors have the right of access to any employee. Any employee shall report any breach of corporate governance principles or Company policies to the Managing Director who shall remedy the breach. If the breach is not rectified to the satisfaction of the employee, they shall have the right to report any breach to an independent director without further reference to senior executives of the Company.

Directors' and officers' liability insurance

Directors' and officers' liability insurance is maintained by the Company for the Directors and senior executives at the Company's expense.

Board meetings

The frequency of board meetings and the extent of reporting from management at board meetings are as follows:

- a minimum of nine scheduled meetings are to be held per year;
- other meetings will be held as required;
- meetings can be held where practicable by electronic means;
- information provided to the Board includes all material information related to the operations of the Company including exploration, development and production operations, budgets, forecasts, cash flows, funding requirements, investment and divestment proposals, business development activities, investor relations,
- financial accounts, taxation, external audits, internal controls, risk assessments, people and health, safety and environmental reports and statistics;
- the Chairman of the appropriate board committee reports to the next subsequent board meeting the outcomes of that meeting and the minutes of those committee meetings are also tabled.

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are set out in the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

Principle 2: Structure the Board to add value

Composition of the Board

The names of the directors of the Company and their qualifications are set out in the section headed "Information on Directors" in the current financial year's Directors' Report.

The composition of the Board has been structured so as to provide New Standard with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives 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 the Board should constitute of a majority of independent directors and that the Chairperson should be independent. The Board currently consists of six (6) directors of whom two (2) is considered independent, being Mr Hua Li, Managing Director and Mr Dongbo Zhang, Non-Executive Director (both appointed 12 September 2016). During the financial year ended 30 June 2016, the Board was comprised of one (1) independent directors, Mr Arthur Dixon, until his resignation on 12 September 2016. Mr Han was appointed as Director on 12 November 2015 and is not considered independent due to his association with Jara Resources Pty Ltd, the Company's largest shareholder at the time. On 16 December 2016 Mr Song and Mr Liu were appointed as Directors and are not considered independent due to their association with Huizhou Energy Investment (Beijing) Co., Ltd, the Company's largest shareholder (19.1%). Mr Phil Thick served in executive roles to 31 July 2016 and thereafter as a Non-Executive Director and therefore does not meet the criteria for an independent director.

Composition of the Board (cont'd)

The detailed skills matrix of the Board for a company of New Standard's size and complexity is not considered necessary.

The principal business of the Company at present is exploration and new business opportunities, therefore requiring a skillset of geological and geophysical expertise, executive management, financial and commercial skills.

Given the significant transformation the Company has recently undergone the Board composition is under review to better align with the new direction of the Company.

Nomination of other Board Members

Membership of the Board of Directors is reviewed on an on-going basis by the Chairperson of the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's businesses and its objectives. The Board does not have a separate Nomination Committee and does believe it is necessary in a Company of New Standard's size.

Director induction and ongoing professional development

The Company does not have a formal induction program for Directors but does provide Directors with information pack detailing policies, corporate governance and various other corporate requirements of being a director of an ASX Listed company. Due to the size and nature of the business, Directors are expected to already possess a level of both industry and commercial expertise before being considered for a directorship of the Company. Directors are provided with the opportunity to access employees of the business and any information as they require about the business including being given access to regular news articles and publications where considered relevant.

Principle 3: Act ethically and responsibly

Code of Conduct

Directors, officers, employees and consultants to the Company are required to observe high standards of behavior and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

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.

Conflicts of Interest

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Trading in Company Securities

Directors are required to make disclosure of any share trading. The Company policy in relation to share trading is that officers are prohibited to trade whilst in possession of unpublished price sensitive information concerning the Company or within a period of the release of results i.e. the blackout period. That is information which a reasonable person would expect to have a material affect on the price or value of the Company's shares. An officer must receive authority to acquire or sell shares with the directors or the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares must be notified to the ASX.

CORPORATE GOVERNANCE STATEMENT

Principle 4: Safeguard integrity in 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 Managing Director 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 Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

The Company's external auditor attends each Annual General meeting and is available to answer questions from shareholders relevant to the conduct of the external audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

Principle 5: Make timely and balanced disclosure

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

The Board's fundamental responsibility to shareholders is to work towards meeting the Company's objectives so as to add value for them. The Board maintains an investor relation program which will inform shareholders of all major developments affecting the Company by:

- preparing half yearly and yearly financial reports;
- preparing quarterly cash flow reports and reports as to activities;
- making announcement in accordance with the listing rules and the continuous disclosure obligations;
- posting all of the above on the Company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the annual report, if requested, together with notice of meeting and proxy form; and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Annual General Meeting enables shareholders to discuss the annual report and participate in the meetings either by attendance or by written communication. The Company provides all shareholders with a Notice of Meeting so they can be fully informed and be able to vote on all resolutions at the Annual General Meeting. Shareholders are able to discuss any matter with the directors and/or the auditor of the Company who is also invited to attend the Annual General Meeting.

Shareholders have the option to receive all Company and share registry communications electronically, and may also communicate with the Company by emailing the Company via its website. All shareholders have the ability to request copies of ASX releases, all of which are published and available on the Company's website immediately after they are released to ASX.

The Company regularly reviews its stakeholder communication policy and endeavours to maintain a program appropriate for a company of its size and complexity.

CORPORATE GOVERNANCE STATEMENT

Principle 7: Recognise and manage risk

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegate's day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board does not have a separate Risk Management Committee but has mandated the Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems. A report by management on the effectiveness of the internal financial control is provided to the Audit Committee on an annual basis.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- Establishment of financial control procedures and authority limits for management;
- Approval of an annual budget;
- Adoption of a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- Adoption of a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.
- Maintenance and review of a risk register to identify the Company's material business risks and risk management strategies for these risks. The risk register is reviewed half yearly and updated as required. Management reports to the Board on material business risks at each Board meeting.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the material business risks of the Company. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Managing Director has provided a declaration to the Board in accordance with section 295A of the Corporations Act and has assured the Board that such declaration 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 risks.

Internal Audit

The Company does not have an internal audit function as the Board believes the business is neither the size nor complexity that requires such a function. The Audit Committee meets at least twice a year and is responsible for monitoring the effectiveness of internal controls, risk management procedures and governance.

Sustainability Risks

The Company has a detailed risk matrix which it regularly reviews and which highlights critical risk factors the Company faces at any particular time. The principal risks highlighted are what would typically be expected for a small listed exploration company and include:

- Reliance on key executives
- Inability to access new exploration capital
- Volatility in oil prices and applicable exchange rates (mainly USD)
- Unsuccessful exploration results
- Exposure to other operators, be it through Joint Venture agreements or actions of those operators in an operational sense
- Legislature changes in jurisdictions the Company operates in (e.g. hydraulic fracturing ban in France)

As the Company expands its activities either within existing projects or with the addition of new projects, it is expected that the sustainability risks will change accordingly. These Board reviews the overall sustainability of both the oil and gas exploration business and more specifically, the Company, in its normal course of business and therefore does not produce a separate sustainability report.

Principle 8: Remunerate fairly and responsibly

The Company has a Remuneration Committee that is currently made up of two members, Mr Arthur Dixon, independent Chairman and Mr Mark Clements (Company Secretary). Mr Clements is in an executive role and therefore is not considered independent.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. The Company's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time-to-time the Company may grant options to non-executive directors. The grant of options is designed to recognise and reward efforts as well as to provide non-executive directors with additional incentive to continue those efforts for the benefit of the Company. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by the shareholders at general meeting.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options and/or performance rights granted at

the discretion of the Remuneration Committee and subject to obtaining the relevant approvals. The grant of options and/or performance rights is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement regarding the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested elements under any equity based remuneration schemes.

