
Nexus Energy Limited (NXS.AX)

Uniquely positioned for FLNG technology and a tightening Australian East Coast gas market

Investor Briefing – July 2013

Nexus Energy Overview

Uniquely positioned for FLNG Technology and a tightening East Coast Gas Market

- Nexus is a mid-tier ASX-listed oil and gas company with a market capitalisation of approximately A\$105m¹
- Nexus has a portfolio of interests consisting of production, development and exploration assets

Production



Development



Exploration

Longtom VIC/L29 & VIC/P54 (NXS 100%)

- Nexus has a 100% interest in the producing Longtom gas field, located in the Gippsland Basin, offshore Victoria
- Value enhanced through revised Gas Sales Agreement with Santos with an accelerated production profile and revised pricing structure

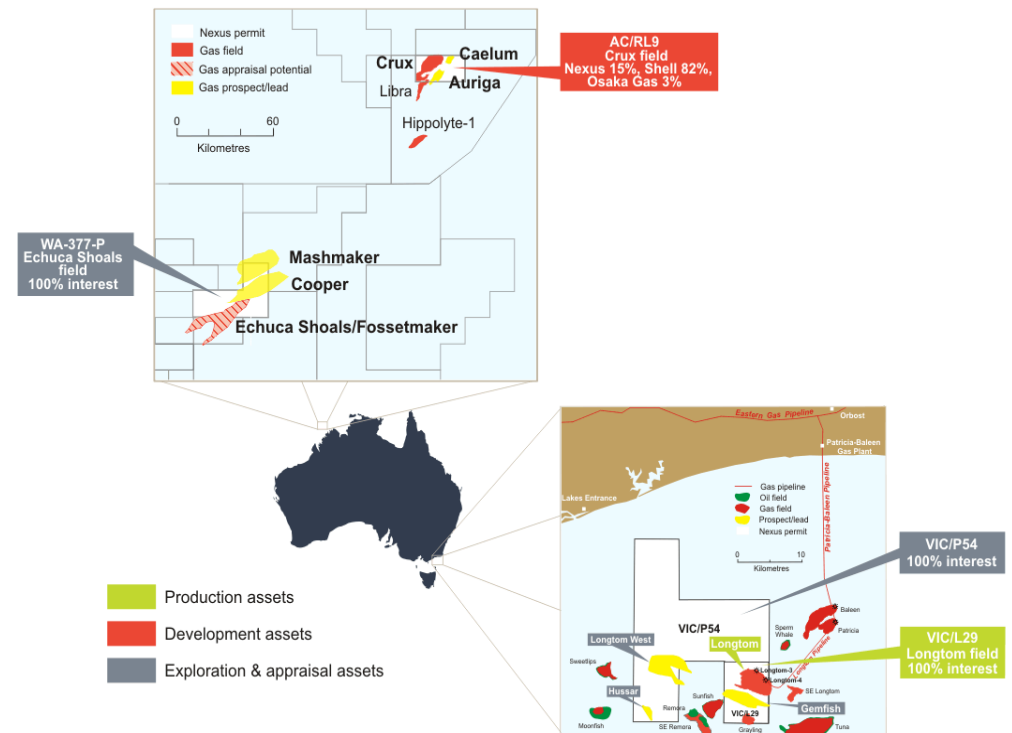
Crux AC/RL9 (NXS 15%)

- Nexus has a 15% interest in the Crux joint venture (potential FLNG development) in the Browse Basin, Western Australia
- Large volumes in place with attractive exploration upside

Echuca Shoals WA-377-P (NXS 100%)

- Echuca Shoals exploration asset is in a world class proven gas / condensate system with 2 discoveries >5TCF2
- INPEX planned drilling in WA-341-P (adjacent block to WA-377-P) late 2013 will underscore the resources in Mashmaker prospect³

Asset Location Map



1) As at 12 July 2013

2) Reported prospective in place volumes are unrisked in-place based on Nexus in house evaluations. Note: the estimated quantities of petroleum that may potentially be recovered relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons)

3) A "Referral of Proposed Action" for all offshore EP related activities, such as seismic acquisition and drilling, is required by the Environmental Protection and Biodiversity Conservation Act 1999. A referral document, submitted by Inpex Browse Ltd (Inpex) on behalf of its Joint Venture partners for an upcoming drilling campaign in WA-341-P, AC/P36 and WA-343-P, was received by the Australian Government Department of Sustainability, Environment, Water, Population and Communities on 12 June 2013. The document has since been released for public comment via the department's website.

