
Nexus Energy Investor Presentation
A clear strategy to deliver shareholder value
30 August 2012

Presented by
Lucio Della Martina
Chief Executive Officer



Ladies and Gentlemen, Good morning from Melbourne. Welcome to this conference call. When I started with the company in mid May I indicated that I would be providing an update on Nexus's strategic direction during the third quarter of this year. I am now in a position to provide you with this update and thank you for making the time to join us today. We appreciate and value your interest in Nexus Energy. Today's presentation is going to take you through the strategic direction of Nexus. I advise that our 2012 Financial Year full year results will be released on 11th September 2012 and are therefore not included in today's presentation. Over the course of the last three months I have met with many of you to gain your insights and perspectives on the company, the high quality asset base that it has, and the opportunities that are within its grasp. I appreciate the frankness with which your views have been communicated and I must say there was no shortage of candour, enthusiasm or passion! It's now timely to provide an update, not only on Crux but to address some of the issues and concerns expressed by shareholders. This also affords me the opportunity to articulate the substantial value of the company and our strategy we have for delivering this value to shareholders. To be clear, my goal, the goal of the executive team and the goal of the Board, is to capture the full value potential of the company and we have a clear strategy for achieving this. Before expanding on this let me highlight our usual disclaimer on slide #2.

Important notice

This document has been prepared by Nexus Energy Limited ABN 64 058 818 278 ("Nexus").

No representation or warranty, expressed or implied, is made by Nexus or any other person that the material contained in this presentation will be achieved or prove to be correct. Except for statutory liability which cannot be excluded, each of Nexus, its officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this presentation and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission there from.

Neither Nexus nor any other person accepts any responsibility to update any person regarding any inaccuracy, omission or change in information in this presentation or any other information made available to a person nor any obligation to furnish the person with any further information.

This presentation contains certain statements which may constitute "forward-looking statements". Nexus believes that the expectations reflected in these statements are reasonable. However such statements are only predictions and are subject to inherent risks and uncertainties and changes in the underlying assumptions which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements.

The information in this presentation in relation to hydrocarbon reserves at Crux is based on information compiled by Stephen Lane, Principal of Gaffney, Cline and Associates Pte Ltd. Stephen Lane has sufficient experience that is relevant to the style and nature of hydrocarbon resources and prospects under consideration.

All dates in this presentation are for calendar years unless stated FY for financial year.

All references to \$ are in Australian currency, unless stated otherwise.

Slide 2



As indicated, please note that all dates are for "calendar years" unless stated FY for the "financial year". To avoid any confusion and as an example FY 2013 indicates the period July 2012 to June 2013.

Also please note that all references to \$ are in Australian dollars.

Please turn to slide #3.

A clear strategy to deliver shareholder value

Crux AC/L9 consolidation deal is a transformational event for Nexus

- Shell, Osaka Gas and Nexus interests now aligned to realise maximum value from the development of this important resource
- Now an international LNG value chain participant as well as domestic gas provider
- Attractive portfolio of producing, development and exploration assets

Strategic
Imperative #1

Unlock the value of Crux

Strategic
Imperative #2

Optimise value from Longtom asset

Strategic
Imperative #3

Strengthen balance sheet, secure funding requirements

Strategic
Imperative #4

Prepare for growth 2014+

Slide 3



On 3rd August 2012, Nexus Energy, Shell and Osaka Gas executed a consolidation of agreements in relation to AC/L9, a strategically located permit in the Browse Basin which includes the high quality Crux field. This is a transformational event for Nexus and has repositioned the company.

With the consolidation of interests in the AC/L9 permit in the Browse Basin, the company has transitioned from a traditional Australian mid cap E and P player with domestic gas production to an LNG value chain participant with title to our proportionate share of LNG and condensate.

This is a significant change to the Nexus investment thesis.

But, first things first. How will we capture the full potential of the existing asset base? That is our immediate and near term focus. We will do this through four strategic imperatives over the next three years.

These strategic imperatives provide a clear strategy to deliver shareholder value.