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.

AUDITOR'S INDEPENDENCE DECLARATION



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF NEW STANDARD ENERGY LIMITED

As lead auditor of New Standard Energy Limited for the year ended 30 June 2016, 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.

A handwritten signature in blue ink, appearing to read 'J Prue', is written in a cursive style.

Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 23 September 2016

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Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of New Standard Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of New Standard Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2016, 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*.

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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 2016 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 describes the conditions which give rise to the existence of a material uncertainty that may cast significant 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 pages 10 to 18 of the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
J Prue

Jarrad Prue
Director

Perth, 23 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Continuing operations			
Other revenue	2	38,057	93,454
Total revenue and other income		38,057	93,454
Depreciation expenses	3	(59,180)	(288,893)
Administrative expenses	3	(1,203,373)	(6,028,552)
Share based payments	25	(221,855)	(346,447)
Foreign exchange gain		(1,151)	2,237,772
Impairment of exploration and evaluation and development expenditure	8	(4,726,476)	(34,314,456)
Loss on investment in available-for-sale		(464,536)	(146,063)
Fair value loss on available-for-sale financial assets		(1,041,750)	-
Loss before income tax expense		(7,680,264)	(38,793,185)
Income tax benefit	4	-	6,032,231
Loss for the year from continuing operations		(7,680,264)	(32,760,954)
Discontinued operations			
Gain on sale of subsidiary	23	3,192,790	264,081
Loss for the year from discontinued operations	24(a)	-	(47,219,984)
Loss attributable to owners of the Parent entity		(4,487,474)	(79,716,857)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(3,229,051)	6,147,308
Other comprehensive (loss)/income for the year		(3,229,051)	6,147,308
Total comprehensive loss for the year		(7,716,525)	(73,569,549)
Total comprehensive loss for the year is attributable to:			
Owners of the Company		(7,716,525)	(73,569,549)
		Cents Per Share	Cents Per Share
Loss per share for loss from			
Continuing operations attributable to the ordinary shareholders of the Company			
Basic loss per share (cents per share)	15	(1.75)	(8.48)
Diluted loss per share (cents per share)	15	(1.75)	(8.48)
Discontinued operations attributable to the ordinary shareholders of the Company			
Basic earnings/(loss) per share (cents per share)	15	0.73	(12.16)
Diluted earnings/(loss) per share (cents per share)	15	0.73	(12.16)

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 2016

	Note	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	20(a)	233,268	440,894
Trade and other receivables	6	28,062	64,370
Available-for-sale financial asset	7	125,000	–
Assets classified as held for sale	24(b)	–	2,367,890
Total Current Assets		386,330	2,873,154
Non-Current Assets			
Available-for-sale financial asset	7	152,800	–
Exploration and evaluation and development expenditure	8	–	4,500,000
Property, plant and equipment	9	147,636	302,737
Total Non-Current Assets		300,436	4,802,737
Total Assets		686,766	7,675,891
Current Liabilities			
Trade and other payables	10	259,726	630,258
Total Current Liabilities		259,726	630,258
Non-Current Liabilities			
Deferred tax liability	11	–	–
Total Non-Current Liabilities		–	–
Total Liabilities		259,726	630,258
Net Assets		427,040	7,045,633
Equity			
Issued capital	12	67,887,259	67,011,182
Reserves	13	233,184	3,428,661
Accumulated losses	14	(67,693,403)	(63,394,210)
Total Equity		427,040	7,045,633

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 2016

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
2016					
Equity as at 1 July 2015	67,011,182	(63,394,210)	604,302	2,824,359	7,045,633
Loss for the year	–	(4,487,474)	–	–	(4,487,474)
Realised profit on translation of foreign operations	–	–	–	(3,229,051)	(3,229,051)
Total comprehensive loss	–	(4,487,474)	–	(3,229,051)	(7,716,525)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares, net of transaction costs	876,077	–	–	–	876,077
Other comprehensive loss	–	188,281	(188,281)	–	–
Share based payments	–	–	221,855	–	221,855
Equity as at 30 June 2016	67,887,259	(67,693,403)	637,876	(404,692)	427,040

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
2015					
Equity as at 1 July 2014	67,011,182	12,417,637	4,162,865	(3,322,949)	80,268,735
Loss for the year	–	(79,716,857)	–	–	(79,716,857)
Unrealised profit on translation of foreign operations	–	–	–	6,147,308	6,147,308
Total comprehensive (loss)/income	–	(79,716,857)	–	6,147,308	(73,569,549)
<i>Transactions with owners in their capacity as owners:</i>					
Other comprehensive loss	–	3,905,010	(3,905,010)	–	–
Share based payments	–	–	346,447	–	346,447
Equity as at 30 June 2015	67,011,182	(63,394,210)	604,302	2,824,359	7,045,633

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 2016

	Note	2016 \$	2015 \$
Cash Flows From Operating Activities			
Oil & Gas sales		–	7,768,433
Payments to suppliers and employees		(1,935,475)	(10,351,152)
Interest received		10,329	67,267
Interest Paid		–	(2,376,755)
Cash flows from operating activities of discontinued operations	23(a)	(36,260)	(1,005,446)
Net cash (used in) operating activities	20(b)	(1,961,406)	(5,897,653)
Cash Flows From Investing Activities			
Payments for oil and gas properties		–	(15,827,341)
Reimbursement of exploration expenditure		245,974	1,889,670
Payment for exploration, evaluation and development		(472,450)	(4,299,814)
Proceeds from sale of plant and equipment		39,253	116,639
Proceeds from sale of subsidiary		–	6,972,955
Proceeds from sale of available-for-sale financial instrument		1,064,696	243,468
Cash flows from investing activities of discontinued operations	23(a)	–	10,202,901
Net cash provided by/(used in) investing activities		877,473	(701,522)
Cash Flows From Financing Activities			
Proceeds from borrowings		–	7,106,446
Repayment of borrowings		–	(352,850)
Proceeds from issue of shares		876,077	–
Cash flows from financing activities of discontinued operations	23(a)	–	(7,970,155)
Net cash flows provided by/(used in) financing activities		876,077	(1,216,559)
Net (decrease) in cash and cash equivalents		(207,856)	(7,815,734)
Cash and cash equivalents at beginning of the financial period		440,894	8,625,765
Exchange rate adjustments		230	(369,137)
Cash and cash equivalents at the end of the financial period	20(a)	233,268	440,894

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

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 6 Outram Street, 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 23 September 2016.

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 2016.

GOING CONCERN

During the year the consolidated entity incurred a net loss after income tax from continuing and discontinued operations for the year ended 30 June 2016 of \$4,487,474 (2015: \$79,716,857), incurred net cash outflows from operating and investing activities of \$1,083,933 (2015: \$6,599,175) for continuing operations, and had net working capital of \$126,604 at 30 June 2016.

The ability of the consolidated entity to continue as a going concern is dependent on securing additional funding through capital raising to continue to meet its working capital requirements in the next 12 months.