Nexus Energy Overview Continued

Capital Structure

Capitalisation (as at 12 July 2013)

Share Price	A\$	0.079
Shares on Issue	m	1,330
Market Capitalisation	A\$m	105
Cash as at 31 Dec 2012	A\$m	95
Debt as at 31 Dec 2012	A\$m	212
Enterprise Value	A\$m	222

Liquidity (to 30 June 2013)

1 Month	A\$m	7
6 Months	A\$m	74
12 Months	A\$m	264

Liquidity: cumulative dollar value of share trades during the period noted

Financials

	FY 2010A	FY 2011A	FY 2012A	H1 2013A
Revenue	29 ¹	67 ¹	81	44
EBITDA	(1)	(69)	(221)	72
EBIT	(19)	(108)	(253)	62
NPAT	1	(39) ²	(342) ³	32 ⁴
EPS (cents)	0.1	(3.7)	(25.8)	2.4

(1) Gas production at Longtom commenced in October 2009. Production was halted between April and October 2010 due to low levels of mercury detected in the delivered gas.

(2) Includes \$81m impairment of Longtom and a tax benefit of \$104m.

(3) Includes \$163m impairment of Longtom, write-down of \$142m in PRRT credits associated with Crux consolidation of interests transaction (Crux Production License conversion) and \$81m impairment of Crux Long Lead Items.

(4) Includes profit on disposal on disposal of Crux 2% interest of \$46m.

Share Price Performance



Ownership

	Shares Held	% of SOI
Credit Suisse Holdings (Australia)	185,621,235	13.96
Andrew Greig	68,025,304	5.12
Dimensional Fund Advisers	66,566,809	5.01
Nexus Board of Directors	53,791,286	4.04

Source: Notice of Substantial Holders and Directors Change of Interests notices lodged with the ASX prior to 12 July 2013

Top 5 Brokers 2013 Financial Year

Rank	Broker	Total Value	Buy Qty	Sell Qty	%
1	Commonwealth	\$92,227,567	351,929,565	347,137,455	17.00
2	Morg Smith	\$91,989,795	340,300,356	397,168,098	16.96
3	Patersons	\$38,041,891	196,240,098	79,158,480	7.01
4	HUB24CS	\$37,018,900	182,125,996	92,572,838	6.82
5	Morgan Stanley	\$30,455,517	82,818,783	194,521,273	5.61

Achievements over the last 12 months against set objectives

Objectives

Achievements

Unlock the value of Crux

- Crux consolidation agreement completed and transformation into FLNG value play (**Oct 2012**)
- Sale of 2% interest in Crux to Shell for \$75m (**Dec 2012**)
- Divestment process underway

Optimise value from Longtom asset

- Revised Gas Sales Agreement with Santos, revised pricing and accelerated production profile (**May 2013**)
- Offshore campaign, planned offshore maintenance completed (**May 2013**)
- Longtom strategic review initiated (**May 2013**)
- Divestment process underway

Strengthen balance sheet and secure funding requirements

- Proceeds of Crux sale applied to retire debt, reduced finance costs and improved gearing (**Jan 2013**)
- Revised Longtom GSA with Santos defers funding requirements for drilling of Longtom 5 by 12 months (**May 2013**)

