ANNUAL REPORT 2013

Nexus is uniquely positioned for FLNG technology and a tightening Australian East Coast gas market.

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.

COMPANY PROFILE

Nexus Energy Limited (ASX: NXS, Nexus) is an ASX listed oil and gas exploration and production company based in Melbourne. Nexus has an attractive portfolio of high quality, strategically located assets spanning production, development and exploration, including:

- The producing Longtom gas project in the Gippsland Basin, off the South-East Coast of Victoria (100%) (Petroleum Production Licence VIC/L29);
- The Crux development project in the East Browse Basin, off the coast of North Western Australia (15%) (Petroleum Retention Lease AC/RL9);
- The Echuca Shoals Petroleum Exploration Permit WA-377-P in the Central Browse Basin (100%); and
- Petroleum Exploration Permit VIC/P54 project in the Gippsland Basin, off the South-East Coast of Victoria (100%).

Longtom is a gas and condensate producing asset which is well positioned to benefit from the strong Australian East Coast supply and demand dynamics. It has a Gas Sales Agreement with Santos which provides attractive metrics for the delivery of gas through to 2018.

Crux is a large liquids rich gas resource that is strategically located in the Browse Basin and potentially suited for FLNG development. Nexus has a 15 per cent interest (including a proportionate share of all gas and liquids), in a joint venture operated by Shell a leader in FLNG technology. The Crux Joint Venture has been awarded a Retention Lease with a detailed work program targeted to drive the earliest path to commercialisation.

Nexus' current portfolio also supports a range of growth opportunities including the prospective Echuca Shoals exploration permit containing discovered gas in Central Browse and the Gemfish prospect in the East Gippsland Basin.

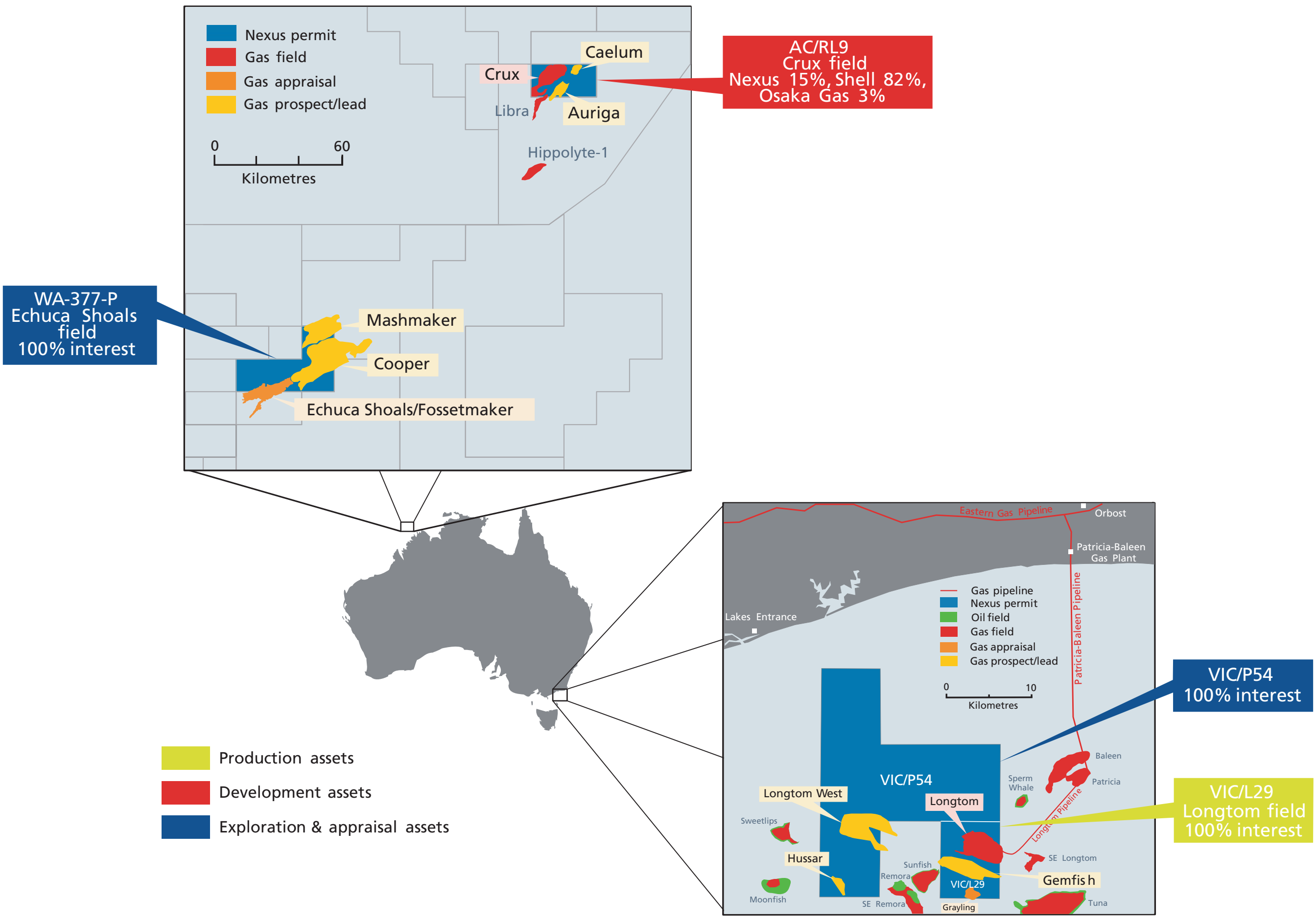
Nexus has a clear strategy to deliver shareholder value through unlocking the value of its Crux asset, optimising value from its Longtom asset, strengthening its balance sheet and preparing for growth beyond 2014. The Company is positioned to benefit from FLNG technology and positive East Coast gas market dynamics.