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that they will be able to raise additional capital as required. Subsequent to year end the consolidated entity expects to receive additional funds via rights issues discussed below.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- In November 2015 the Company signed a Share Subscription Agreement with Huizhou Energy Investment (Beijing) Co. Ltd (Huizhou) which contracted them to fully underwrite a 1-for-3 Rights Issue to raise approximately \$1 million. The Directors are in discussion with Huizhou in relation to the timing of the Rights Issue taking into consideration the fluctuating oil price and market sentiment. On 12 September 2016 the Company announced that the Company's largest shareholder, Huizhou Energy Investment (Beijing) Co., Ltd are finalising approvals for the previously planned and announced a fully underwritten rights issue as the strategic direction of the Company is considered;
- The Company holds 1.25 million fully paid ordinary Sundance Energy (ASX:SEA) shares, freely tradable, which can be used by the consolidated entity as a future funding source and 1.53million shares on escrow pursuant to a sale agreement.
- In response to the falling oil price environment, the Non-Executive Chairman and all Non-Executive Directors have agreed to suspend the Non-Executive Chairman and all Non-Executive Directors' fees until market conditions improve starting from 1 February 2015 and remain suspended to date and until the consolidated entity has the financial capacity to pay the Non-Executive Chairman and Non-Executive Directors' fees.
- Huizhou Energy Investment (Beijing) Co., Ltd have agreed that they will provide financial support to the consolidated entity in the event that the company does not have the financial capacity to meet any liabilities that become due and payable.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or 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 statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

1. Summary of accounting policies (cont'd)

(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 does not have 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

1. Summary of accounting policies (cont'd)

(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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(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.

(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 environment 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

1. Summary of accounting policies (cont'd)

(j) Exploration and evaluation expenditure (cont'd)

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 8.

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.

(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 rare 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 acquiree 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) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

1. Summary of accounting policies (cont'd)

(m) Non-current assets (or disposal groups) held for sale and discontinued operations (cont'd)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss and other comprehensive income.

(n) 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 financial assets are subsequently carried at fair value with movements in fair value are recognised in equity.

Investments are recognised and derecognised on trade date where the purchase sale or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned; and are initially measured at fair value, net of the transaction costs.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate (if applicable).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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.

(o) 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 with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

1. Summary of accounting policies (cont'd)

(o) Share-based payments (cont'd)

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The above policy is applied to all equity-settled share-based payments.

(p) 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.

(q) 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 1Error! Reference source not found.).

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

Depreciation/Amortisation

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

<u>Class of fixed asset</u>	<u>Estimated useful live</u>
Motor Vehicles	4-5 years
Plant and equipment	1-15 years depending on the nature of the asset
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.

(r) 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

(s) 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

1. Summary of accounting policies (cont'd)

(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

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

1. Summary of accounting policies (cont'd)

(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 accounting policies adopted in the preparation of the consolidated financial statements are consistent with those following in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2015, except for the adoption of new standards and interpretations effective as of 1 July 2015 detailed below:

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031.

The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods.

(bb) Standards and interpretations issued not yet effective

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

Reference / Title	Summary	Application date of standard	Application date for Group
AASB 9 <i>Financial Instruments and associated Amending Standards</i>	<p>The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.</p> <p>The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.</p> <p>Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.</p>	1 January 2018	1 July 2018
AASB 15 <i>Revenue from Contracts with Customers</i>	<p>When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.</p> <p>The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:</p> <ul style="list-style-type: none"> • identify the contract(s) with a customer; • identify the performance obligations in the contract(s); • determine the transaction price; • allocate the transaction price to the performance obligations in the contract(s); and • recognise revenue when (or as) the performance obligations are satisfied. 	1 January 2018	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

1. Summary of accounting policies (cont'd)

(bb) Standards and interpretations issued not yet effective (cont'd)

Reference / Title	Summary	Application date of standard	Application date for Group
	<p>The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.</p> <p>Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.</p>		
AASB 16 <i>Leases</i>	<p>When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: <i>Leases</i> and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.</p> <p>The main changes introduced by the new Standard includes:</p> <ul style="list-style-type: none"> • recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets); • depreciation of right-to-use assets in line with AASB 116: <i>Property, Plant and Equipment</i> in profit or loss and unwinding of the liability in principal and interest components; • variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date; • by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and • additional disclosure requirements. <p>The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.</p> <p>Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.</p>	1 January 2019	1 July 2019
AASB 2014-3 <i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</i>	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.</p> <p>The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.</p>	1 January 2016	1 July 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

1. Summary of accounting policies (cont'd)

(bb) Standards and interpretations issued not yet effective (cont'd)

Reference / Title	Summary	Application date of standard	Application date for Group
<u>AASB 2014-10</u> <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	<p>This Standard amends AASB 10: <i>Consolidated Financial Statements</i> with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3 to an associate or joint venture, and requires that:</p> <ul style="list-style-type: none"> a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture; the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment. <p>The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.</p> <p>The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.</p>	1 January 2018 <i>as deferred by AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i>	1 July 2018

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 ESTIMATES AND JUDGEMENTS

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.

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 Company has taken a conservative view taking into consideration the market condition and that no exploration expenditure, other than rental and incidental land costs were incurred during the year with no expenditure budgeted for the financial year ended 30 June 2017 that the carrying amount of exploration and evaluation expenditure be fully impaired for all projects at 30 June 2016.

The ultimate recoupment of costs carried forward for exploration and evaluation 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

1. Summary of accounting policies (cont'd)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

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.

	2016 \$	2015 \$
2. Revenue		
Revenue:		
Interest revenue	10,421	76,604
Other income consisted of the following items:		
Other income	27,636	16,850
Total Revenue	38,057	93,454
3. Expenses		
Depreciation expenses	59,180	288,893
Administrative expenses		
Employee benefit expenses	466,706	4,468,357
Professional fees	395,171	547,206
Occupancy expenses	196,729	668,190
Other administrative expenses	144,767	344,799
Total administrative expenses	1,203,373	6,028,552
4. Income tax expenses		
(a) The components of tax expense comprise:		
Current tax	–	–
Deferred tax	–	(6,713,958)
(Unders)/overs	–	681,727
	–	(6,032,231)
Deferred tax expense/(benefit) included in income tax expense comprises:		
Decrease in deferred tax assets	–	12,931,384
Increase in deferred tax liabilities	–	(19,645,342)
	–	(6,713,958)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

	2016 \$	2015 \$
4. Income tax expenses (cont'd)		
(b) The prima facie tax from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Loss before tax	(4,487,474)	(85,749,088)
Tax benefit calculated at 30%	(1,346,242)	(25,724,726)
Tax effect of amount which are not deductible/(taxable) in calculating taxable income:		
Share based payments	66,557	103,934
Other permanent difference	10,140	33
Entertainment	147	3,609
Difference in overseas tax rate	(220,230)	(243,775)
Deferred tax asset not previously recognised	–	–
Permanent differences arising for discontinued operations	(957,837)	14,086,771
	(2,447,465)	(11,774,155)
Tax losses and timing differences not recognised	2,447,465	5,741,924
Income tax benefit	–	(6,032,231)
The Company will have no tax payable due to prior year losses carried forward and tax deductible exploration expenditure.		
New 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.		
(c) Unrecognised temporary differences		
Deferred tax assets (note 11)	9,764,579	22,524,918
Deferred tax liabilities (note 11)	(28)	(16,413,880)
Unrecognised net deferred tax asset	9,764,551	6,111,038
5. Auditors' remuneration		
Auditor of the parent entity		
BDO Audit (WA) Pty Ltd	48,961	87,796
	48,961	87,796
6. Trade and other receivables		
Current		
Trade receivables	–	–
Other receivables	28,062	64,370
	28,062	64,370
The average credit period on trade and other receivables is 30 days. No interest is charged on prepayments and receivables. The Consolidated Entity has financial risk management policies in place to ensure that all receivables are received within the credit timeframe. Due to the short term nature of these receivables, their carrying value is assumed to be approximately their fair value. None of the receivables are past due or impaired. Refer to note 21 for the Group's risk management objectives and policies.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

	2016 \$	2015 \$
7. Available-for-sale financial investments		
Listed securities		
Current		
Sundance Energy Australia Ltd ⁽ⁱ⁾	125,000	-
Elixir Petroleum Ltd ⁽ⁱⁱ⁾	-	389,531
Loss on investment in available-for-sale	-	(146,063)
Sale of available-for-sale asset ⁽ⁱⁱⁱ⁾	-	(243,468)
Carrying amount at the end of period	125,000	-
Non-current		
Sundance Energy Australia Ltd ⁽ⁱ⁾	152,800	-
Carrying amount at the end of period	152,800	-
(i) On 10 August 2015 the Group completed the sale of assets to Sundance Energy Australia Ltd (SEA). The Company received 6,000,000 SEA fully paid ordinary shares. The Company held 1.25 million fully paid ordinary SEA shares, freely tradable and 1.53 million SEA shares on escrow pursuant to the share sale agreement as at 30 June 2016.		
(ii) On 3 September 2014 New Standard Energy reduced their equity holding in Elixir Petroleum Limited (through dilution) to 11.78% resulting in the investment being classified as an available-for-sale investment.		
(iii) On 26 June 2015 New Standard Energy sold their equity holding in Elixir Petroleum Limited to Sundance Resources Ltd for \$243,468.		