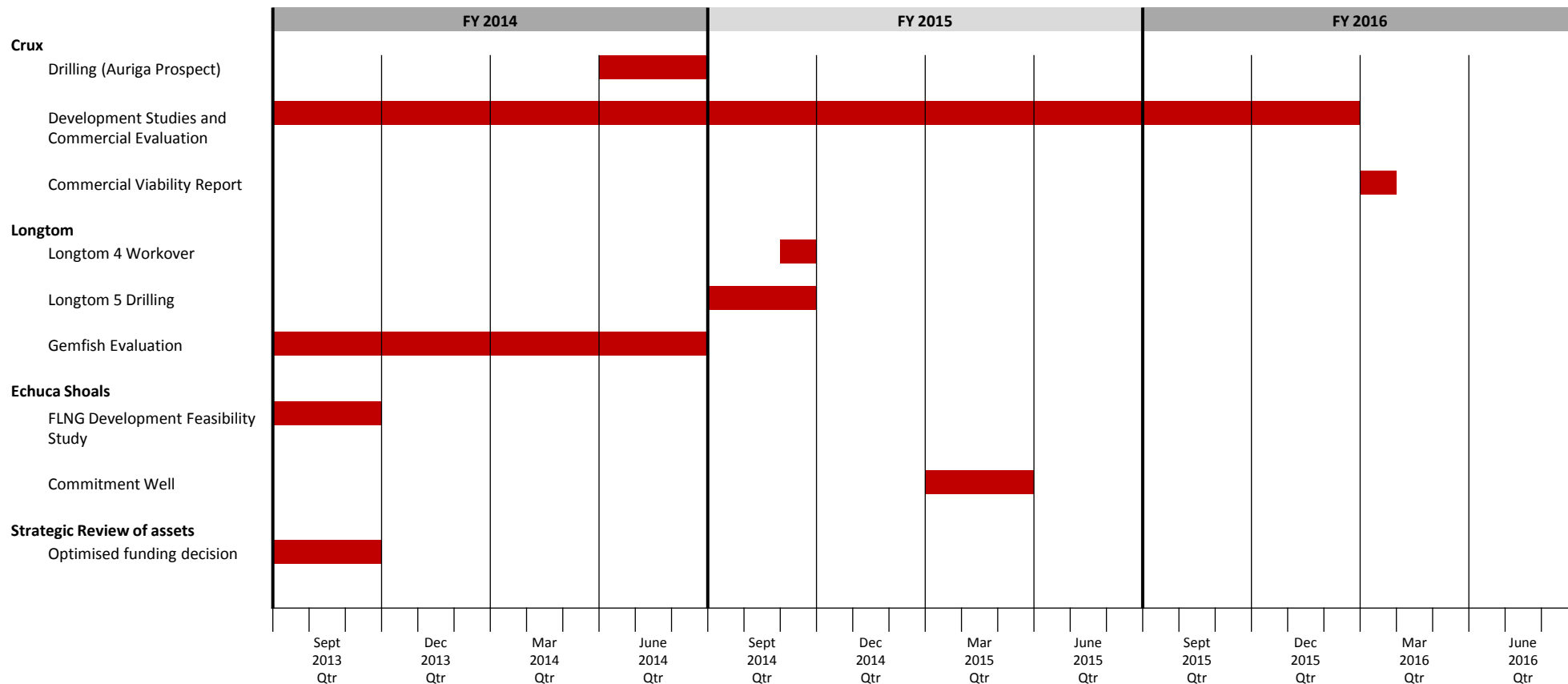
Prepare for growth 2014+

- Echuca Shoals permit renewed for five years
- Revised Longtom GSA provides commercial framework to supply additional quantities of gas, Longtom 6 or Gemfish, prior to the end of 2018 CY

Organisational review

- On track to achieve 30% corporate cost reduction (target of \$6.8m reduction)
- Rejuvenated Board with Don Voelte appointed as Chairman (**Oct 2012**)
- Corporate governance review completed (**Jan 2013**)