They are #1 to unlock the value of Crux, #2 to optimise value from our Longtom asset, #3 to strengthen our balance sheet and secure our funding requirements, and #4 to prepare for additional growth beyond 2014.

Prior to taking you through each one of these in detail let us review the Crux transaction given the pivotal nature of the event.

Please turn to slide #4.

Summary of Crux AC/L9 consolidation transaction

Consolidation of Crux AC/L9 creates LNG and liquids commercialisation opportunities

Key elements of Crux AC/L9 consolidation agreement

- Agreements were signed on 3 August 2012 to create new joint venture
 - Participating interests: Nexus 17%, Shell 80% (operator), Osaka Gas 3%
- Completion of Transaction subject to FIRB and Title registration
 - FIRB approval targeted October
 - Title Registration targeted October
- Nexus entitled to its proportionate share of LNG and liquids
- Nexus has 12 month option (post completion) to sell 2% of its participating interest for \$75m to Shell
 - Implied look through value of \$637.5 m for Nexus' 17% equity interest

Slide 4



The consolidation of interests enables an aligned joint venture to pursue the LNG and liquids opportunities that have been created.

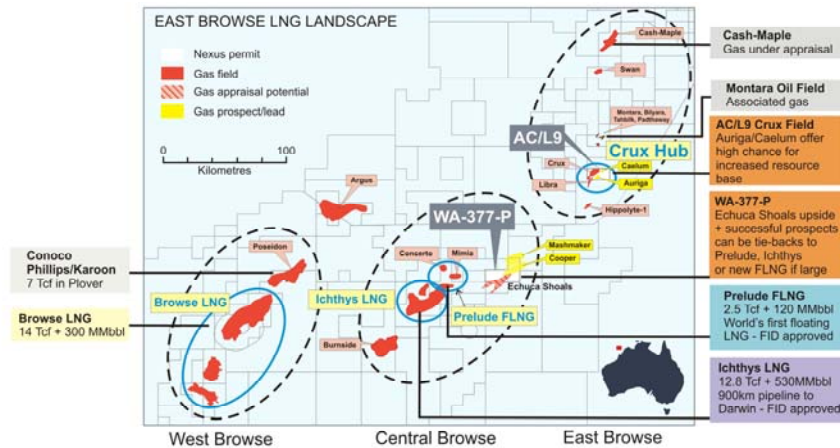
Documents were signed earlier this month with the three new joint venture participants being Nexus, Shell (as operator) and Osaka Gas. Completion of the transaction is subject to FIRB and Title registration - both approvals are in progress and targeted for October this year.

Nexus now has a material 17% interest in this consolidated joint venture, and with this our share of all LNG and liquids. As part of the transaction Nexus also has a twelve month put option by Shell to sell 2% to Shell for \$75 million. This gives a look through value of \$637.5 million for our 17% holding.

Let me now take you through the first strategic imperative: unlocking value from Crux. Please turn to slide #5.

Strategic imperative #1: Unlock value from Crux

Browse Basin: a dynamic and prolific gas province with a proven track record of developments



Slide 5



It's worth re-capping on the location of AC/L9.

The Browse Basin is a dynamic gas province that's on the move both from a technical and commercial perspective. There is a proven track record of developments.

We have seen Shell announce FID on the Prelude field utilising its floating LNG technology, as well as Inpex announce FID on its Ichthys LNG in January this year. Further, Kogas and CPC have purchased equity in Prelude, Total increased its stake in Ichthys in August and other parties including Tokyo Gas and Chubu Electric bought in earlier this year. We have also seen Mitsui and Mitsubishi taking a sizeable stake in Woodside's Browse fields and recently we have seen Shell taking over Chervon's interests in Browse.

These are all established, long term and strategic investors in the LNG value chain, validating the strategic importance of the Browse Basin to the asset portfolios of these companies. So how does Nexus fit in?

The Browse hub is characterised by three sectors with AC/L9 (including Crux) located in the East Browse.

Our intention is to see a standalone floating LNG facility developed in the East Browse with Crux as the anchor for achieving this goal. This would create substantial value for Nexus and is the strategic rationale for the Crux transaction with Shell and Osaka Gas.