8. Exploration and evaluation expenditure

Balance at beginning of the year	4,500,000	54,408,596
Revenue offset	-	(142,270)
Expenditure incurred	472,450	3,560,779
Expenditure impaired ⁽ⁱ⁾	(4,726,476)	(34,314,456)
Foreign exchange movement	-	2,531,731
Expenditure recovered ⁽ⁱⁱ⁾	(245,974)	(1,889,670)
Disposal of exploration assets ⁽ⁱⁱⁱ⁾	-	(6,708,874)
Transfer to Asset held for sale ⁽ⁱⁱⁱ⁾	-	(12,945,836)
Balance at end of the year	-	4,500,000

(i) During the year the Company recognised a full non-cash impairment charge of \$4,726,476 relating to the carried forward capitalised exploration expenditure associated with its exploration assets based in Western Australia. The impairment of the exploration, evaluation and development expenditure has arisen as a result of the relinquishment of licences and applications for exemptions of minimum expenditure requirements that have yet to be approved. The Company has taken a conservative view of the carrying value for the projects at 30 June 2016 considering no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ended 30 June 2017. This charge reflects the steps and measures followed pursuant to the Australian Accounting Standards (AASB6) when testing for impairment indicators. This charge has been recognised in the consolidated statement of profit or loss and other comprehensive income.

(ii) The Company received a Research & Development Tax Concession claim for \$245,974 (2015: \$1,889,670) relating to applicable works undertaken in the year ended 30 June 2015 in the Canning and Carnarvon Basins.

(iii) During the year, the Group announced the disposed of Outback Energy Hunter Pty Ltd, NSE PEL570 Pty Ltd, NSE Texas LLC and the Colorado Asset. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the assets and liabilities of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 23 and 24 for further information.

The Board assess impairment of all exploration expenditure at each reporting date by evaluating the conditions specific to the Company and 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 of by sale.

The Company is currently in discussion with the Department of Mines and Petroleum (DMP) and has submitted an application for variations and exemptions on the exploration work commitments for the existing permits which allows the Company to renew the permits at the end of 2016. In the event the application is not approved the Company will have to reassess the existing permits, including potential relinquishment of all or part of the permits. The Company has taken a conservative view and have fully impaired the capitalised exploration and evaluation expenditure of the carrying value for the projects at 30 June 2016 considering no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ended 30 June 2017.

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 TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

8. Exploration and evaluation expenditure (cont'd)

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

Operator: New Standard Onshore Pty Ltd

Principal activity: Exploration, of hydrocarbons

Country: Australia

Area	Asset	Percentage Interest	Area	Asset	Percentage Interest
Canning Basin	EP451	100%	Carnarvon Basin	EP481 ⁽ⁱ⁾	100%
	EP456	100%		EP482 ⁽ⁱ⁾	100%

(i) On 12 September 2016 the Company announced that following a technical review by Huizhou Energy on the Company's onshore Carnarvon Basin permits, EP481 and EP482, a decision has been made to not proceed with new work programs or renew these permits when they fall due.

9. Property, plant and equipment

	2016 \$	2015 \$
Property, plant and equipment	341,582	844,943
Accumulated depreciation	(193,946)	(542,206)
Closing net book amount	147,636	302,737

	Furniture and equipment \$	Motor vehicles \$	Leasehold improvements \$	Total \$
2015				
Balance at 1 July 2014	360,173	127,932	220,879	708,984
Additions	787	-	-	787
Disposals	(45,851)	(72,290)	-	(118,141)
Depreciation expense	(93,322)	(55,642)	(139,929)	(288,893)
Balance at 30 June 2015	221,787	-	80,950	302,737
2016				
Additions	-	-	-	-
Disposals	(14,971)	-	(80,950)	(95,921)
Depreciation expense	(59,180)	-	-	(59,180)
Balance at 30 June 2016	147,636	-	-	147,636

10. Trade and other payables

	2016 \$	2015 \$
Current		
Trade payables	19,678	24,661
Sundry payables and accrued expenses	240,048	605,597
	259,726	630,258

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 21 for the Group's risk management objectives and policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

	2016 \$	2015 \$
11. Deferred tax balances		
Deferred tax assets		
Unused tax losses		
Australia	4,975,322	3,391,830
United States	4,145,110	15,248,819
Unexpired capital raising costs	56,218	146,813
US deductible temporary differences	–	3,390,329
Deductible temporary differences	587,929	347,127
Total deferred tax assets	9,764,579	22,524,918
Set-off of deferred tax liabilities pursuant to set-off provisions	(9,764,579)	(22,524,918)
Net deferred tax assets	–	–
Reconciliation of movement in deferred tax assets:		
Opening balance	–	12,931,384
Credited to statement of profit or loss and other comprehensive income	–	(12,931,384)
Closing balance	–	–
Deferred tax liabilities		
Accrued revenue/income	28	–
Capitalised exploration expenditure – Australia	–	835,201
Capitalised exploration – US	–	15,578,679
Total deferred tax liabilities	28	16,413,880
Set-off of deferred tax liabilities pursuant to set-off provisions	(28)	(16,413,880)
Net deferred tax liability	–	–
Reconciliation of movement in deferred tax liabilities:		
Opening balance	–	19,645,342
(Credited)/debited to statement of profit or loss and other comprehensive income	–	(19,645,342)
Closing balance	–	–
12. Issued capital		
477,612,003 fully paid ordinary shares (2015: 386,169,603)	67,887,259	67,011,182
	No.	\$
(a) Fully paid ordinary shares		
2015		
Balance at 1 July 2014	386,169,603	67,011,182
Balance at 30 June 2015	386,169,603	67,011,182
2016		
On 1 December 2015, issue of shares to Huizhou Energy Investments (Beijing) Co Ltd	91,442,400	914,424
On 3 June 2016, consideration for forfeited shares held by the Company	–	1,855
		67,927,461
Less: Transaction costs arising from issue of shares		(40,202)
Balance at 30 June 2016	477,612,003	67,887,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

12. Issued capital (cont'd)

(b) Terms and conditions of Issue 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 0 of the consolidated financial statements.