Nexus Energy Limited

ABN 64 058 818 278

The Annual General Meeting of Nexus Energy Limited will be held at:

11.00 am on
Thursday, 21 November 2013
River Room 1 & 2
Crown Towers
Level 1
8 Whiteman Street
Southbank Victoria 3006



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Information in this Annual Report regarding the hydrocarbon Reserves Estimates and Contingent Resource Estimates for Petroleum Production Licence VIC/L29 is based on information compiled by Ms Margaret Hall. Ms Hall is employed by Nexus as its Development Manager. Ms Hall is a member of good standing of the Society of Petroleum Engineers and the Institute of Engineers Australia. Ms Hall has sufficient experience which is relevant to the style and nature of hydrocarbon reserves under consideration and to the activity which she is undertaking to qualify as a Competent Person for the purposes of the ASX Listing Rules. Ms Hall has consented to the inclusion in this Annual Report of the matters based on her information in the form and context in which it appears.

Information contained in this Annual Report regarding the hydrocarbon in-place estimates for petroleum retention lease AC/RL9 as of 31 October 2011 is based on information compiled by Gaffney Cline and Associates (GCA) under the supervision of Mr Stephen Lane in November 2011 and have not been updated since. GCA is not aware of any activity that may have taken place on the lease since that report. It should be noted that the in-place estimates do not indicate the potential volumes of gas and condensate that may be recovered from development of lease AC/RL9 in the future.

Mr Lane is currently a Technical Director of GCA and is a member of good standing of the Society of Petroleum Engineers. Mr Lane has over 30 years' experience which is relevant to the style and nature of hydrocarbon volumes under consideration. The November 2011 report was reviewed by Mr Brian Rhodes, Global Director – Corporate Advisory Services. Mr Rhodes has over 30 years' experience and qualifies as a Competent Person for the purposes of the ASX Listing Rules. Mr Rhodes is a member of the Society of Petroleum Engineers, the Energy Institute, the Petroleum Exploration Society of Great Britain and the European Association of Geoscientists and Engineers. Mr Rhodes has consented to the inclusion in this Annual Report of the information noted above in the form and context in which it appears.

Information contained in this Annual Report relating to all other hydrocarbon reserves, resources, discovered and undiscovered petroleum in-place estimates is based on information compiled by Dr Keith Jackson. Dr Jackson is employed by Nexus as its Exploration Manager. Dr Jackson is a member of good standing with the Society of Petroleum Engineers. Dr Jackson has sufficient experience which is relevant to the style and nature of the hydrocarbon reserves under consideration and the activity which he is undertaking to qualify as a Competent Person for the purposes of the ASX Listing Rules. Dr Jackson has consented to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears.

YEAR IN BRIEF

Key events in the financial year were as follows:

- Health and safety standards maintained with no safety or environmental incidents.
- Crux consolidation agreement completed, aligning the Joint Venture parties and creating the potential for transforming Crux into a FLNG value play.
- Award and acceptance of Retention Lease AC/RL9 by the Crux Joint Venture – a significant milestone towards commercialisation.
- Production at the Longtom gas processing facility suspended in January 2013 as a result of an electrical fault. Santos' offshore campaign to fix the subsea electrical fault completed with production restored on 26 May 2013.
- Offshore maintenance campaign completed at Longtom on time and under budget.
- Revised terms agreed for the Longtom Gas Sales Agreement which enhanced value through accelerated production profile and revised pricing structure.
- Commercial framework put in place under Longtom Gas Sales Agreement provides commercial framework for the parties to agree to the supply of additional gas (from Longtom-6 and/or Gemfish) on or before end 2018 calendar year.
- Sale of 2 per cent interest in Crux to Shell for $75 million in December 2012.
- $63 million of debt retired in January 2013 with a further $10 million retired throughout the 2013 financial year, reducing gearing and lowering future financing costs.
- Board strengthened with the appointment of Don Voelte as Chairman.
- Corporate governance review completed, with steps taken to improve organisational structures.
- Cost reduction program implemented, delivering a 37 per cent reduction in administration costs, well ahead of 30 per cent target.


STRONG PROGRESS IN DELIVERY OF STRATEGIC AGENDA.

CHAIRMAN'S REPORT

I am pleased to present my first report as Chairman of Nexus. The 2013 financial year has been an important one for the Company. We have high quality assets in unique and strategic locations and are well placed to benefit from positive industry dynamics and the deployment of FLNG technology.

The quality of the assets, coupled with my high regard for Lucio Della Martina from our time working at Woodside, is what first attracted me to Nexus. Approaching the end of my first year as Chairman, I remain energised about the significant potential of this Company's assets.

Pleasing Progress Against Strategic Objectives

Lucio and his team have made good progress on the strategic agenda outlined in August last year.

Significant progress has been made towards repositioning both our Longtom and Crux assets. While the production outage at Longtom in the second half was disappointing and impacted our financial performance for the year, the newly agreed terms for the Gas Sales Agreement positions the Longtom asset well for the future. Action was also taken to strengthen the balance sheet and an organisational review was completed, with Board and organisational structures realigned to support the delivery of our strategy and reflect industry best practice. The management team delivered a 37 per cent reduction in administration costs during the year, which was well ahead of the 30 per cent target.

