



## **Crux Terms and Documentation Finalised Consolidation of LNG and Liquids Interests in AC/L9**

- **New joint venture: Nexus 17%, Shell 80% (operator), Osaka Gas 3%**
- **Joint venture goal to exploit Crux as a significant hub in East Browse**
- **Potential development of new FLNG facility to process Crux gas with the opportunity to process third party gas**
- **Consolidation agreement enables Nexus participation in the LNG supply chain with title to its proportionate share of LNG and liquids**
- **Nexus 12 month option to sell 2% of its participating interest in new joint venture for A\$75m to Shell**

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Nexus Energy Limited (**Nexus**) refers to the Heads of Agreement with Shell Development (Australia) Pty Ltd (**Shell**) and Osaka Gas Crux Pty Ltd (**Osaka Gas**) announced on 19 January 2012 and advises that main documentation for the consolidation of interests in AC/L9 has been finalised and parties are now progressing to their final board approvals.

As announced on 29 May 2012, timing for completion of documentation was extended to explore additional development options for the AC/L9, containing the Crux field and Auriga and Caelum prospects. The potential development options include:

- New FLNG facility to process Crux gas with the opportunity to process third party gas;
- Early liquids recycle project followed by processing via Prelude; and
- Prelude backfill.

All parties will seek their respective Board approvals prior to executing the agreed documentation targeted by end of July (based on the formal board approval process and timing of Nexus's joint venture partners).

Further, Nexus confirms that the appropriate regulatory authorities have been kept informed and the consultation process will continue. An Application to convert the existing Production Licence (AC/L9) to a Retention Lease will commence once all parties have executed binding agreements. The final agreements once executed will also be subject to FIRB and regulatory approvals and registration

Following completion, the participating interests in the new Joint Venture in AC/L9 will be Nexus 17%, Shell 80% (and operatorship) and Osaka Gas 3%. The terms of the final documents also provide for Shell to grant Nexus a 12-month option to sell 2% of its participating interest in the new Joint Venture to Shell for A\$75 million.

Nexus Chief Executive Officer, Lucio Della Martina said "Today's announcement represents a key step in the transformation of Nexus into an LNG sector participant - this is a new Nexus."

A presentation outlining the strategic significance of the realignment of interests and the value adding opportunity it provides Nexus is attached to this announcement.

A further update will be provided once Board approvals have been received and the agreed documents have been executed.

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Chief Executive Officer

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**Nexus Energy Limited  
Crux (AC/L9) - Alignment of Interests Update  
4 July 2012**

**Lucio Della Martina  
Chief Executive Officer**

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**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.**

- Nexus overview
  - An Australian E&P company with assets focused on premier offshore basins
  
- Browse basin
  - Crux strategically positioned in East Browse
  - Crux an attractive resource for FLNG development
  
- Crux (AC/L9)
  - Consolidation of interests optimizes LNG and liquids commercialization
  - LNG development options identified with clear work programs
  