Nexus has a material 17% interest in Crux: a high quality asset with strong value drivers.

Please turn to slide #6.

Strategic imperative #1: Unlock value from Crux

Nexus has a material 17% interest in Crux: a high quality asset with strong value drivers

Highly strategic location within East Browse Basin, a recognised world class petroleum system

- Moderate water depths and close proximity to export markets
- Characterised by large condensate rich gas resources
- Global interest: 4 major discoveries to date and numerous recent activity

Highly attractive field

- In place volumes (Best Estimate (P50)) of 2.5Tcf/88 mmbbl condensate discovered in Crux field
- Condensate rich gas (CGR ~ 30bbls/mmscf) with low CO₂ and other impurities
- Excellent quality, fully appraised reservoir
- Anchor resource for potential new East Browse gas hub – ideally suited for floating LNG technology

Significant upside potential

- Highly attractive exploration upside with identified Auriga and Caelum prospects in Crux permit
- Third party gas aggregation potential within economic catchment area

Partnership with Shell (operator)

- Access to Shell's global leadership in floating LNG technology
- Low project delivery risk given Shell's execution capabilities
- Shell and Osaka Gas both established participant in global LNG value chain

Slide 6



There are four key drivers of value:

Firstly, AC/L9 has a strategic location within the East Browse which is recognised as a world class petroleum system. Four major discoveries have been made to date and there are high levels of activity ongoing.

Secondly, Crux itself is a highly attractive field. It's a field with 2.5Tcf and 88 mmbbl condensate discovered in place. The gas is condensate rich and this, together with moderate water depths make it ideally suited for floating LNG technology.

Thirdly, there is significant upside potential both due to the exploration potential within the AC/L9 permit and the opportunity for third party gas aggregation.

Lastly, we have Shell as joint venture partner and operator with access to its leading FLNG technology and project management capabilities. And we also have Shell and Osaka Gas as key players in the global LNG value chain.

That's a strong set of value drivers. So what about the commercialisation timeline?

The commercialisation timeline is aligned with the Retention Lease.

Please turn to slide #7.

Strategic imperative #1: Unlock value from Crux

Commercialisation timeline aligned with Retention Lease

Joint Venture intention to position Crux as significant gas and condensate hub in East Browse

- Commercial framework based on LNG development
- Intention to position Crux as basis for standalone FLNG opportunity

Strategically located for gas aggregation strategy

- Various discovered resources in economic catchment area
- Crux commercial framework accommodates third party gas aggregation

Accelerated AC/L9 exploration program offers attractive value upside

- Drilling Auriga prospect planned for early 2014
 - Subject to Retention Lease work program

Retention Lease requires Regulator approved work program

- Subject to Federal Government approval to convert existing Production Licence to Retention Lease
- Retention Lease will be for five years, approval targeted November 2012
 - Joint Venture required to commit to a detailed work program to the Regulatory Authorities

Slide 7



The joint venture's intention is to position Crux as a significant hub in the East Browse. The intention is to utilise Crux as the basis for a standalone development. As I mentioned earlier, Crux is strategically located for gas aggregation with various gas discoveries located within the economic catchment area.

Furthermore, the commercial framework that has now been established accommodates the inclusion of third party gas. The alignment of interests has also accelerated the exploration drilling program. The Auriga prospect is planned for early 2014.

The consolidation of interests requires the conversion of the current Production Licence into a Retention Lease. The Federal Government has been kept informed of the commercial process and has been supportive. Approval of the five year Retention Lease is targeted for November. Further, the joint venture will be required to commit to a detailed work program with the regulatory authorities.

Precedent work programs in relation to other recent retention leases have included exploration commitments, development and commercial studies with specific milestones to support a final investment decision and tests of commercial viability.

Ladies and gentlemen, with this plan to unlock the value from Crux as the foundation, let's move onto our producing asset, Longtom.

Please turn to slide #8.