We have also sharpened our focus on corporate governance. The Board has a good breadth of experience including direct major LNG project experience, finance and stakeholder relations. We will continue to review the composition of the Board to ensure we have the right capabilities to support the delivery of our strategy for the benefit of shareholders. Our commitment to clearly and transparently communicate the link between remuneration outcomes and the achievement of our strategic objectives has been well received and we will continue to engage with and seek feedback from shareholders in this regard.

Compelling Industry Fundamentals

The fundamentals supporting our industry remain strong. Demand for energy around the world is increasing, with the International Energy Association predicting a global rise in energy demand of one-third[1]. Australia has been a beneficiary of this dynamic for some time, and the forecast tightening in East Coast supply and growth in Asian LNG demand are both positive for Nexus.

Global Growth of FLNG

Australia, with its reputation of reliability and security of supply, has the potential to maintain its position as a competitive supplier of LNG into the Asian region with the adoption of FLNG technology.

FLNG technology is rapidly evolving and maturing with three projects already sanctioned and seven projects in pre-FEED studies with another 19 projects identified as potential FLNG opportunities[2].

PETRONAS' Kanowit project, which took its final investment decision in 2012, is planned to start in 2015.[3] This makes it the first FLNG project in the world with production planned to start. Further, new design advancements providing a range of facility sizes to best fit the resource size are now available. FLNG development concepts are increasingly being considered amongst the major industry players, a number of which have taken positions in the dynamic Browse region alongside Nexus' Crux and Echuca Shoals assets. Nexus is well placed to benefit from these developments, with two high-quality assets strategically located in the proven Browse Basin which are well suited to FLNG. Through the Crux Joint Venture we are also fortunate to be in partnership with Shell, a global leader in FLNG technology.

In Crux we have a significant stake in a large, premium quality gas resource proximate to other large exploration prospects with the potential for strong exploration upside. The Retention Lease work program will drive the earliest commercialisation of that resource and preserves the potential for a standalone development. Add to this our 100 per cent ownership of the Echuca Shoals exploration permit which has discovered petroleum initially in-place volumes with significant exploration upside, and I believe there is potential for Nexus to play a role in the future development of the Central/East Browse Basin.

1. World Energy Outlook 2012 Factsheet.
2. Wood Mackenzie and Company announcements.
3. Wood Mackenzie and Company announcements.

Australian Energy Industry in Transition

A further trend that is supporting our confidence in our strategic agenda is the dynamic emerging in the East Coast Australian gas market, driven by three principle elements.

Firstly, existing long term gas supply contracts are concluding. Secondly, existing conventional gas fields currently in production are being depleted and new discoveries have been limited, resulting in constrained supply. Finally, the industry is currently experiencing ongoing domestic demand growth driven by increasing consumption.[4] These factors, combined with the development of an LNG export industry in Queensland, are likely to drive substantial domestic gas price increases to regional price parity levels.

Strategically located in the Gippsland Basin, and as a producing asset with proven reserves and exploration upside, Longtom is well positioned to benefit from these dynamics.

In the context of the above, Nexus identified and progressed an opportunity to revise its Gas Sales Agreement terms with Santos, incorporating more attractive metrics around delivery and pricing to capitalise on tightening East Coast market dynamics and to include a framework for the supply of additional gas quantities. This is a significant achievement and I commend Lucio for both his vision and hard work in making this a reality.

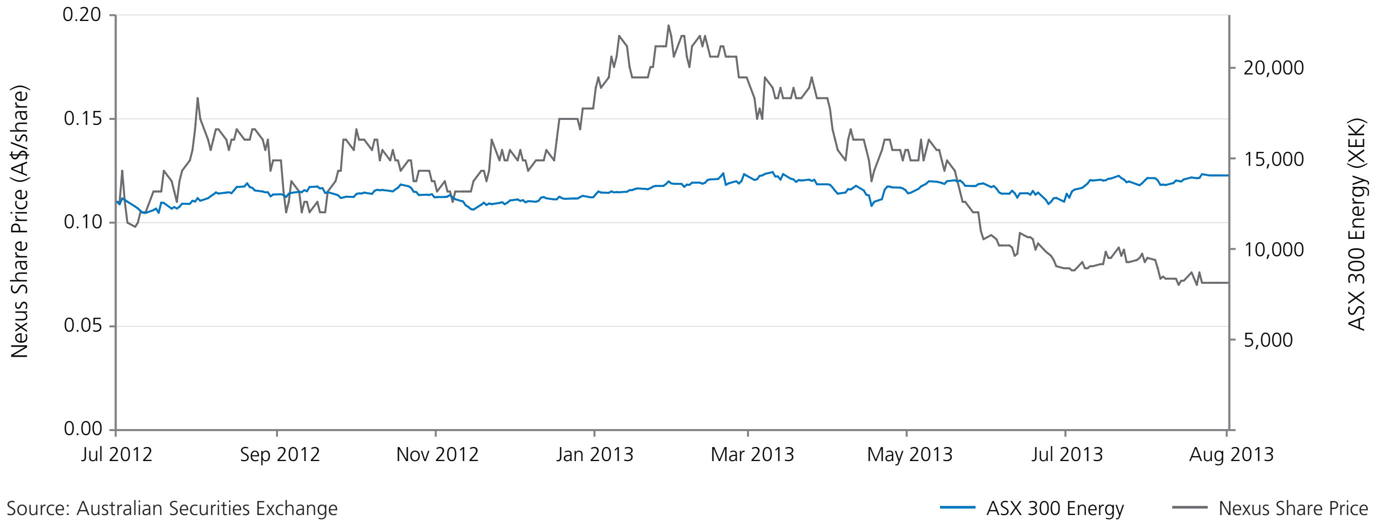
While there is still a lot of work to be done, Lucio and his team share my enthusiasm about the future and are firmly focused on delivering our strategic agenda.