Blueprint for growth for next 3 financial years

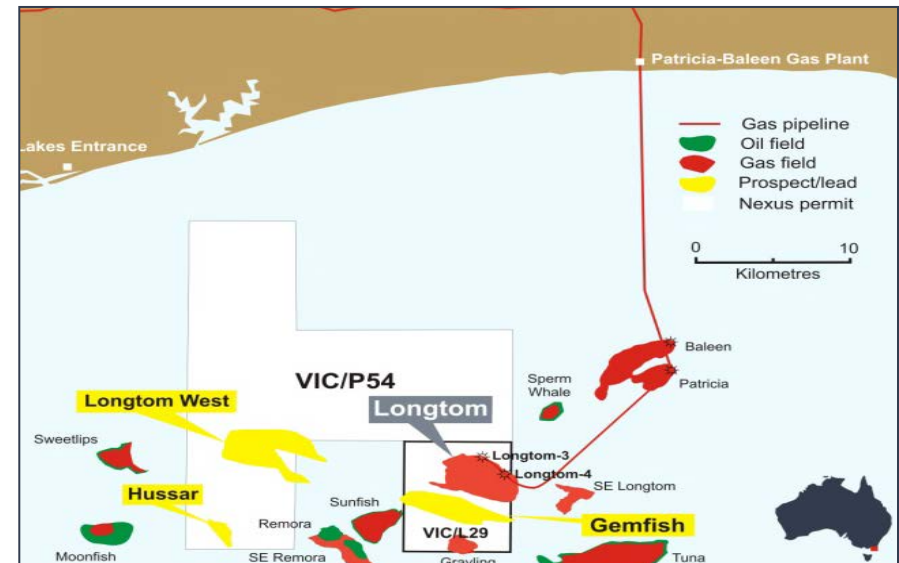


Longtom: Value upside through additional development and exploration

Asset Overview

- Longtom is a gas and condensate field located in the Gippsland Basin, approximately 30km offshore
- Initial Gas Sales Agreement with Santos signed in December 2005
- Longtom 3 well drilled in 2006 which confirmed the commercial potential of the field with final commitment to development of the project made in April 2007
- First production commenced in October 2009
- Revised GSA with Santos signed in May 2013 (effective 1 July 2013) provides an accelerated production profile and revised pricing structure
- Gas to be supplied under the revised GSA to be met by Longtom 3, Longtom 4 plus workover and Longtom 5
- Revised GSA contractual framework provides for additional gas to be processed if supplied before 31 December 2018

Permit Location and Details



Reserves and Resources

	Reserves			Resources		
	1P (proved)	2P (probable)	3P (possible)	1C	2C	3C
Sales Gas (PJ)¹	92	137	182	68	102	152
Prospective Resources (P50)						
Unrisked In Place Volumes²						
Longtom West (Bcf)				245		
Gemfish (Bcf)				285		

Tenement	• VIC/L29
Status	• Production Licence
Nexus Interest	• 100%
Area	• 68 km ²
Wells Drilled	• Longtom-1, Longtom-2, Longtom-3, Longtom-3 ST1, Longtom-3H, Longtom-4, Garfish-1, Grayling 1A

(1) As at 31st December 2011 from independent report by Gaffney, Cline & Associates in April 2012. Note that in the period from 1 January 2012 until 31 December 2012 Longtom produced 15 PJ

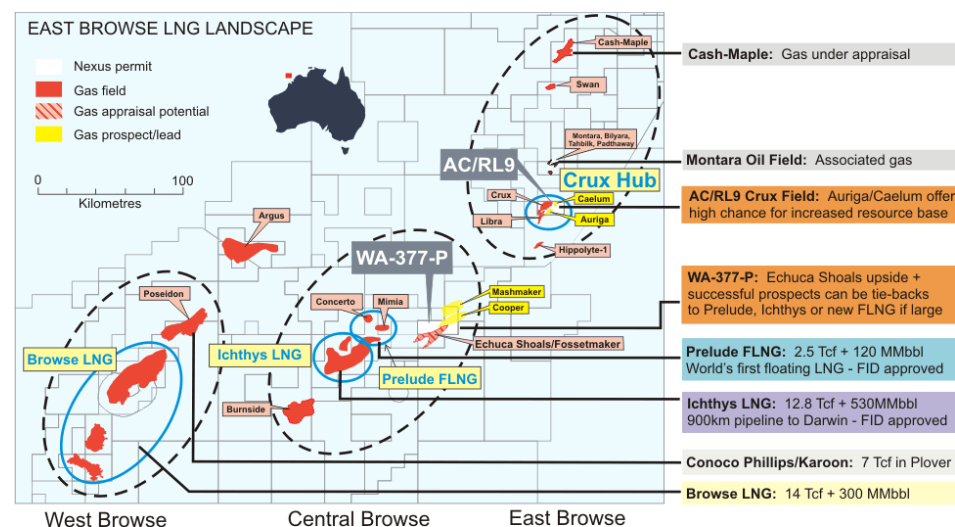
(2) Based on Nexus in house evaluations. Note: the estimated quantities of petroleum that may potentially be recovered relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Crux: Value upside through near term exploration and FLNG development concept selection