	2016 \$	2015 \$
13. Reserves		
Share based payments reserve	637,876	604,302
Foreign currency translation reserve	(404,692)	2,824,359
	233,184	3,428,661
(a) Movements in share based payments reserve		
Balance at the beginning of the year	604,302	4,162,865
Add: Issue of options		
Directors	125,216	132,335
Employees	96,639	214,112
Less: Options and/or rights expired and lapsed	(188,281)	(3,905,010)
Balance at the end of year	637,876	604,302
Nature and purpose of reserve		
The share based payments reserve represents the value of shares and options issued to employees and directors.		
(b) Movements in foreign currency translation reserve		
Balance at the beginning of the year	2,824,359	(3,322,949)
Unrealised profit on translation of foreign operation	–	6,147,308
Realised profit from discontinued operations	(3,229,051)	–
Balance at the end of the year	(404,692)	2,824,359
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.		
14. Accumulated losses		
Balance at the beginning of the year	(63,394,210)	12,417,637
Net loss attributable to members of the Company	(4,487,474)	(79,716,857)
Items of other comprehensive income recognised directly in retained earnings		
Expired options / rights in prior periods	188,281	3,905,010
Balance at the end of the year	(67,693,403)	(63,394,210)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

15. Loss per share

	2016 Cents per share	2015 Cents per share
Basic earnings/(loss) per share		
Continuing operations	(1.75)	(8.48)
Discontinued operations	0.73	(12.16)
Diluted earnings/(loss) per share		
Continuing operations	(1.75)	(8.48)
Discontinued operations	0.73	(12.16)
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
	\$	\$
(Loss)/profit for the year		
Continuing operations	(7,680,264)	(32,760,954)
Discontinued operations	3,192,790	(46,955,903)
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic EPS	439,136,239	386,169,603
Weighted average number of ordinary shares used in the calculation of diluted EPS	439,136,239	386,169,603

16. Dividends

There have been no dividends paid or proposed in the 2016 or 2015 financial years.

17. 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:

	2016 \$	2015 \$
Not longer than 1 year	14,000,000	27,000,000
Longer than 1 year and not longer than 5 year ⁽ⁱ⁾	10,000,000	22,000,000
Longer than 5 years	–	–
	24,000,000	49,000,000

(i) On 12 September 2016 the Company announced that following a technical review by Huizhou Energy on the Company's onshore Carnarvon Basin permits, EP481 and EP482, a decision has been made to not proceed with new work programs or renew these permits when they fall due. Work commitment of \$10 million relates to EP481 and EP482.

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). The above commitments reflect the minimum work programs and costs as required by the DMP and total \$24 million. The rights of tenure to the exploration permits and tenements may be reduced by sale, farm-out, renegotiation or relinquishment. In the event the Company does not meet the minimum expenditure requirements the rights to tenure will be relinquished and the Company will have no further obligation to the DMP to meet the minimum expenditure requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

17. Commitments for expenditure (cont'd)

	2016 \$	2015 \$
Leases		
The Company entered into an operating lease agreement effective 13 July 2015 for the corporate head offices at 6 Outram Street, West Perth. The lease obligation is not provided for in the Consolidated Statement of Financial Position but is to be incurred as outlined below.		
Not longer than 1 year	8,723	75,000
Longer than 1 year and not longer than 5 year	–	34,073
Longer than 5 years	–	–
	8,723	109,073

18. Segment reporting

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June 2016 are as follows:

Australia

The Group currently operates within 2 geological basins, being the Canning and Carnavon. On 12 September 2016 the Company announced that following a technical review by Huizhou Energy on the Company's onshore Carnavon Basin permits, EP481 and EP482, a decision has been made to not proceed with new work programs or renew these permits when they fall due.

United States

On 10 August 2015 the Group completed the sale of assets including NSE Texas LLC, which held the producing Eagleford asset located within the Atascosa and Colorado counties and NSE PEL 570 Pty Ltd which held the Copper Basin asset to Sundance Energy Australia Ltd. In accordance with AASB 5 the revenue, expenses, assets and liabilities of New Standard Energy Texas LLC (United States) and New Standard Energy PEL 570 Pty Ltd (Australia) are disclosed as discontinued operations. Refer to note 23 and 24 for further information.

	Australia		United States		Total	
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
Administration and employment expenses	(1,334,912)	(3,453,172)	(71,141)	(520,294)	(1,406,053)	(3,973,466)
Depreciation	(59,180)	(288,893)	–	–	(59,180)	(288,893)
Impairment expenses	(4,726,476)	(34,314,456)	–	–	(4,726,476)	(34,314,456)
Loss on available-for-sale financial assets	(464,536)	–	–	–	(464,536)	–
Fair value adjustment	(1,041,750)	–	–	–	(1,041,750)	–
Reportable loss	(7,626,854)	(38,056,521)	(71,141)	(520,294)	(7,697,995)	(38,576,815)
Other income	38,057	93,454	–	–	38,057	93,454
Other expenses	(20,326)	(306,013)	–	(3,811)	(20,326)	(309,824)
Net loss before tax	(7,609,123)	(38,269,080)	(71,141)	(524,105)	(7,680,264)	(38,793,185)
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
Segment assets						
Exploration assets	–	4,500,000	–	–	–	4,500,000
Asset held for sale ⁽ⁱ⁾	–	2,367,890	–	–	–	2,367,890
Other assets	686,764	803,465	2	4,536	686,766	808,001
Total assets	686,764	7,671,355	2	4,536	686,766	7,675,891
Segment liabilities						
Other liabilities	259,726	617,484	–	12,774	259,726	630,258
Total liabilities	259,726	617,484	–	12,774	259,726	630,258
Net assets	427,038	70,53,871	2	(8,238)	427,040	7,045,633

(i) On 29 June 2015, the Group announced the sale of assets including NSE Texas LLC, which held the producing Eagleford asset located within the Atascosa and Colorado counties and NSE PEL 570 Pty Ltd which held the Copper Basin asset to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the revenue, expenses, assets and liabilities of New Standard Energy Texas LLC (United States) and New Standard Energy PEL 570 Pty Ltd (Australia) are disclosed as discontinued operations. Refer to note 23 and 24 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

	2016 \$	2015 \$
19. Related party disclosure		
(a) Key Management Personnel compensation		
Short term employee benefits	377,274	1,923,549
Post-employment benefits	21,039	100,785
Share based payments	125,216	303,324
	523,529	2,327,658
Detailed remuneration disclosures are provided in the remuneration report included in the Directors' Report.		
(b) Transactions with related parties		
Revenue ⁽ⁱ⁾		
Rental of office space	–	18,800
Provision of accounting services	–	3,200
	–	22,000

(i) New Standard Energy ("NSE") entered in to a services contract with Elixir Petroleum Limited ("EXR"), to provide office space and accounting services from 1 February 2014. The contract was based on normal commercial terms and conditions. Mr Sam Willis, NSE director, is also the Chairman of EXR and does not receive any personal benefit from this services agreement. The contract was terminated on 28 February 2015.

20. 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:

(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents	233,268	440,894
(b) Reconciliation of net loss after tax to net cash flow from operating activities		
Loss after income tax	(4,487,474)	(79,716,857)
Non-cash expenditure:		
Share based payments	221,855	346,447
Depreciation expense	59,180	288,893
Impairment of exploration and development expenditure	4,726,476	34,314,456
R&D tax concession received classified as investment activities	–	(1,889,670)
Gain on disposal of property, plant and equipment	(39,253)	–
Loss on disposal of property, plant and equipment	95,921	118,141
Loss on investment in available-for-sale asset	464,536	146,063
Fair value losses on available-for-sale financial assets through profit or loss	1,041,750	–
Gain on disposal of subsidiary	–	(264,081)
Gain/(loss) on foreign exchange	1,151	(2,237,772)
Income tax benefit	–	(6,032,231)
Net effect from discontinued operations	(3,711,324)	53,565,073
(Increase)/decrease in assets:		
Current receivables	36,308	515,713
Increase/(decrease) in liabilities:		
Current payables	(370,532)	(2,346,750)
Net cash used in operating activities	(1,961,406)	(5,897,653)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

20. Notes to the Statement of Cash Flow (cont'd)

(c) Reconciliation of net loss after tax to net cash flow from operating activities

There were no non-cash investing and financing activities during the year ended 30 June 2016 and 30 June 2015.