I would like to acknowledge shareholder disappointment with our share price performance this year. I am confident that we will continue to diligently deliver our strategy. We have high-quality assets and a clear strategic plan developed in line with strong macro trends, with a Board and management team well equipped to execute it.

I would like to take this opportunity to thank the Nexus team for their efforts this year, and also to thank our shareholders for their ongoing support.

Don Voelte AO
Chairman

Nexus Share Price Performance 1 July 2012 – 31 August 2013



Source: Australian Securities Exchange

4. Australian Energy Market Operator, Gas Statement of Opportunities 2011-2012 and TCIL Tasman

In August of last year, I outlined a strategic agenda to unlock the value of our assets, improve our organisational structure and cost disciplines and position the business for growth. At the end of my first full year at Nexus we have made progress on our strategic agenda. Importantly we have repositioned our three assets, improved our balance sheet, completed the organisational review and reduced administration costs by more than 30 per cent.

Net profit after income tax for FY 2013 of $17.5 million included $55.1 million of one-off benefits related to asset disposals and long lead items. We reported an operating profit of $18.6 million, an improvement on last year's result of $14.5 million, largely due to lower amortisation charges following the write down of the value of the Longtom asset last year. Our operating profit was impacted by the production outage at Longtom between January and May 2013, which was the result of an electrical fault in the offshore facilities.

Longtom

We made considerable progress during the year towards optimising value from Longtom, our production asset in the Gippsland Basin on the East Coast of Australia.

In the middle of last year, with the anticipated tightening of East Australian gas supply, we saw an opportunity to develop a proposal to improve the value of the Longtom supply chain. We announced the agreement of revised Longtom Gas Sales Agreement terms (GSA) with Santos in May 2013 which became effective on 1 July 2013. We believe the agreement of these terms increases the value of the GSA by realigning the production profile to better capitalise on the tightening East Coast market. In particular, we believe enhanced value has been secured for Nexus through an accelerated and compressed production profile and revised pricing structure in the 2015-2018 period when demand for gas is forecast to be high and supply constrained.

The revised GSA terms also provide for an efficient work program, which includes the drilling of Longtom-5 in a way that is much less capital intensive for Nexus. Near term investment has been deferred by 12 months to the end of the 2014 calendar year.

Importantly, the revised GSA terms also provide the commercial framework for the potential supply of additional gas quantities from Longtom-6 or through the development of the Gemfish prospect, adding further value to the Longtom asset.

We believe the revised GSA terms are a positive commercial outcome, and represent an important step towards optimising value in the Longtom asset for shareholders.

While the outage at Longtom between January and May 2013 impacted performance in the second half, the facility ran at 99.9 per cent availability in the first half of FY 2013. Two offshore campaigns were completed during the year to identify and rectify the electrical fault. Following the second campaign led by Santos production was safely restored on 26 May 2013.

Nexus took the opportunity to carry out routine 2013 maintenance works on the Longtom facility during the second offshore campaign, which were completed on time and under budget. Since that time the facility has been operating at 99.8 per cent availability.

Crux

Significant advancements were also made in transforming the Crux asset in the East Browse Basin during the year.

The award of a five year Retention Lease to the Crux Joint Venture by the Government in February 2013 represents a significant milestone and provided a comprehensive framework, including a detailed work program and associated defined timelines, for the Crux Joint Venture to progress to a commercial development in the earliest timeframe.

Significantly, the Retention Lease preserves the potential for a standalone FLNG facility in the East Browse and a significant Crux hub. Exploration drilling of the Auriga prospect is scheduled under the Retention Lease to take place during 2014, followed by a test of commercial viability of the asset in 2015. Auriga is a high probability well with a best estimate (P50, unrisked) of undiscovered gas initially in-place of c. 1.3 Tcf (see Estimated Reserves, Contingent Resources and Discovered and Undiscovered Petroleum Initially In-place table, page 13) (with Nexus having a 15 per cent interest in the field). This further improves the commercial attractiveness of the Crux development opportunity.

WE HAVE MADE GOOD PROGRESS THIS YEAR WITH OUR STRATEGIC AGENDA AND SUCCESSFULLY REPOSITIONED OUR THREE KEY ASSETS LONGTOM, CRUX AND ECHUCA SHOALS.

Following a review of funding alternatives to meet near term objectives, we exercised a put option in December 2012 which resulted in the disposal of a 2 per cent interest in Crux to Shell for a fixed consideration of $75 million. This resulted in a reduction in our equity stake in the Joint Venture from 17 per cent to 15 per cent.

Echuca Shoals

Substantial technical progress has been made in relation to Echuca Shoals in FY 2013 with the completion of technical studies to identify the most appropriate drilling opportunity.

In March 2012, we renewed our WA-377-P exploration permit for Echuca Shoals-1 in Central Browse for a further five years. Echuca Shoals has discovered petroleum initially in-place volumes with identified high exploration upside backed by undiscovered petroleum initially in-place volumes. With 100 per cent ownership of the permit, we see significant upside potential for our shareholders from this asset.

Importantly FLNG technology continues to evolve which may lead to a lowered commercial threshold volume. There is potential for the exploration upside identified in the permit to underpin an FLNG development within the permit.