Asset Overview

- Crux field is a gas / condensate discovery with in place volume 2.5 Tcf of gas and 88 MMbbls of associated condensate¹ in the AC/RL9 permit located in the Browse Basin
- Further potential exists from undrilled Auriga and Caelum prospects
- To date, five intersections have been drilled and ~280km² of 3D seismic has been collected in the Crux field
- The field possesses attractive characteristics being in moderate water depth, liquids rich and low CO₂ content, and positioned in close proximity to approximately 25 mtpa of proposed LNG developments
- Sale of 2% interest to Shell in December 2012 for \$75m, reduced Nexus' interest to 15% (Shell 82% Operator & Osaka Gas 3%)
- Retention Lease issued in February 2013 to drive earliest commercialisation of Crux

Permit Location and Details



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

Field	Contingent Resource P50 Volumes ¹		Prospective Resource P50 Volumes ²	
	Gas (Tcf)	Liquids (MMbbls)	Gas (Tcf)	Liquids (MMbbls)
Crux	2.5	88.0	-	-
Auriga			1.3	39.2
Caelum			1.1	37.2
Total	2.5	88.0	2.4	76.4

Tenement	<ul style="list-style-type: none"> AC/RL9
Status	<ul style="list-style-type: none"> Retention Lease granted 20 February 2013 5 year work program A\$123m (100%)
Nexus Interest	<ul style="list-style-type: none"> 15%
Area	<ul style="list-style-type: none"> 168 km²
Wells Drilled	<ul style="list-style-type: none"> Crux-1 (2000); Crux-2 (2006); Crux-2 ST1 (2007); Crux-3 (2007); Crux-4 (2008);

(1) Best Estimate (Contingent Resource P50) numbers from Gaffney, Cline and Associates November 2011 report.

(2) P50 in place unrisks volumes shown, based on Nexus in house evaluation. Note: the estimated quantities of petroleum that may potentially be recovered relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Crux: Retention Lease drives earliest commercialisation

Retention Lease award; a significant milestone towards earliest commercialisation of Crux