Strategic imperative #2: Optimise value from Longtom asset

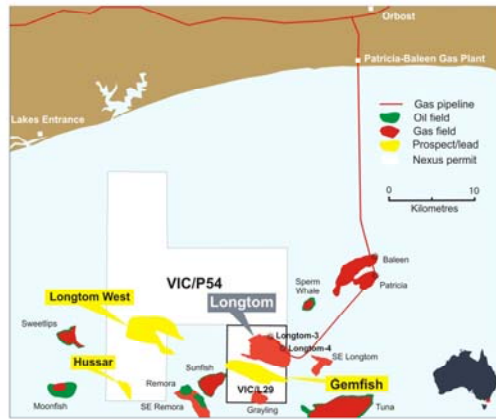
Clear plan to optimise value of Longtom resource through additional development activities

Longtom Reserves

- 2012 Gas Reserves update supported by three years of production data and updated geologic model incorporating revised seismic mapping
- Mature reservoir simulation model used for forecasting
- Independent peer review by RISC
- Independent assessment as at 31 December 2011 by GCA

Gas contract underpinned

- Longtom 4 work over planned for 4Q 2013 (subject to FID)
- Longtom 5 well planned for 4Q 2013 and first gas 2Q 2014 (subject to FID)
- Longtom 6 to be considered for drilling in 2016



Slide 8



Longtom is our producing gas asset. The Longtom resource is now well understood and we are focused on optimising value through additional developments.

Our understanding of the Longtom reserves has been clarified and enhanced through three years of production data, revised seismic mapping leading to an updated geological model.

We now have a mature reservoir simulation model which we have used for our forecast.

We have a high degree of confidence in the model forecasting and it has been independently reviewed by RISC and GCA.

This means our gas contract is underpinned. As part of this, we have a clear development plan for the Longtom field, subject to a final investment decision, to drill Longtom 5 in the fourth quarter of 2013 together with a planned work over of Longtom 4. First gas from Longtom 5 is expected in the second quarter of 2014. After Longtom 5 we will be considering Longtom 6.

And, with our existing gas contracts supported, we will now also be looking for opportunities to extend our gas sales potential.

That covers our plans for Crux and our existing producing asset.

These activities will require funding. How will we achieve this?

Part 3 of our clear strategy to deliver value is to strengthen the balance sheet and secure our funding requirements which I'll speak about now.

Please turn to slide #9.

Strategic imperative #3: Optimise value from Longtom asset

Debt maturities and capital expenditure funding requirements

Debt maturities

- Longtom Debt Facility – scheduled repayments to 2016
- Senior Unsecured Notes – January 2013 principal of \$32 million with remaining principal repayments 2015 to 2017

Indicative Capital Expenditure Program

- Longtom 4 workover and Longtom 5 drilling
- Crux exploration wells, development and commercial evaluation studies
- Echuca Shoals drilling

Slide 9



Let me address our proposed uses of funds.

Firstly, we have both a Longtom debt facility and Secured Notes. We have a \$32 million notes principle repayment due in January 2013 and planned repayments of the Longtom Debt facility.

Secondly, our near-term capital requirements are expected to include a workover of Longtom 4, Longtom 5 drilling, Crux exploration wells, development and commercial evaluation studies as well as Echuca Shoals.

Please turn to slide #10 where I will address the funding sources.

Strategic imperative #3: Strengthen balance sheet, secure funding requirements

Optimal combination of funding sources currently being determined to meet requirements

Restructure of existing debt facilities

- Longtom Debt Facility and Senior Unsecured Notes

Operating cash flows from Longtom gas project

- Extend field life and cash flow generation through Longtom 5 and Longtom 4 workover (subject to FID)

Potential sell-down of interest in Crux

- Financial advisers appointed to explore strategic options for Nexus' ownership of Crux
- Under consolidation deal, Nexus has option to sell 2% of Crux to Shell for \$75m

Slide 10



We have substantial funding flexibility. Our objective is to optimise the combination of sources that maximises value for our shareholders.

We are currently in the process of determining the optimal combination of funding sources and will complete this process by around January next year.