21. Financial risk management

(a) Cash flow interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the consolidated entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing.

The Group 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.

Financial assets	Note	Float interest rate		Total carrying amount	
		2016 \$	2015 \$	2016 \$	2015 \$
Cash at bank	20(a)	233,268	440,894	233,268	440,894
		233,268	440,894	233,268	440,894

(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. Management also regularly monitors actual and forecast cash flows to manage liquidity risk.

On 29 June 2015, the Group announced the disposal of NSE Texas LLC to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with the sale agreement, Sundance Resources Ltd assumed the reserve based lending facility held in NSE Texas LLC. Refer to note 23 and 24 for further information.

	2016 \$	2015 \$
Fixed rate		
Expiring within one year	–	–
Expiring beyond one year	–	19,394,449
Transfer to Asset held for sale	–	(19,394,449)
	–	–

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities as at 30 June 2016. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Total contractual cash flow \$	Carrying amount of liabilities \$
2016					
Trade payables	259,726	–	–	259,726	259,726
	259,726	–	–	259,726	259,726
2015					
Trade payables	630,258	–	–	630,258	630,258
	630,258	–	–	630,258	630,258

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

21. Financial risk management (cont'd)

(c) Currency risk

During the year the Group has operations located in the United States where minimal expenditures are recorded.

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'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.

During the year, the Group was not involved in joint venture with third parties and has no expenditure commitments or liabilities outstanding as at 30 June 2016.

The Group announced the disposal of Outback Energy Hunter Pty Ltd, NSE PEL570 Pty Ltd, NSE Texas LLC and the Colorado Asset. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. In accordance with AASB 5 the revenue of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are disclosed as discontinued operations. Refer to note 23 and 24 for further information.

As operational activity has since decreased significantly in the United States, 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 13 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).

On 26 June 2015 New Standard Energy sold their equity holding in Elixir Petroleum Limited to Sundance Resources Ltd for \$243,468.

The Group does not hold available-for-sale financial assets at the end of 30 June 2015.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2016				
Available for sale investments ⁽ⁱ⁾	277,800	–	–	277,800
Total	277,800	–	–	277,800
2015				
Capitalised exploration, evaluation and development ⁽ⁱⁱ⁾	–	–	4,500,000	4,500,000
Total	–	–	4,500,000	4,500,000

(i) The fair value of the available-for-sale financial assets is derived from quoted market prices in an active market.

(ii) The valuation methodology undertaken by the Group was determined with ongoing discussions with interest parties. The estimated recoverable amount of the capitalised exploration and development expenditure is classified as level 3 and is sensitive to the movements in the oil and gas prices. Refer note 8 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

21. Financial risk management (cont'd)

(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.

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:

	2016 \$	2015 \$
Cash at Bank and short term bank deposits (AA-)	233,266	436,358
Cash at Bank and short term bank deposits (A)	2	4,536
	233,268	440,894

(f) Price risk

On 26 June 2015 the Group announced the disposal of assets to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. Sundance Resources Ltd assumed all debt and liabilities associated with the asset. A sensitivity analysis is not included because based on the disposal of asset as at 30 June 2015 the sensitivity analysis is deemed not to have a material impact on the Consolidated Profit or Loss and other Comprehensive Income.

22. Subsidiaries

Name of entity	Country of incorporation	Nature of activities	Ownership interest	
			2016	2015
Parent entity				
New Standard Energy Limited	Australia	Exploration, development & production of hydrocarbons	100	100
Subsidiaries				
New Standard Onshore Pty Ltd	Australia	Exploration of hydrocarbons	100	100
New Standard Energy PEL570 Pty Ltd ⁽ⁱ⁾	Australia	Exploration of hydrocarbons	–	100
New Standard Energy Inc	USA	Exploration, development of hydrocarbons	100	100
New Standard Energy Texas LLC ⁽ⁱ⁾	USA	Exploration, development & production of hydrocarbons	–	100
New Standard Energy Colorado LLC	USA	Exploration, development & production of hydrocarbons	100	100
New Standard Energy Ventures LLC	USA	Exploration, development & production of hydrocarbons	100	100

(i) On 29 June 2015, the Group announced the sale of assets including NSE Texas LLC, which held the producing Eagleford asset and NSE PEL 570 Pty Ltd to Sundance Resources Ltd. The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. Refer to note 23 and 24 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

23. Disposal of subsidiary – gain on sale of subsidiary

2016

On 10 August 2015 the Group completed the sale of assets including NSE Texas LLC, which held the producing Eagleford asset located within the Atascosa and Colorado counties and NSE PEL 570 Pty Ltd which held the Copper Basin asset to Sundance Energy Australia Ltd (Sundance).

The following were the results of the business for the year.

(a) Financial performance and cash flow information

	1 month ended 31 Jul 2015 \$	12 months ended 30 Jun 2015 \$
Revenue	180,555	5,821,128
Operating expenses	(633,571)	(8,080,509)
Foreign exchange impact during the period	112,865	–
Impairment of asset held for sale	–	(44,960,603)
Loss before income tax	(340,151)	(47,219,984)
Income tax expense /(credit)	–	–
Loss after income tax	(340,151)	(47,219,984)
The following were the net cash outflow for the period		
Net cash outflow from operating activities	(36,260)	(1,005,446)
Net cash inflow from investing activities	–	10,202,901
Net cash outflow from financing activities	–	(7,970,155)
Total Consideration	(36,260)	1,227,300

(b) Details of the sale of the subsidiaries

The net assets of NSE Texas LLC and New Standard Energy PEL570 Pty Ltd at the date of disposal were as follows:

	10 Aug 2015 \$
Consideration	2,850,000
Less: Carrying value of net assets disposed	(2,546,109)
Reclassification of foreign exchange reserve	3,229,050
	3,532,941
Revenue	180,555
Operating expenses	(633,571)
Foreign exchange impact during the period	112,865
Gain on sale of subsidiary	3,192,790

A gain of \$3,192,790 was recognised on the disposal of NSE Texas LLC and New Standard Energy PEL570 Pty Ltd, no tax charge or credit arose on the transaction. The sales proceed for the net assets above is 6,000,000 Sundance Energy Australia Limited's ordinary shares, the majority of which will be freely tradable. Based on the share price of 47.5 cents as at 10 August 2015, the scrip component of the consideration is valued at A\$2,850,000 was transferred to available-for-sale financial assets (refer to note 7).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

23. Disposal of subsidiary – gain on sale of subsidiary (cont'd)

2015

On 23 October 2014, the Group disposed of Outback Energy Hunter Pty Ltd, which held exploration assets located in the Cooper Basin, South Australia.

The following were the results of the business for the year.

	3 months ended 30 Sep 2014 \$
Revenue	-
Operating expenses	(1,463)
Loss before income tax	(1,463)
Income tax expense /(credit)	-
Loss after income tax	(1,463)

The net assets of Outback Energy Hunter Pty Ltd at the date of disposal were as follows:

	30 Sep 2014 \$
Net assets disposed	6,708,874
Costs associated with disposal	527,045
	7,235,919
Gain on disposal	264,081
Total Consideration	7,500,000
Satisfied by cash, and net cash inflow arising on disposal	6,972,955

A gain of \$264,081 was recognised on the disposal of Outback Energy Hunter Pty Ltd, no tax charge or credit arose on the transaction.

24. Discontinued operations and asset held for sale

Disposal of subsidiaries

On 29 June 2015, the Group announced the disposal of :

- (i) New Standard Energy Texas LLC (a wholly owned subsidiary of New Standard Energy Ltd which holds New Standard's Atascosa Project and associated liabilities;
- (ii) New Standard Energy Texas LLC's working interest in the Colorado County assets; and
- (iii) New Standard Energy PEL 570 Pty Ltd (a wholly owned subsidiary which holds New Standard's 17.5% share of the PEL 570 permit in the Cooper Basin).