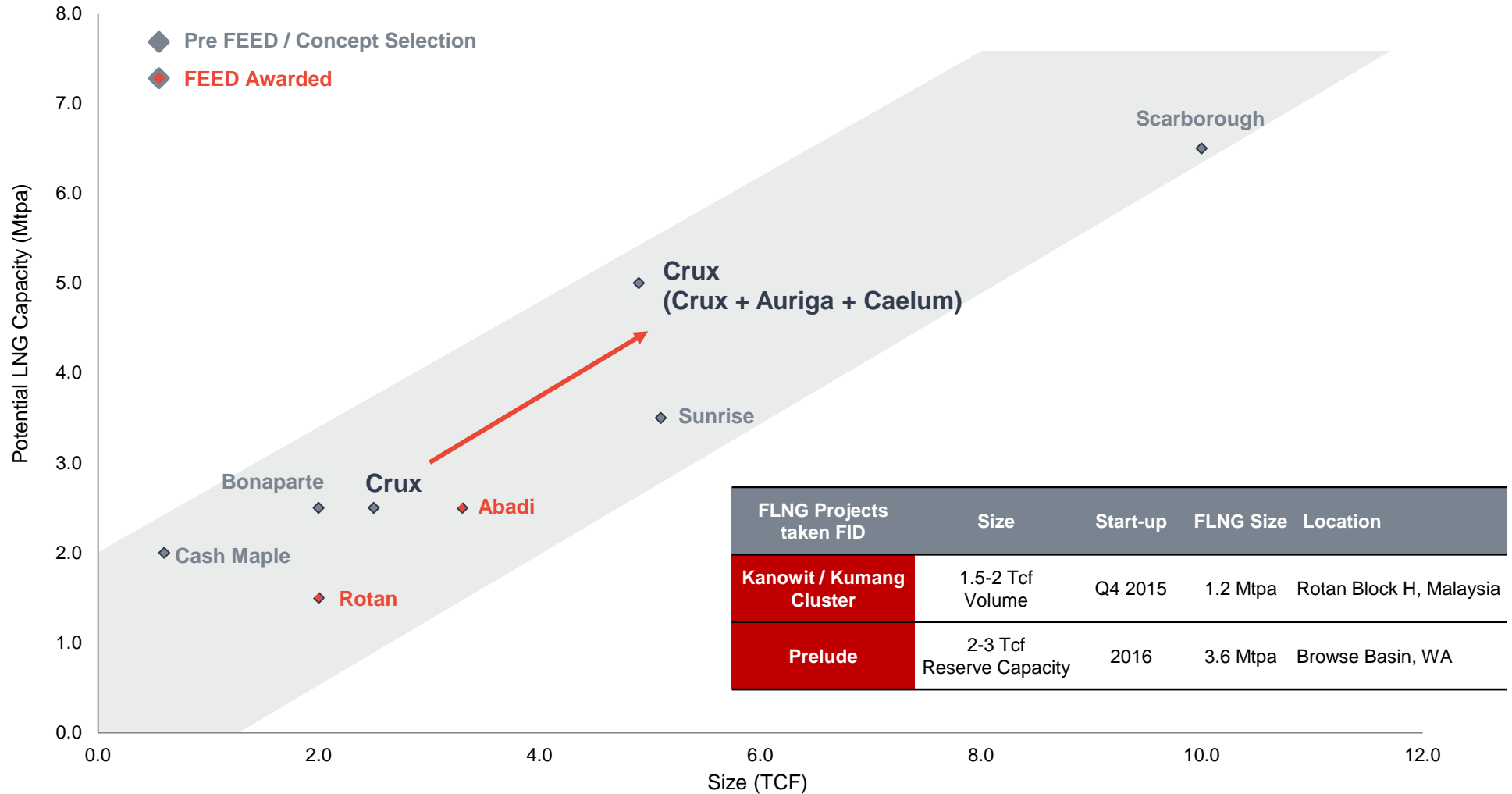
- Retention Lease granted in February 2013 requires drilling of Auriga exploration in 2014 CY
- Test of commercial viability required in 2015 CY, and further development milestones separately required by the contractual terms of the joint venture
- Potential for Crux to be the next new Australian LNG supply source

Retention Lease work program

2013 Seismic evaluation & well design	<ul style="list-style-type: none">■ High-end seismic re-processing of the merged Crucis & Octanis 3D surveys, and seismic inversion & interpretation■ Procurement of long-lead items associated with Auriga well■ Well proposal, well design and drilling approvals
2014 Drilling of Auriga exploration well	<ul style="list-style-type: none">■ Drilling of Auriga exploration well■ Plug and abandonment activities related to Crux wells 2 ST-1, 3, 4■ Follow-on appraisal studies
2015 Commercial viability	<ul style="list-style-type: none">■ Subsurface studies evaluating further appraisal requirements■ Commercial negotiations with third party gas titleholders■ Commercial viability re-evaluation report
2016 Concept development & refinement	<ul style="list-style-type: none">■ Conceptual development and planning studies■ Metocean data acquisition■ Environmental impact scoping assessment
2017 Final Development Concept submission	<ul style="list-style-type: none">■ Latest submission of the final development concept for the Crux Field within 30 days of the commencement of Year 5

Crux: FLNG technology rapidly evolving and supporting FID over a wide range of gas field resource sizes

Crux exploration targeted for 2014, exploration success will optimise Crux FLNG development potential