Our next drilling commitment requires a well to be drilled by March 2015. Our primary drivers will be to optimise our chance of intersecting gas, with a substantial volume outcome given the focus on working towards a possible FLNG development.

Balance Sheet

We made good progress towards strengthening our Balance Sheet during 2013, which was one of the key features of our strategic agenda for the year. We used the $75 million of proceeds from the sale of 2 per cent of our interest in Crux to retire $63 million in debt, reducing ongoing finance costs and improving our gearing levels from 38 per cent at 30 June 2012 to 30 per cent at 30 June 2013.

Nexus ended the year with net debt of $134.7 million and cash of $11.8 million. Having made strong progress repositioning our Longtom, Crux and Echuca Shoals assets, a priority for the business in the year ahead is to secure funding for the next phase of our growth and development. We are considering a range of options including a potential debt refinance and divestment of an interest in one or more of our assets.

As we evaluate these options we are very focused on delivering the right outcome for our shareholders and an appropriate capital structure for the business.

Operational Achievements

Last year I stated that an organisational review, including a review of our corporate governance, had been initiated to ensure the processes we have in place at all levels of Nexus are conducive to the delivery of our strategy. This review was completed in January 2013, with the result being that our Board and organisational structures are now aligned to the businesses strategic objectives and industry best practice.

In line with our goal to improve cost discipline, we also set out to reduce our administrative costs by 30 per cent. At the end of the FY 2013 this goal has been exceeded, with savings of 37 per cent achieved. Nexus will continue to maintain a rigorous approach to cost discipline.

Corporate Matters

We also continued to progress a number of legacy items. Nexus continues to defend the action brought by Sedco Forex International Inc (Sedco) (and the associated cross-claim by Osaka Gas Crux Pty Ltd) against Nexus and its wholly owned subsidiary Nexus Energy WA Pty Ltd (NEWA) in relation to alleged breach of contract. The matter is currently in the court process and as yet no trial date has been set although this is unlikely to be before mid to late 2014.

Nexus continues to pursue options to divest long lead items previously acquired for the former Crux liquids project. To date Nexus has entered into two binding agreements and we continue to negotiate with a number of other potential purchasers.

Growth Beyond 2014

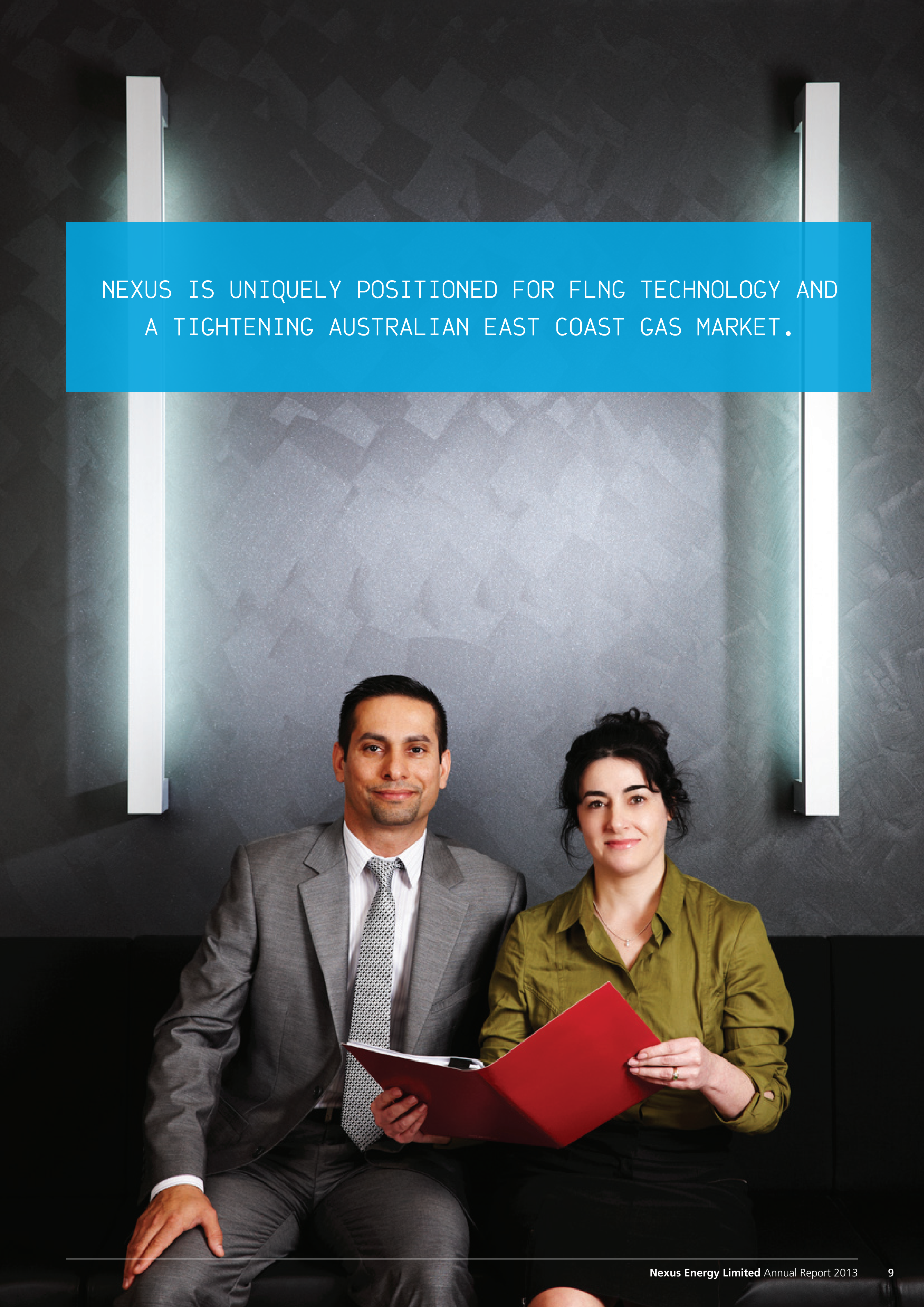
Nexus has made progress against our strategic agenda. Our 100 per cent owned Longtom asset provides access to the tightening East Coast Australian gas market. Our 15 per cent share in the Crux Joint Venture and 100 per cent interest in Echuca Shoals positions our shareholders to benefit from potential further exploration upside.

