



**NEW STANDARD
ENERGY**

13 JULY 2011

ASX Announcement

**NEW STANDARD AND CONOCOPHILLIPS EXECUTE HEADS OF AGREEMENT
TO FARM INTO GOLDWYER PROJECT
(ASX: NSE)**

New Standard Energy Ltd (**New Standard**) announces that it has entered into a non-binding Heads of Agreement (**Heads of Agreement**) and exclusive negotiating period with ConocoPhillips Australia SH4 Pty Ltd (**ConocoPhillips**), an affiliate of global energy company ConocoPhillips [NYSE:COP].

The Heads of Agreement sets the framework for ConocoPhillips to farm-in and jointly explore, New Standard's flagship Goldwyer Project in the Canning Basin, Western Australia. It also contains an agreed set of core commercial principles which will form the basis for negotiating and completing binding and definitive agreements.

These core commercial principles envisage ConocoPhillips funding up to US\$109.5MM over four phases of unconventional hydrocarbon exploration work, including the drilling, coring and evaluation of multiple wells. In return for funding the phased work program ConocoPhillips will have the right to earn up to a 75% working interest in the Goldwyer Project which would reduce New Standard's working interest from 100% to 25%.

ConocoPhillips must complete all four phases of work to earn and retain the 75% working interest. In the event that ConocoPhillips elects not to complete all four proposed phases of work a 100% operated working interest in the Goldwyer Project will revert to New Standard.

ConocoPhillips will also make an upfront payment of A\$1MM to New Standard in consideration of prior costs.

The phased nature of the exploration program provides for initial drilling, coring and evaluation of multiple wells to be undertaken following which ConocoPhillips will be required to decide if it wishes to proceed with further exploration, appraisal and pilot development work in subsequent phases. This structure provides ConocoPhillips with the option to withdraw at the completion of each phase of work on the basis that any working interest (or associated rights) is returned to New Standard.

The timing of the proposed work programs will be consistent with permit and work commitment revisions to be sought and agreed with the government. New Standard envisages that Phase 1 work would be carried out in 2012 assuming binding agreements are successfully executed.

The Heads of Agreement contemplates that New Standard will remain as operator, although ConocoPhillips would have the right to assume operatorship of the Goldwyer Project at its election. An integral part of the proposed farm-in arrangement is the proposed provision of technical support by ConocoPhillips to New Standard to enhance the operating arrangement. New Standard believes that ConocoPhillips' participation will inject invaluable and world class technical knowledge and resources to ensure the Goldwyer Project is explored and appraised in conjunction with a world leader in global shale plays.

Both parties have committed to an exclusive period to negotiate the proposed transaction with a target of executing binding agreements as soon as possible, but no later than 30 September 2011. The binding agreements will also be subject to any outstanding government approvals.



**NEW STANDARD
ENERGY**

New Standard has agreed to notify ConocoPhillips of any approaches in relation to its interest in the Goldwyer Project during this exclusivity period, and to provide ConocoPhillips with a right to match any offers that relate to New Standard's interest in the Goldwyer Project.

New Standard Managing Director Mr Sam Willis said: "We are delighted to have established the commercial framework to conclude a major deal with ConocoPhillips who are clearly a world leader in shale gas exploration and development."

"ConocoPhillips is a very high quality partner for New Standard and will bring exceptional experience and endorsement to the Goldwyer Project to advance it from early stage exploration right through to development."

"We look forward to the opportunity of working closely with the ConocoPhillips team to execute the transaction as quickly as possible and commence the proposed exploration activities on our Goldwyer Project."

New Standard is being advised by Euroz Securities Ltd and Corrs Chambers Westgarth.

-ENDS-

For further information, please contact:

Sam Willis
Managing Director
Ph: + 61 8 9481 7477
email: swillis@newstandard.com.au

Cameron Morse
FD
Ph: + 61 8 9386 1233
email: cameron.morse@fd.com



NEW STANDARD ENERGY

About ConocoPhillips:

ConocoPhillips is an international, integrated energy company. As of Dec. 31, 2010, it is the third-largest U.S. integrated energy company, based on market capitalization, as well as proved reserves and production of oil and natural gas, and the largest refiner in the United States. ConocoPhillips is the seventh-largest holder of proved reserves and the fourth-largest refiner worldwide, of nongovernment-controlled companies. The company has four core activities worldwide: Exploration & Production; Petroleum refining, marketing, supply and transportation; Natural gas gathering, processing and distribution; and Chemicals and plastics production and distribution.

ConocoPhillips' global exploration and production portfolio encompasses a diverse set of assets and includes a number of unconventional assets or resource plays. ConocoPhillips has significant experience in exploring for and producing unconventional assets through the interests it currently holds in resource plays in North America (which include the Bakken, Eagle Ford and Barnett Shales) as well as in Poland and China.

Headquartered in Houston, Texas, ConocoPhillips operates in more than 30 countries. As of March 31, 2011, the company had approximately 29,600 employees worldwide and assets of \$160 billion. ConocoPhillips stock is listed on the New York Stock Exchange under the symbol COP. Market capitalization as of March 31, 2011, was approximately \$113 billion.