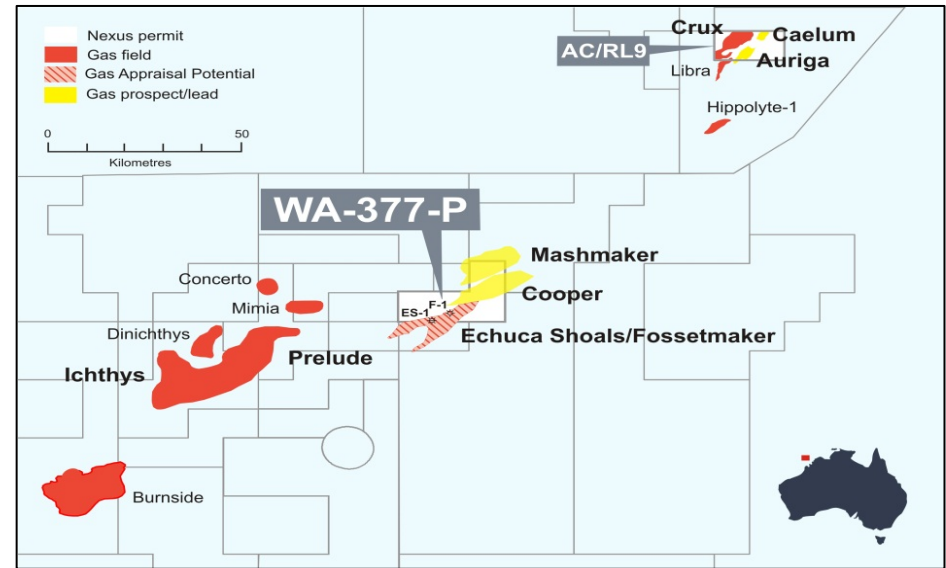
Source: Company Announcements and public sources.

Echuca Shoals: Value upside through exploration and appraisal

Asset Overview

- WA-377-P is 100% held by Nexus, and is strategically located in the Browse Basin near to the Prelude FLNG and Ichthys LNG projects
- Contains the Echuca Shoals discovery as well as two multi-Tcf prospects, Cooper and Mashmaker
 - Prospective in-place volumes would provide more than 20 years of supply to a 4Mtpa FLNG development
- Permit renewed for a five year second term in March 2012
- Renewal term work programme includes:
 - 1 well in permit year 3
 - G&G Technical studies in other years
- INPEX planned drilling in WA-341-P late 2013 will underscore the resources in Mashmaker prospect²

Permit Location and Details



Prospective In-Place Volumes (Success Case Estimate Unrisked)⁽¹⁾

Prospect	Gas (Tcf)
Echuca Shoals / Fossetmaker	0.5
Cooper	2.2
Mashmaker	2.6
Total	5.2

Tenement	<ul style="list-style-type: none"> WA-377-P
Status	<ul style="list-style-type: none"> Exploration Permit 5-year renewal granted 23 March 2012
Nexus Interest	<ul style="list-style-type: none"> 100%
Area	<ul style="list-style-type: none"> 332 km²
Wells Drilled	<ul style="list-style-type: none"> Echuca Shoals-1: Woodside 1983, log interpreted gas Fossetmaker-1: Shell 2007, log interpreted gas

(1) Reported prospective in place volumes are unrisked in-place based on Nexus in house evaluations. Note: the estimated quantities of petroleum that may potentially be recovered relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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Summary and Key Messages

- Nexus is uniquely positioned for FLNG Technology and a tightening East Coast Gas Market with portfolio consisting of production, development and exploration assets
- Management have delivered against previously outlined objectives with blueprint for growth for next three financial years
 - Longtom: Value upside through additional development and exploration
 - Crux: Value upside through near term exploration and FLNG development concept selection
 - Echuca Shoals: Value upside through exploration and appraisal

Board of Directors & Managing Director



Don Voelte | **Non-Executive Chairman**, *Appointed on 11 October 2012*

- MD and CEO of Seven Group Holdings and has 36 years of experience in the global oil and gas industry
- Prior to his retirement in June 2011, he was MD and CEO of Woodside Petroleum, a position he had held since joining the company in 2004
- Prior to joining Woodside, Mr Voelte held a number of Senior Executive positions at Mobil Corporation, Atlantic Richfield Company (ARCO) and Chroma Energy Inc. based in Houston