The transaction was approved by shareholders on 4 August 2015 and the sale completed on 10 August 2015. The results and net assets of New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd are included in the discontinued operations and disposed in the prior year (refer note 23 and 24).

The sales proceed for the net assets above is the 6,000,000 Sundance Energy Australia Limited's (SEA) ordinary shares, the majority of which will be freely tradable. Based on the share price of 47.5 cents as at 10 August 2015, the scrip component of the consideration is valued at A\$2,850,000.

Analysis of the loss for the year from discontinued operations

The result of the discontinued operations (New Standard Energy Texas LLC and New Standard Energy PEL 570 Pty Ltd.) included in the loss for the year are set out below. The comparative profit or loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

24. Discontinued operations and asset held for sale (cont'd)

	2015 \$
(a) Loss for the year from discontinued operations –disposal of subsidiaries	
Revenue	5,821,128
Operating expenses	(8,080,509)
Impairment of asset held for sale	(44,960,603)
Loss before income tax	(47,219,984)
Income tax expense /(credit)	-
Loss after income tax	(47,219,984)

(b) Net assets classified as held for sale –disposal of subsidiaries

The major classes of assets and liabilities of NSE Texas LLC and NSE PEL 570 Pty Ltd classified as held for sale as at 30 June 2015 are as follow:

Assets

Cash and cash equivalent	673,518
Trade and other receivables	718,587
Derivative financial instruments	912,338
Exploration and evaluation and development expenditure	12,945,836
Oil and Gas properties	55,064,581
Other Assets	936,974
Assets classified as held for sale	71,251,834

Liabilities

Trade and other payables	3,689,370
Borrowings	19,394,449
Deferred tax liabilities	839,522
Liabilities classified as held for sale	23,923,341
Net asset classified as held for sale	47,328,493
Impairment of asset held for sale	(44,478,493)
Less: Transaction costs directly associated with asset held for sale	(482,110)
Fair value of asset classified as held for sale ⁽ⁱ⁾	2,367,890

(i) The fair value for the net assets above is the 6,000,000 Sundance Energy Australia Limited's ordinary shares based on the share price of 47.5 cents as at 10 August 2015, the scrip component of the consideration is valued at \$2,850,000 less cost to sell of \$482,110.

(c) Cash flows from discontinued operations –disposal of subsidiaries

	2015 \$
Net cash outflows from operating activities	(1,005,446)
Net cash inflows from investing activities	10,202,901
Net cash outflows from financing activities	(7,970,155)
Net cash inflows	1,227,300

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for the financial year ended 30 June 2016

25. Share based payments

Expenses arising from share-based payment transactions

	2016 \$	2015 \$
Options issued to directors	–	29,394
Incentive rights issued to directors	125,216	102,941
Options issued to key management personnel	–	47,101
Incentive rights issued to key management personnel	–	123,888
Options issued to employees	7,218	6,182
Incentive rights issued to employees	89,421	36,941
	221,855	346,447

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.

Grant date	Expiry date	Exercise price \$	Balance at start of year No.	During the year			Balance at end of year No.	Vested and exercisable at end of year No.
				Granted No.	Exercised No.	Lapsed No.		
2016								
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 Dec 13	1 Apr 16	0.400	500,000	–	–	(500,000)	–	–
12 Dec 13	1 Apr 16	0.400	500,000	–	–	(500,000)	–	–
12 Dec 13	1 Apr 16	0.500	500,000	–	–	(500,000)	–	–
12 Dec 13	1 Apr 16	0.500	500,000	–	–	(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	75,000
27 May 14	26 May 17	0.248	75,000	–	–	–	75,000	75,000
6 Aug 14	5 Aug 17	0.167	500,000	–	–	–	500,000	500,000
6 Aug 14	5 Aug 17	0.187	500,000	–	–	–	500,000	500,000
			3,950,000	–	–	(2,600,000)	1,350,000	1,350,000
Weighted average exercise price			0.37	–	–	0.44	0.24	0.24

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

25. Share based payments (cont'd)

Grant date	Expiry date	Exercise price \$	Balance at start of year No.	During the year			Balance at end of year No.	Vested and exercisable at end of year No.
				Granted No.	Exercised No.	Lapsed No.		
2015								
29 Mar 11	30 Jun 15	0.225	500,000	-	-	(500,000)	-	-
29 Mar 11	30 Jun 15	0.275	500,000	-	-	(500,000)	-	-
20 Dec 11	20 Dec 14	0.385	6,250,000	-	-	(6,250,000)	-	-
20 Dec 11	20 Dec 14	0.430	3,750,000	-	-	(3,750,000)	-	-
24 Apr 12	24 Apr 15	0.810	150,000	-	-	(150,000)	-	-
24 Apr 12	24 Apr 15	0.905	150,000	-	-	(150,000)	-	-
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	300,000
12 Dec 12	12 Dec 15	0.440	300,000	-	-	-	300,000	300,000
12 Dec 13	1 Apr 16	0.400	500,000	-	-	-	500,000	500,000
12 Dec 13	1 Apr 16	0.400	500,000	-	-	-	500,000	500,000
12 Dec 13	1 Apr 16	0.500	500,000	-	-	-	500,000	500,000
12 Dec 13	1 Apr 16	0.500	500,000	-	-	-	500,000	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	75,000
27 May 14	26 May 17	0.248	75,000	-	-	-	75,000	75,000
6 Aug 14	5 Aug 17	0.167	-	500,000	-	-	500,000	-
6 Aug 14	5 Aug 17	0.187	-	500,000	-	-	500,000	-
			15,000,000	1,000,000	-	(12,050,000)	3,950,000	2,950,000
Weighted average exercise price			0.43	0.18	-	0.42	0.37	0.44

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.

2016

There were no share options granted during the 2016 financial year.

2015

Fair value of share options and assumptions for the year ended 30 June 2015

Fair value at grant date of \$0.167 and \$0.187 options	\$0.044 - \$0.047
Number of options	1,000,000
Share price	\$0.12
Exercise price	\$0.167 - \$0.187
Employment vesting conditions	36 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)	2.74%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

25. Share based payments (cont'd)

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. There were no Performance Rights and Retention Rights granted during the 2016 financial year. During the 2015 financial year Performance Rights and Retention Rights were granted to executives as part of their remuneration packages. On the vesting date the performance rights will be tested against the absolute TSR criteria, and the retention rights tested against tenure criteria. Only those rights that satisfy the criteria will vest, and the remainder will immediately lapse. Refer to the Director's Report for further details on the structure of the LTIP.

The table below outlines movements in Incentive Rights during the 2016 and 2015 financial year and the balance held as at 30 June 2016 and 30 June 2015.