- Nexus Crux LNG
  - A value adding opportunity
  
- Next steps
  - A clear and committed pathway ahead

# Nexus overview: An Australian E&P company with assets focused on premier offshore basins

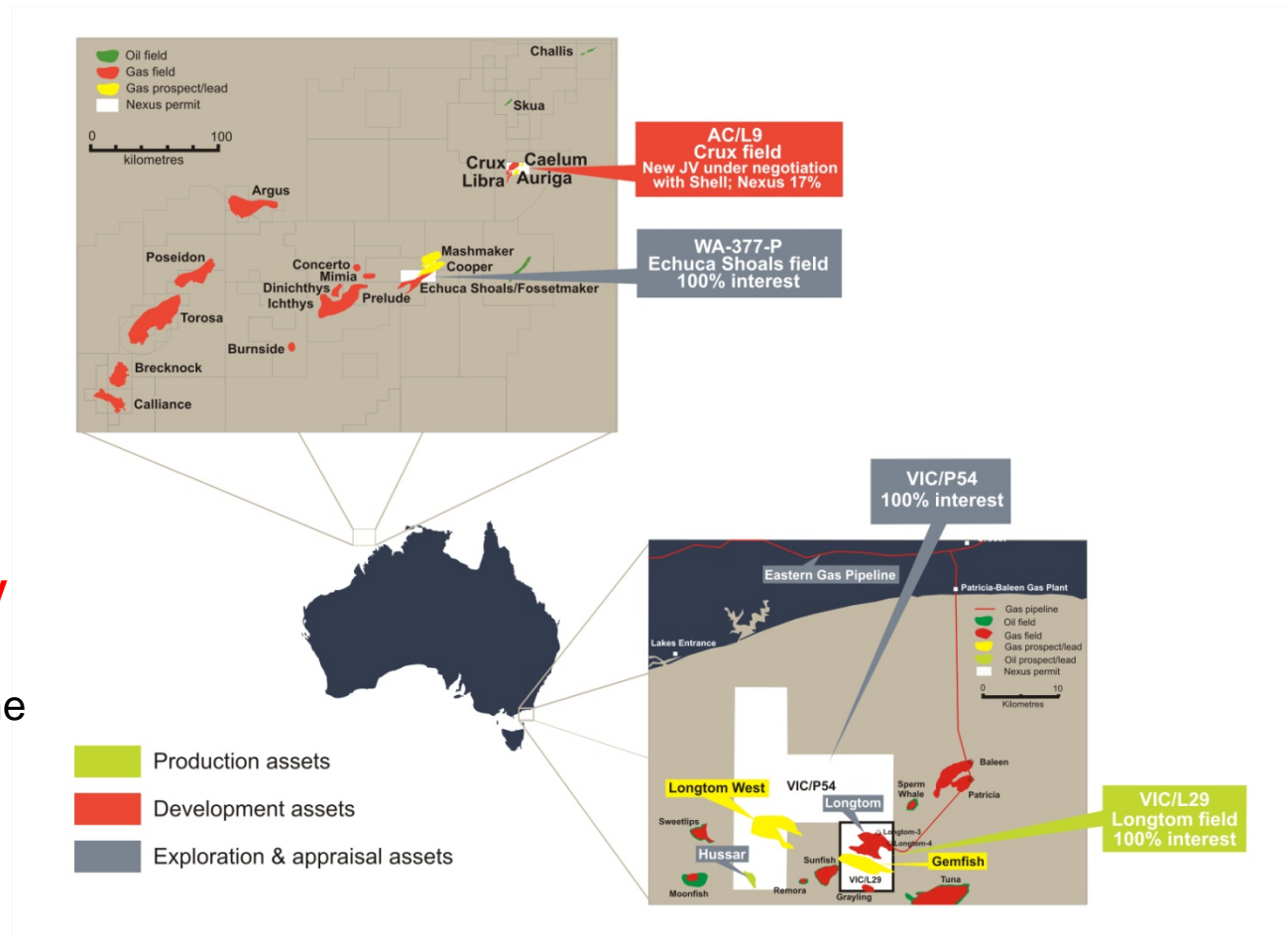


## Australian based E&P company

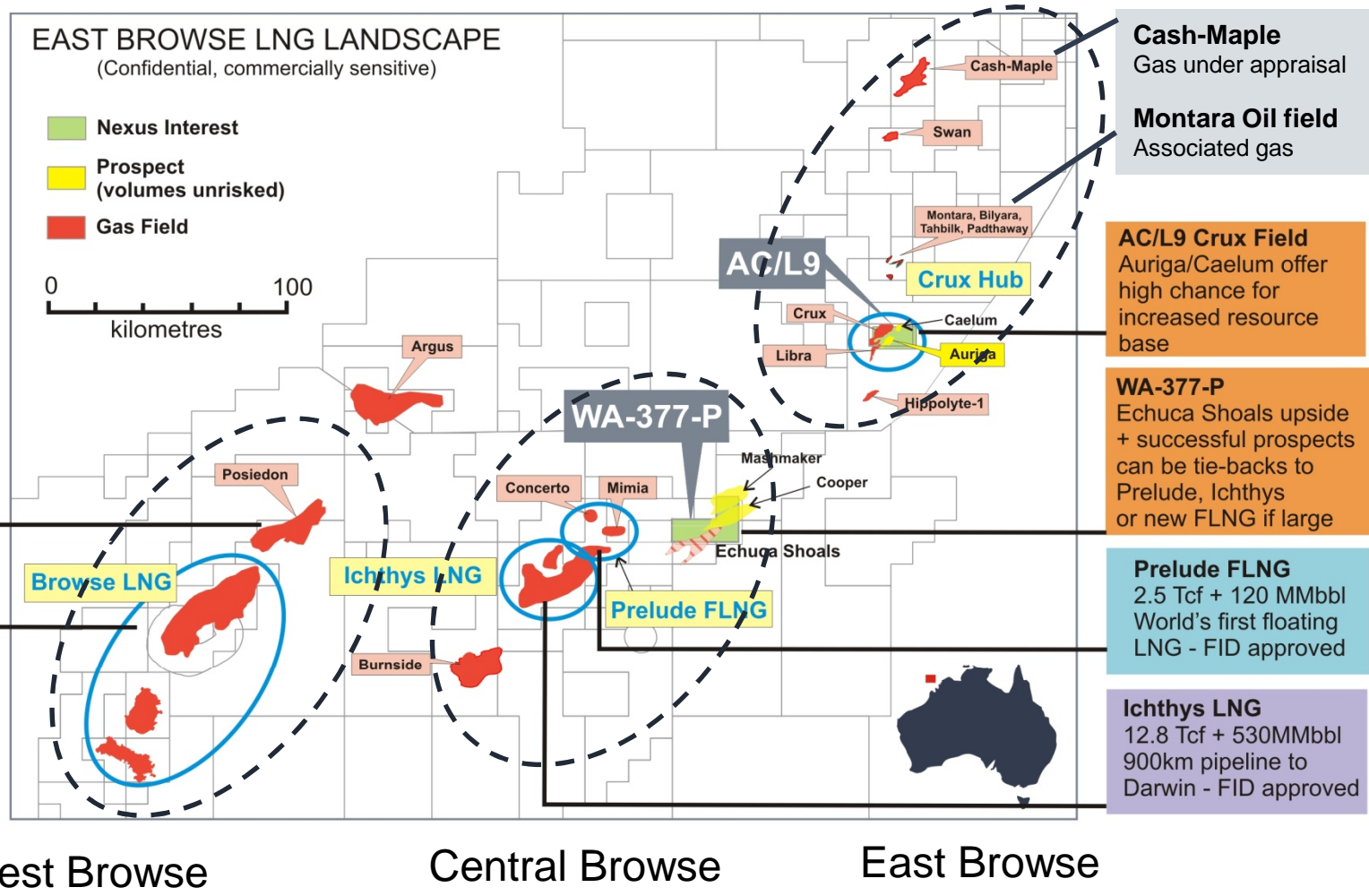
- Involved in offshore exploration in Western Australia and Victoria
- Gas production off the coast of Victoria since 2009, 100% owned Longtom project