I would like to thank the Board and management team for their dedication and hard work this year in achieving some significant milestones. Finally I would also like to thank our shareholders for their continued support.

I look forward to continuing to execute on our clearly stated strategy and to unlocking the value in our assets for the benefit of our shareholders.

Lucio Della Martina
Managing Director & Chief Executive Officer

NEXUS IS UNIQUELY POSITIONED FOR FLNG TECHNOLOGY AND A TIGHTENING AUSTRALIAN EAST COAST GAS MARKET.



FINANCIAL SUMMARY

2013 financial year performance was impacted by a range of factors including exceptional items and the Longtom production outage.

Nexus reported revenues from the Longtom Gas Project (Longtom) of $52 million, down 36 per cent from $80.7 million reported in the prior year. Gas production for the year declined to 11.3PJ, a 35 per cent decrease from 2012 when production totalled 17.4PJ. The fall in revenues and production reflects four months of lost gas production at Longtom due to an electrical fault. Gas production returned in late May 2013 following the completion of the Santos led offshore campaign.

Despite lower production for the year, Longtom generated a gross operating profit after amortisation of $18.6 million, a 28 per cent improvement from the $14.5 million profit reported in 2012. This improvement largely reflects lower amortisation charges following the 2012 impairment review.

Reported net profit after income tax was $17.5 million, compared with the 2012 loss of $342.3 million which included $243.8 million of non-recurring items related to the impairment of Longtom and long lead items. The 2013 reported result includes an accounting profit realised on the sale of 2 per cent of Crux totalling $45.8 million, and profit on settlement of contracts associated with the long lead items of $9.3 million.

Net cash flows from Longtom operations totalled $27 million, down from $56 million in 2012 due to lower production levels at Longtom. This cash flow was applied to Longtom capital expenditure requirements of $6 million during the year, Crux expenditure of $11 million and interest and finance costs of $18 million. The sources and allocations of cash chart on page 11 provides a breakdown of the sources and uses of funds for the financial year.

At 30 June 2013 Nexus had a cash balance of $11.8 million, current assets of $36 million and net assets of $309 million.

During FY 2013, Nexus made progress against its objective to strengthen the balance sheet as announced in August 2012.

Following a review of funding options to meet near term objectives, Nexus realised $75 million from the 2 per cent sale of Nexus' stake in Crux to Shell in December 2012. These proceeds were mostly allocated to retire part of the Longtom debt facility as well as the 2013 Notes.

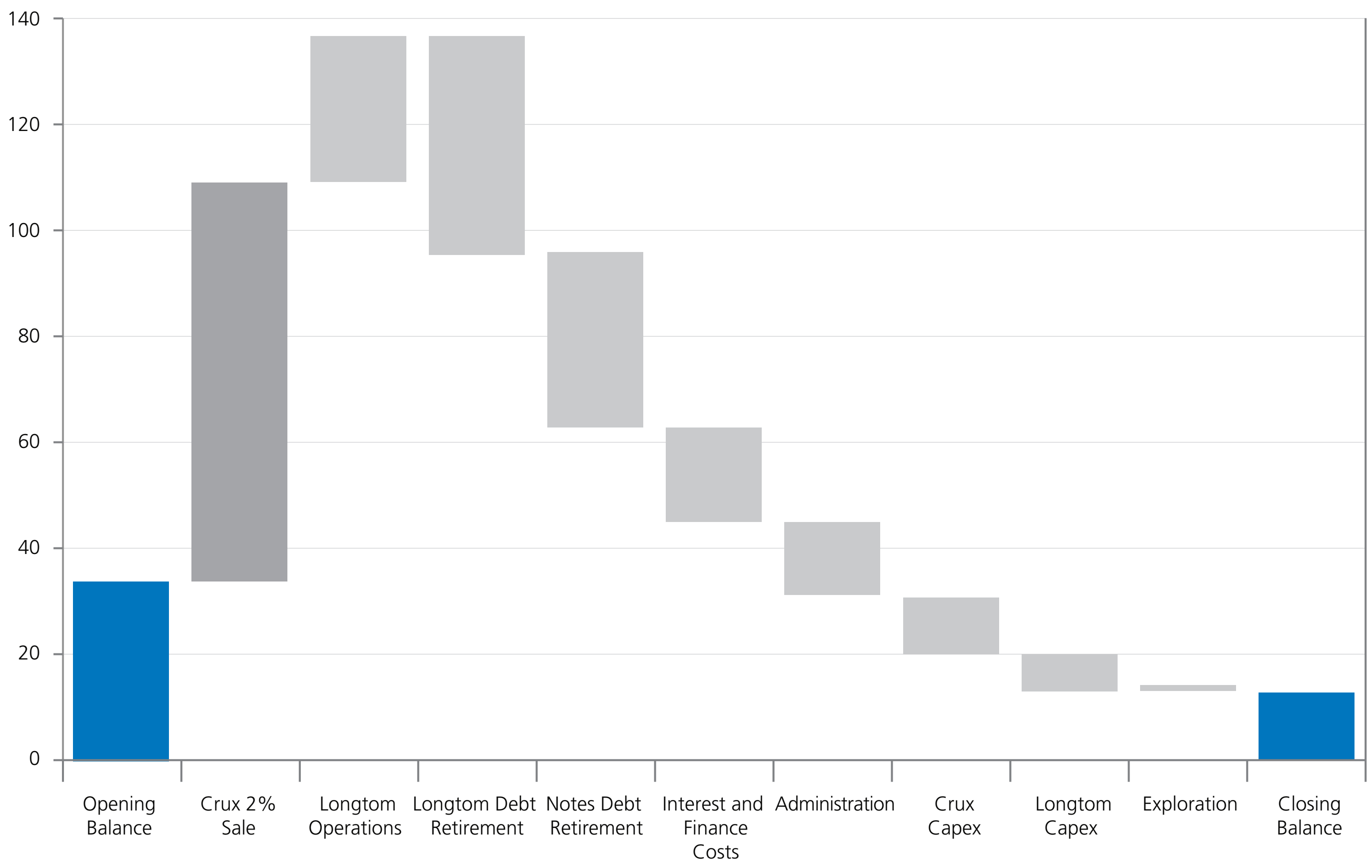
Total debt was reduced by $73 million for the year and a result of the reduced leverage, finance costs fell 16 per cent to $27.5 million (2012: $32.8 million) and gearing improved to 30 per cent at 30 June 2013 (2012: 38 per cent).

