



Nexus Energy Limited

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

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

Nexus Current Share price does not reflect

- Crux – making progress towards FID
- Longtom South – large potential for future growth
- Echuca Shoals – large upside potential
- Substantial removal of downside risk

In past 12 months has been significantly de-risked by

■ Subordinated Notes restructure

- 50% balloon in January 2017, first 10% in July 2014, interest rate fixed @ 8.5% till July 2014

■ Longtom debt re-financing

- Approximately \$10 million principal repayments in FY 2012, 2013 and \$20 million in 2014, 2015 with balance in FY 2016
- Total principal and interest payable of between \$20-30 million p.a. to 2015

■ Longtom cash flows

- Uninterrupted incident-free record production over 6 months
- Cash flows of approximately \$50-\$60 million p.a. (assuming 100% ACQ nominations) after operating costs and tariffs

■ Corporate overheads reduction

- Reduced to \$15 million p.a.

■ Crux development progress

- US\$ capital project with borrowings in US\$ and revenues in US\$
- Cash flows available for A\$ portion of Crux development

■ Cash + tax credits

- \$160 million

Longtom Gas Project

- 100% Nexus
- Stable cash flows
- Current production at record levels (85 TJ/day)
- Santos contract worth about A\$200 million
- Asset farm-down planned after successful Longtom South drilling
- Success at Longtom South will launch Nexus' domestic energy market strategy – platform for growth post Crux start-up

Longtom South

- Prospect within 4 km of existing Longtom infrastructure
- Drilling expected in mid 2012 CY and is fully funded by recent entitlement offer
- Target
 - 20 million bbls oil (mean risked ~9 MMbbl)
 - 450 Bcf of natural gas (mean risked ~200 Bcf)
- Development if successful to be funded from Crux cash flows

■ **Technical risk covered**

- The appointment of Wood Group as project management team with McDermott and Fluor having early contractor involvement to validate the engineering and finalise the project economics and budget / schedule

■ **Financing**

- Progressing debt mandate – discussion centred on 60% debt for total project costs

■ **Equity**

- Nexus equity portion for project to be funded by 35% farm-down – reducing Nexus share to 50% of asset
- Announcement expected in 2Q / 3Q 2011

■ **Final Investment Decision (FID)**

- On target for December 2011

■ **Shell**

- Recent Prelude FID announcement indicates a potential role for Crux
- Prelude requires tenure certainty for Crux

■ **Government**

- 2014 start-date is for petroleum recovery operations which government has indicated does not require hydrocarbons flowing at that date but substantial progress

- **Current share price reflects ONLY**

- Santos Longtom contract
- Cash and tax credits

- **Share price excludes**

- **Crux**

- ▶ On schedule for FID in December 2011

- **Longtom South prospect**

- ▶ Opportunity to have exposure to post-LNG gas prices on Eastern Seaboard
- ▶ A prime beneficiary of any carbon pricing
- ▶ Close to Latrobe Valley infrastructure

- **Echuca Shoals**

- ▶ Prime acreage in prime address – Browse Basin post FLNG
- ▶ High-impact prospects identified

- **Substantial removal of downside risk**

- ▶ Outstanding financial obligations can be met from Longtom cash flows regardless of Crux's status thereby giving Nexus the ability to consider an integrated development at Crux

- **Strong management**

- Board reverting to non-executive roles except for Managing Director



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

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