## Assets owned in two key regions:

- Gippsland basin: off the south coast of Victoria
- Browse basin: off the north west coast of Western Australia



# Browse basin: Crux strategically positioned in East Browse



Note: Quoted volumes for non Nexus assets sourced from public domain information

# East Browse: Crux an attractive resource for FLNG development



- East Browse
  - A world class petroleum system characterised by large condensate rich gas reserves
  - Technically and commercially appealing address with moderate water depths and close proximity to export markets
  - Four major discoveries in East Browse to date
  
- Crux Field
  - Moderately rich gas (CGR ~ 30) with low CO<sub>2</sub> and other impurities
  - High permeability / high porosity, appraised reservoir
  - Moderate water depths and metocean conditions
  - Leading LNG Developer and Off-taker already involved (Shell and Osaka Gas) approximately 2.2 Tcf/74 mmbbl discovered in 'Crux hub'
  - Exploration upside within Crux permit with Auriga-Caelum prospects

*Note: Quoted volumes for non Nexus assets sourced from public domain information*



# Crux (AC/L9): Consolidation of interests optimizes LNG and liquids commercialization



- Consolidation to be cemented by new JOA and other supporting commercial agreements:
  - Main documentation finalised with Shell and Osaka Gas
  - Execution subject to board and FIRB approvals
  
- Key elements of consolidation agreement:
  - New joint venture: Nexus 17%, Shell 80%, Osaka Gas 3%
  - Operatorship transfers from Nexus to Shell
  - Joint venture goal to exploit Crux as significant gas/condensate hub in East Browse
  
- Agreement provides Nexus with 12 month option to sell 2% of its participating interest in new joint venture for A\$75m to Shell
  
- Consolidation enables Nexus participation in the LNG supply chain with title to its proportionate share of LNG and liquids

# Crux (AC/L9): LNG development options identified with clear work programs



- New FLNG facility to process Crux gas with opportunity to process third party gas
  - Accelerated exploration in next ~ 18 months to prove up additional resources within the title area
  - Identify and pursue third party gas opportunities
- Early liquids recycle project followed by processing via Prelude
- Processing via Prelude facility

- Positive external factors:
  - Asian LNG demand growth projected to continue
  - Attractiveness of Australia as a stable and secure LNG supply source
  - Global attractiveness of Browse as a premier gas basin
  
- Recent transactions demonstrate value of acreage
  - MIMI purchase of 14.7% in Woodside Browse LNG for US\$2 billion in May 2012
  - KOGAS 10% participating interest in Prelude, announced April 2012
  - CPC 5% participating interest in Prelude, announced April 2012
  - Inpex 17.5% participating interest in Prelude, announced March 2012
  
- Nexus's participation in Crux LNG will re-position the company:
  - Material interest with exploration upside
  - Australian mid-cap participating in LNG value chain
  - Strong Joint Venture with Shell Operator and FLNG global leadership
  
- Material interest in Crux offers Nexus financial flexibility

# Next steps: A clear and committed pathway ahead



- All parties to seek their respective board approvals prior to executing documentation
- Joint Venture commences government application process to convert Production License (AC/L9) to Retention Lease
- Joint Venture prepares to initiate work program activities, including exploration
- Nexus has the “12 month put option” to sell 2% for \$75m to Shell and/or partial sell down to a strategic investor:
  - Crystallises value for shareholders
  - Strengthen balance sheet
  - Provide funding for future investments



“Ambitions shaped by a passion for growth and technical innovation  
with a foundation of business and operational integrity”

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