Type of incentive rights	Date		FV of each rights \$	Balance at start of year No.	During the year			Balance at end of year No.
	Grant	Expiry			Granted No.	Vested No.	Lapsed No.	
2016								
Performance Rights	28 Jun 13	14 Sep 15	0.014	552,000	-	-	(552,000)	-
Retention Rights	28 Jun 13	14 Sep 15	0.120	138,000	-	-	(138,000)	-
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	300,000	-	-	-	300,000
Performance Rights	14 Feb 14	14 Sep 16	0.076	1,400,000	-	-	-	1,400,000
Retention Rights	14 Feb 14	14 Sep 16	0.105	225,000	-	-	-	225,000
Retention Rights	14 Feb 14	14 Sep 16	0.101	500,000	-	-	-	500,000
Performance Rights	16 Dec 14	14 Sep 17	0.029	4,900,000	-	-	-	4,900,000
Performance Rights	16 Dec 14	14 Sep 17	0.015	2,960,000	-	-	-	2,960,000
Retention Rights	16 Dec 14	14 Sep 17	0.038	890,000	-	-	-	890,000
Performance Rights	9 Jan 15	31 Dec 15	0.013	750,000	-	-	(750,000)	-
Retention Rights	9 Jan 15	31 Dec 15	0.032	500,000	-	-	(500,000)	-
				15,915,000	-	-	(1,940,000)	13,975,000
2015								
Performance Rights	28 Jun 13	14 Sep 15	0.014	848,000	-	-	(296,000)	552,000
Retention Rights	28 Jun 13	14 Sep 15	0.120	212,000	-	-	(74,000)	138,000
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	-	-	(620,000)	300,000
Performance Rights	14 Feb 14	14 Sep 16	0.076	1,400,000	-	-	-	1,400,000
Retention Rights	14 Feb 14	14 Sep 16	0.105	380,000	-	-	(155,000)	225,000
Retention Rights	14 Feb 14	14 Sep 16	0.101	500,000	-	-	-	500,000
Performance Rights	16 Dec 14	14 Sep 17	0.029	-	4,900,000	-	-	4,900,000
Performance Rights	16 Dec 14	14 Sep 17	0.015	-	2,960,000	-	-	2,960,000
Retention Rights	16 Dec 14	14 Sep 17	0.038	-	890,000	-	-	890,000
Performance Rights	9 Jan 15	31 Mar 15	0.039	-	750,000	-	(750,000)	-
Performance Rights	9 Jan 15	31 Dec 15	0.013	-	750,000	-	-	750,000
Retention Rights	9 Jan 15	31 Dec 15	0.032	-	500,000	-	-	500,000
				7,060,000	10,750,000	-	(1,895,000)	15,915,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

26. Contingencies

As disclosed in note 23, on 10 August 2015 the Group completed the sale of assets including NSE Texas LLC, which held the producing Eagleford asset located within the Atascosa and Colorado counties and NSE PEL 570 Pty Ltd which held the Copper Basin asset to Sundance Energy Australia Ltd (Sundance). In accordance with the Share and Asset Sale Agreement Sundance made a claim in relation to Due Diligence Defects (DD Defects) associated with the Eagleford asset. There is a potential liability associated with the DD Defects which will be covered partially or wholly by escrowed SEA shares which formed part of consideration of the sale as disclosed in note 7. Whilst the maximum exposure to the Group is approximately \$500k, certain claims made by Sundance have been disputed by the Group and the likely outflow of economic benefits is currently not clear and as such a provision has not been recognised in relation to the claim.

There were no other material contingent liabilities or contingent assets for the Group as at 30 June 2016 or as at the date of the report other than the above.

27. Parent entity information

The following details information related to the parent entity, New Standard Energy Limited, as at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	2016 \$	2015 \$
Current assets	539,070	463,894
Non-current assets	147,636	7,652,737
Total assets	686,706	8,116,631
Current liabilities	259,726	613,627
Non-current liabilities	–	–
Total liabilities	259,726	613,627
Contributed equity	77,047,091	76,171,014
(Accumulated losses)/retained earnings	(77,257,987)	(73,102,426)
Reserves	637,876	4,434,417
Total equity	426,980	7,503,005
Loss for the year	(4,543,842)	(80,272,491)
Other comprehensive income for the year	188,281	3,923,530
Total comprehensive loss for the year	(4,155,561)	(76,348,961)

28. Events occurring after the reporting date

- (a) On 31 July 2016 Mr Thick resigned as the Managing Director of the Company. He remains a Non-Executive Director of the Company until 31 October 2016. On 12 September 2016 Mr Thick announced that he will be resigning as a Non-Executive Director effective 23 September 2016

On 5 August 2016 Mr Willis resigned as Director of the Company.

On 12 September 2016 Mr Song was appointed as Non-Executive Chairman, Mr Li was appointed as Managing Director and Mr Zhang was appointed Non-Executive Director of the Company. Mr Dixon resigned as Non-Executive Chairman and Mr Clement resigned as Company Secretary of the Company effective immediately.

- (b) On 12 September 2016 the Company announced that the Company's largest shareholder, Huizhou Energy Investment (Beijing) Co., Ltd are finalising approvals for the previously planned and announced a fully underwritten rights issue as the strategic direction of the Company is considered. Following a technical review by Huizhou Energy on the Company's onshore Carnavon Basin permits, EP481 and EP482, a decision has been made not to proceed with new work programs or renew these permits when they fall due.

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

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 12 September 2016.

1. Distribution of shareholders

(a) Analysis of number of shareholder by size of holding.

Category of holding	Holders	Number of shares	% of capital
1 – 1,000	195	49,161	0.01
1,001 – 5,000	394	1,271,266	0.27
5,001 – 10,000	331	2,797,071	0.59
10,001 – 100,000	976	40,030,314	8.38
100,001 and over	364	433,464,191	90.75
Total	2,260	477,612,003	100.00

(b) There are 1,789 shareholders with less than a marketable parcel of ordinary shares.

2. Twenty largest shareholders

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

Rank	Name of shareholder	Holding	%
1	Huizhou Energy Investment (Beijing) Co Ltd	91,442,400	19.15
2	Jara Resources Pty Ltd	65,650,000	13.75
3	J P Morgan Nominees Australia Limited	18,464,158	3.87
4	Mr Chi Zhang	15,491,658	3.24
5	Citicorp Nominees Pty Limited	13,292,120	2.78
6	Buru Energy Limited	8,853,447	1.85
7	Phoenix Properties Int Pty Ltd <The Wellington Property A/C>	8,508,453	1.78
8	Mr Samuel John Corbin Willis + Mrs Catherine Meredith Willis <Willis Family Super Fund A/C>	7,125,000	1.49
9	Mr Alan Young	6,905,252	1.45
10	TC Investments Pte Ltd	6,660,000	1.39
11	Merrill Lynch (Australia) Nominees Pty Limited	6,583,747	1.38
12	One Managed Invnt Funds Ltd <1 A/C>	5,587,385	1.17
13	Mr Richard James Harris + Mrs Susan Elizabeth Harris <Harris Family Super Fund A/C>	5,560,834	1.16
14	Chembank Pty Limited <Philandron A/C>	5,000,000	1.05
15	Pershing Australia Nominees Pty Ltd <Phillip Securities (HK) A/C>	4,543,279	0.95
16	Buru Energy Limited	4,204,483	0.88
17	Kensington Capital Management Pty Ltd	4,000,000	0.84
18	Ice Cold Investments Pty Ltd <Browns Cheltenham RD S/F A/C>	3,500,000	0.73
19	BNP Paribas Noms Pty Ltd <DRP>	3,312,694	0.69
20	Portdove Holdings Pty Ltd <Portdove Super Fund A/C>	3,000,000	0.78
Total		287,684,910	60.23

3. Substantial shareholders

As at 12 September 2016, the Company has received substantial notices from the following shareholders:

Name of shareholder	No of shares	% of issued capital
Huizhou Energy Investment (Beijing) Co Ltd	91,442,400	19.15
Jara Resources Pty Ltd	65,650,000	13.75

4. Unquoted securities

As at 23 September 2016 there were a total of 5 Performance Rights holders holding 7,860,000 Performance Rights, a total of 4 Retention Rights holders holding 890,000 Retention Rights, and a total of 3 Unlisted Option holders holding 1,350,000 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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6 Outram Street

West Perth WA 6005

Tel: +61 8 9481 7477

Fax: +61 8 9324 3366

Email: info@newstandard.com.au

<http://www.newstandard.com.au>