Lucio Della Martina | **Managing Director**, *Commenced on 13 May 2012 as CEO and appointed MD on 11 October 2012*

- Over 25 years experience in the international oil and gas industry holding various positions in Woodside covering gas business development, LNG marketing, supply planning and oil development
- Prior to his tenure with Woodside, spent 11 years with the Shell group of companies in Africa and Europe in a variety of roles covering refining technology, operations, economics, planning and international oil trading



Symon Drake-Brockman | **Non-Executive Director**, *Appointed on 18 November 2009*

- Over 20 years of finance experience covering both the debt and equity markets
- Formerly CEO of RBS Global Banking and Markets in the Americas and CEO of RBS Greenwich Capital, Global head of RBS' Debt Markets division and Board member of RBS Global Banking and Markets
- Previously held senior positions with ING Barings and JP Morgan in London, New York, Tokyo and Hong Kong



John Hartwell | **Non-Executive Director**, *Appointed on 31 March 2011*

- Over 18 years of experience working in the Australian government where he held a wide range of positions dealing with trade, commodity and energy and resources issues
- From 2002 to 2010 he was head of the resources division, in the Department of Resources, Energy and Tourism, Canberra which provides advice to the Australian government on policy issues, legislative changes and administrative matters related to the petroleum industry, upstream and downstream and the coal and minerals industries

Appendix - Indicative broker valuation

Latest published broker valuations – indicative build-up using low / high estimates

<i>In A\$m</i>	Low estimate	High estimate	Low estimate source / comment:	High estimate source / comment:
Longtom (including upside) ¹	126	341	CBA, 6 June 2013 ⁴	Macquarie (unrisked), 14 May 2013 ⁵
Crux (including upside) ²	205	645	BBY, 12 April 2013 ⁶	Macquarie (unrisked), 14 May 2013 ⁵
WA-377-P (including upside) ³	48	1,831	Macquarie (risked), 14 May 2013 ⁵	Macquarie (unrisked), 14 May 2013 ⁵
Total asset value	379	2,817		
Corporate costs & other ⁷	(52)	(52)	BBY, 12 April 2013 ⁶	
Contingent liability ⁸	(67)	(67)	Full Sedco liability amount	
Implied enterprise value	260	2,698		
Net debt (last reported)	117	117	As reported at 31 December 2012	
Implied equity value	143	2,581		
Current market capitalisation	105		As at 12 July 2013	

Note: Broker set includes CBA, Macquarie, StockAnalysis and BBY. Assumes ~1,340m shares on issue (includes in-the-money warrants).

(1) Includes value attributable to: Longtom Gas Development, Longtom-6, Gemfish and Longtom West, where applicable

(2) Includes value attributable to: Crux LNG, Prelude LNG backfill + liquids, Auriga, Caelum and Prelude LNG backfill, where applicable

(3) Includes value attributable to: Echuca Shoals, Mashmaker and Cooper, where applicable

(4) CBA: Outlook improving following Longtom restructure (6/06/2013)

(5) Macquarie: Longtom optimisation value accretive (14/05/2013)

(6) BBY: Third Time Lucky - Potential Exposure to FLNG (12/04/2013)

(7) BBY estimate of corporate costs includes franking credits.

(8) Represents full outstanding Federal Court claim initiated by Sedco Forex International Inc. against Nexus and its subsidiary Nexus Energy WA Pty Ltd for alleged breach and repudiation of contract relating to Transocean drilling rig. The claim is not expected to be resolved until 2014. Nexus is strenuously defending the claim.

Important notice

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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.

The information in relation to resources and reserves relating to Crux and Longtom in this report is based on information compiled by Stephen Lane of Gaffney, Cline and Associates Pty Ltd. Mr Lane has sufficient experience that is relevant to the style and nature of hydrocarbon resources, reserves and prospects under consideration. Mr Lane has consented to the inclusion of such information in this presentation in the form and context in which it appears.



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