DURING FY 2013, NEXUS MADE PROGRESS AGAINST ITS OBJECTIVE TO STRENGTHEN THE BALANCE SHEET AS ANNOUNCED IN AUGUST 2012.

Three Year Financial Summary

Financial Year		2013	2012	2011
Revenue	A$ million	52.0	80.7	66.6
Opex	A$ million	(20.9)	(34.2)	(29.8)
Gross profit before amortisation	A$ million	31.1	46.5	36.8
Net profit/(loss) after tax	A$ million	17.5	(342.3)	(39.2)
Cash flow from operating activities	A$ million	(5.2)	14.1	(10.9)
Cash and cash equivalents	A$ million	11.8	33.7	62.6
Total assets	A$ million	541.6	580.7	944.3
Borrowings	A$ million	146.5	210.9	212.2
Issued capital	A$ million	689.6	689.6	688.9
Total equity	A$ million	309.0	291.1	632.9
Exploration and evaluation expenditure carried forward	A$ million	12.5	11.7	10.1
Production and development expenditure carried forward	A$ million	357.9	379.0	644.1
Basic earnings per share	Cents	1.32	(25.8)	(3.7)
Issued capital	Shares	1,329.8	1,329.8	1,326.3

Sources and Allocation of Cash (A$ million) Financial Year 2013



HEALTH, SAFETY, ENVIRONMENT & COMMUNITY

Nexus has a track record of maintaining a strong commitment to health, safety, environment and community (HSEC). This continued during the year with no reported incidents and no community issues presented.

The total recordable injury frequency rate (TRIFR), expressed as a frequency per million work-hours and using a 12 month rolling average remained at zero for the year. Nexus' strong internal HSEC culture was fundamental in delivering this strong HSEC result.

There were similarly no environmental incidents during the year. Nexus submitted its annual environment report for 2012 to the regulatory body, the National Offshore Petroleum Safety and Environmental Authority (NOPSEMA), in April 2013. Separately, Nexus was asked by NOPSEMA to review its Environment Plan relating to the Longtom asset during the year, consistent with the experience of other operators.

Nexus is in the process of updating the Longtom Environment Plan and has taken the opportunity to revise its oil spill modelling and response protocol to ensure it is in line with current best practice.

Once this plan has been accepted by NOPSEMA, a further Environment Plan and associated Oil Spill Contingency Plan covering the potential drilling of an additional Longtom well will be revised and resubmitted. As required by the Environment Protection and Biodiversity Conservation Act, an EPBC referral for this campaign was submitted in August 2012 and was deemed as not requiring an Environmental Impact Statement for the project.

Nexus is focused on maintaining its strong HSEC track record and ensuring a strong safety culture is reinforced as the Company maintains existing assets and develops others. The Company continues to monitor the HSEC regulatory regimes that apply to the offshore oil and gas industries to ensure compliance and best practice where possible.

NEXUS' STRONG COMMITMENT TO HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY CONTINUES, WITH NO REPORTED INCIDENTS DURING THE YEAR.