These sources include restructuring existing debt facilities, the operating cash flows generated by Longtom and the potential sell down of an interest in Crux. We have appointed financial advisors to explore strategic options for Nexus's ownership of Crux and that process is now underway. Lastly, we also have of course the Shell put option for \$75 million, this option is available for 12 months.

Our goals for Crux and Longtom are clear. We understand the various investment activities over the next three years and we plan to optimise the funding for the associated requirements.

Let's now review growth beyond 2014.

Our focus over the near term is Crux and Longtom. We need to get those right and implement the strategy to capture the full value potential of these assets.

Whilst the focus will be on Crux and Longtom, we will also be preparing and positioning the company for additional growth beyond 2014. How will we do this?

Please turn to slide #11.

Strategic imperative #4: Prepare for growth 2014+

Current portfolio supports an attractive range of growth opportunities

Pro-active approach to progressing existing identified prospects

Echuca Shoals in Central Browse

- Two gas discovery wells, Echuca Shoals-1 and Fossetmaker-1
- Growth opportunities include appraisal of the Echuca Shoals/Fossetmaker discoveries and exploration prospects Mashmaker & Cooper
- Timing of next well subject to further planning but due to be drilled by March 2015

Gemfish in East Gippsland

- Golden Beach target, structurally separate from the Longtom field
- Basis of well design ready, regulatory approval process in hand
- Longtom infill drilling first priority, Gemfish timing to be reviewed post Longtom 5 well

Disciplined approach to reviewing future growth opportunities beyond 2014

- Compete where advantage exists
- Match opportunity to core capabilities
- Leverage strong relationships and alliances

Slide 11



Firstly, we will progress our existing prospects.

With the increased technical and commercial activity in the Browse Basin, Echuca Shoals has now found itself in a strategic location as a potential supplier to both Central Browse and East Browse LNG processing facilities.

Whilst we are comfortable with our 100% holding, we will consider partial divestment should the right opportunity arise. Noting that we will be drilling our commitment well in the permit by March 2015.

We are also ready to drill the Gemfish prospect in East Gippsland. Our first priority however is the Longtom infill drilling. We will review Gemfish timing post the Longtom well.

With the strong platform established by Crux and Longtom, and the focus that will be applied to ensuring we capture the full value potential from these assets we will prepare to expand the opportunity portfolio for 2014+.

We will do this by adopting a disciplined approach. We will compete only where we have or can build a competitive advantage, where the opportunity matches our capability set and by leveraging our strong alliances and relationships to both develop our portfolio and complement our capability set.

Please turn to slide #12.

Blueprint for action 2013-2015

Near-term plan includes exploration, development and production activities as well as pro-active approach to meeting capital requirements



Slide 12



We have a clear goal. We have a clear strategy with clear imperatives and we have a clear blueprint for action.

We are going to be busy over the next 3 years!

Our plan integrates the exploration, development and production activities together with an optimised funding position to meet our funding requirements.

Our plan is viable, all-encompassing and do-able.

Please turn to the final slide, slide #13.

Conclusion

A clear strategy to deliver shareholder value

Strategic
Imperative #1

Unlock value from Crux

Strategic
Imperative #2

Optimise value from Longtom asset

Strategic
Imperative #3

Strengthen balance sheet, secure funding requirements

Strategic
Imperative #4

Prepare for growth 2014+

Slide 13



In conclusion, let me recap on our strategy to deliver significant value for shareholders. Our strategy is to unlock value from Crux, optimise the value of our Longtom asset, strengthen the balance sheet and secure our funding requirements and prepare for growth beyond 2014 and we have a blueprint for action to execute this strategy.

Nexus has a robust framework to progress our strategic vision and we look forward to reporting to you on our progress.

Ladies and Gentlemen, that concludes the presentation. On behalf of Nexus, I thank you for taking the time to be with us this morning.



A clear strategy to deliver shareholder value

For further information please contact:

Lucio Della Martina
Chief Executive Officer

Ph: +61 (3) 9660 2500

Website: www.nexusenergy.com.au

Slide 14