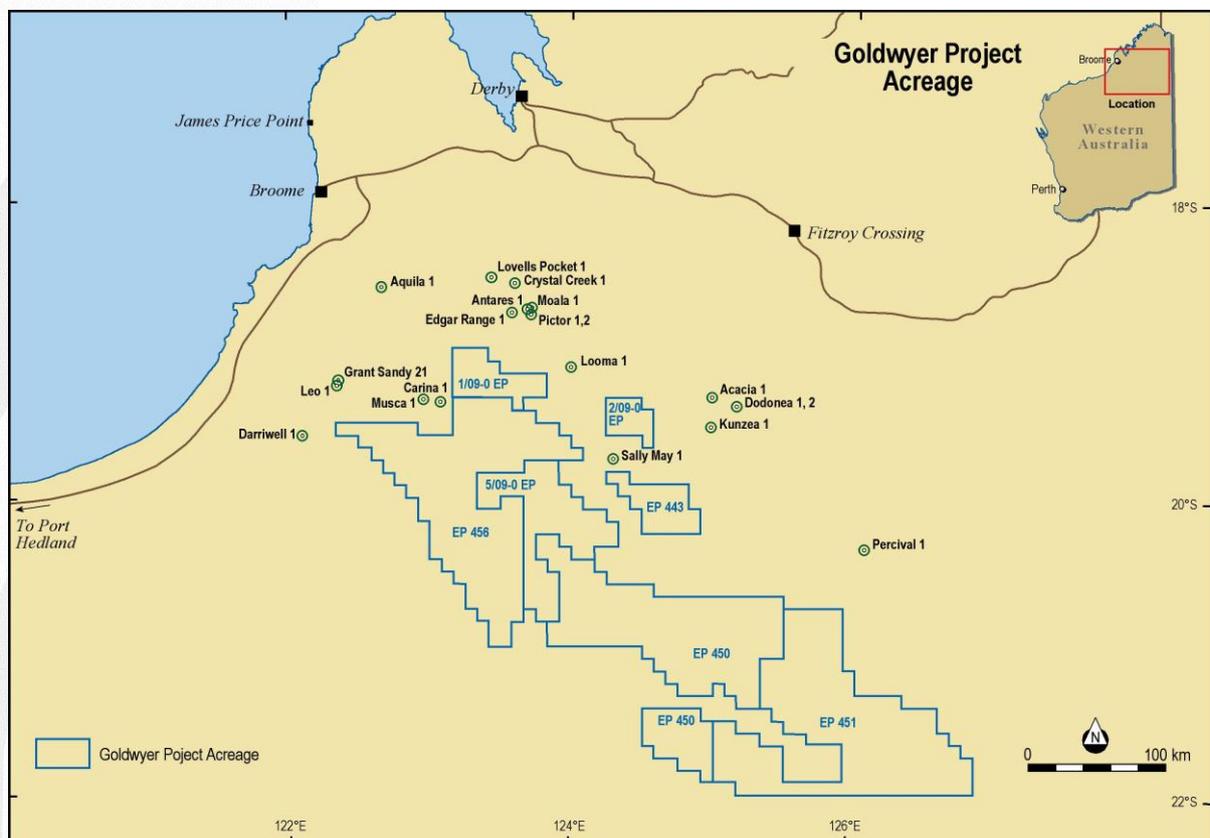
About the Goldwyer Project:

The Goldwyer Project is a large 45,000 square kilometre (11,000,000 + acre) project located in the northern area of the Great Sandy Desert in Western Australia. The Project comprises the following permit interests in Western Australia's Canning Basin:

- 🔥 Granted exploration permits (EPs) 443, 450, 451 and 456; and
- 🔥 Application areas 1/09-0, 2/09-0 and 5/09-0

The project is focussed on the exploration and development of shale gas and liquids contained within the target zones of the Bongabini and Goldwyer formations.

The Goldwyer formation has been the subject to a number of independent studies (NSAI, RISC and US Department of Energy – Energy Information Agency) in the past 18 months which have identified large Gas In Place estimates.





NEW STANDARD ENERGY

About New Standard:

New Standard Energy is an aggressive hydrocarbon developer with a mandate to explore for oil and gas. Its exploration and drilling program is active, well funded and extensive. The company's exploration program is underpinned and complemented by targeted corporate activity to take advantage of opportunities and to build an extensive pipeline of exploration projects. New Standard's board has extensive technical and commercial experience in the oil and gas sector.

New Standard currently has cash resources of approximately \$4.0m (including pre-paid exploration costs in the US) with this cash position to be further supplemented by EP417 farm-in payments and income being generated from the Colorado County Project in Texas. The Company is aggressively progressing its oil and gas exploration portfolio focused on the Canning Basin in Western Australia and the onshore Gulf Coast region in Texas including:

- 🔹 100% operated interest in EP's 443, 450, 451, 456 in Western Australia's Canning Basin, being the permits the subject of the proposed farm-in arrangements with ConocoPhillips
- 🔹 100% operated interest in application areas 1/09-0, 2/09-0 and 5/09-0 in the Canning Basin, being the application areas the subject of the proposed farm-in arrangements with ConocoPhillips
- 🔹 65% operated interest in EP417 in the Canning Basin (diluting to 50%)
- 🔹 100% operated interest in the Merlinleigh project, onshore Carnarvon Basin Western Australia
- 🔹 32.5% working interest in the Colorado County Project, onshore Texas USA
- 🔹 38.5% working interest in the Moeller Project, onshore Texas USA
- 🔹 36% working interest in the Wharton County Project, onshore Texas USA
- 🔹 32.5% interest in a license for 1,000 square miles of 3D seismic data

The company is pursuing conventional hydrocarbons in the United States and conventional hydrocarbons and shale gas in Australia.

In addition to the above New Standard has indirect exposure to a broad acreage position in the Canning Basin through a liquid 8.2% equity interest (15m shares) in listed Canning Basin explorer Buru Energy Ltd (ASX: BRU) and is actively assessing other opportunities to complement and expand its portfolio.