ESTIMATED RESERVES, CONTINGENT RESOURCES & DISCOVERED & UNDISCOVERED PETROLEUM INITIALLY IN-PLACE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Reserves Estimate[1] – Proved plus Probable (2P)

Project	Licence	Nexus %	Sales Gas (PJ)	Condensate (MMStb)
Longtom	VIC/L29	100%	121	1.40

Contingent Resource Estimate[1] – Best Estimate (2C) Recoverable Volumes

Project	Licence	Nexus %	Sales Gas (PJ)	Condensate (MMStb)
Longtom	VIC/L29	100%	102	1.14

Discovered Petroleum Initially In-place Volumes – P50 Best Estimate

Whole Field Volumes[2]	Licence	Nexus %	Gas In Place[2] (Bcf)	Condensate In Place[2] (MMbbls)
Crux[3]	AC/RL9	15%	2493	88
Echuca Shoals-1[1],[4]	WA-377-P	100%	35	1.4
Grayling-1A[1],[4]	VIC/L29	100%	33	1

Undiscovered Petroleum Initially In-place Volumes[1] – P50 Best Estimate Unrisked[5]

Whole Prospect Volumes[2]	Licence	Nexus %	Gas In Place[2] (Bcf)	Condensate In Place[2] (MMbbls)
Gemfish	VIC/L29	100%	274	12
Grayling appraisal	VIC/L29	100%	86	2
Longtom West	VIC/P54	100%	292	3
Auriga	AC/RL9	15%	1280	39
Caelum	AC/RL9	15%	1080	37
Shiraz	AC/RL9	15%	230	7
Sextans	AC/RL9	15%	170	6
Echuca Shoals/Fossetmaker	WA-377-P	100%	743	22
Mashmaker	WA-377-P	100%	1497	45
Cooper	WA-377-P	100%	1537	48

Explanatory Notes:

1. Estimate as at 30 June 2013
2. 100% Field/Prospect Volume
3. The reported Crux P50 estimates of discovered petroleum initially in place represent 100% field volumes that have not been reduced for Nexus' 15% interest. They were prepared by Gaffney, Cline & Associates (GCA) as of 31 October 2011 and reported to Nexus in November 2011, and have not been updated since. GCA is not aware of any activity that may have taken place on this lease since that report. The volumes do not at this stage include any assessment of the proportion of the quantities that may be recoverable or the chance that they will be developed and recovered. Contingent Resources will be assessed when development options for an integrated LNG/liquids project are further progressed.
4. Reported volumes are 'P50 best estimate' discovered petroleum initially in place, based on Nexus in house evaluations.
5. Reported volumes are unrisked 'P50 best estimate' undiscovered petroleum initially in place, based on Nexus in house evaluations.

2012-2013 OPERATIONS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

LONGTOM ASSET

Nexus supplies gas and condensate from the offshore subsea wells, Longtom-3 and Longtom-4, in the VIC/L29 Petroleum Production Licence block. The gas and condensate are processed at the Santos owned Patricia-Baleen plant and the products are sold to Santos under a long term Longtom Gas Sales Agreement (GSA).

Longtom is a strategically located asset with exploration upside in a tightening East Coast Australian gas market. During the year, Nexus made significant progress to optimise value in the asset, ensuring Nexus is well positioned to benefit from these positive dynamics in the future.

Revised Gas Sales Agreement Terms

On 14 May 2013, Nexus announced that amendments to the terms of the GSA had been agreed with Santos which would cover the delivery of the remaining contract quantity of 83PJ of gas to 31 December 2018. Nexus believes the amended terms, effective from 1 July 2013, significantly enhances the project value, providing:

- enhanced value of the Longtom asset through a revised accelerated production profile and pricing structure; and
- revised contract parameters that support a strong business case for the forward work program, which includes the drilling of Longtom-5.

Consistent with the amended production profile, Nexus plans to drill the Longtom-5 well in late 2014, which will result in increased deliveries to Santos from early 2015. The required program also includes work at Longtom-4 well to access previously unexploited proven sands. Under these arrangements, a strong business case for the development of the Longtom asset has been achieved, with the new supply requirements under the revised terms of the GSA being met in full.

The revised terms of the GSA also include the framework for Nexus to supply additional gas volumes to Santos before the end of the 2018 calendar year, which would be considered in light of market conditions at the time and agreement between the parties. This was a positive commercial outcome, and met Nexus' objective of realigning the asset to benefit from future gas supply and demand.

Gas Production

During the 2013 financial year the Longtom-3 and Longtom-4 wells supplied 11.3PJ of gas and 88.2 kbbl of condensate. Peak production was 59 TJ/d of gas, in accordance with buyer nominations and 500 bbl/d of condensate.

For the first half of the year the field infrastructure performed reliably with system availability of 99.9 per cent.

On 14 January 2013, Nexus announced that production from the Longtom gas processing facility had been suspended due to an electrical fault within the offshore facilities. An offshore campaign was jointly conducted with Santos using an underwater remotely operated vehicle in February 2013. This involved significant testing of the offshore electrical system over a 14 day program and identified the fault as being within the offshore facilities. A Santos led campaign involving mobilisation of a diving support vessel and divers was conducted in May 2013 and was successful at remediating the fault without incident.

As part of the May 2013 offshore program, Nexus performed planned maintenance activities that included corrosion testing on the Longtom facilities and pipeline. These maintenance activities were completed on time and under budget. The results showed that the facilities and pipeline were performing within their design basis. Further electrical testing was also undertaken as a basis for future maintenance planning, and other minor maintenance activities were completed on the subsea equipment.

Longtom Future Development

Following further technical studies during the FY 2013, which included seismic reprocessing and a rebuilt subsurface model, Nexus' subsurface understanding of the Longtom field has been further enhanced. Field infill well opportunities recognised as part of the rebuilt subsurface model will now be progressed.

The development plan has been optimised to meet the revised gas supply requirements and includes:

- Longtom-5 infill well to be drilled in late 2014;
- opening up previously unexploited proven gas sands in Longtom-4; and
- inlet pressure reduction at the Patricia-Baleen plant to increase recovered volumes.

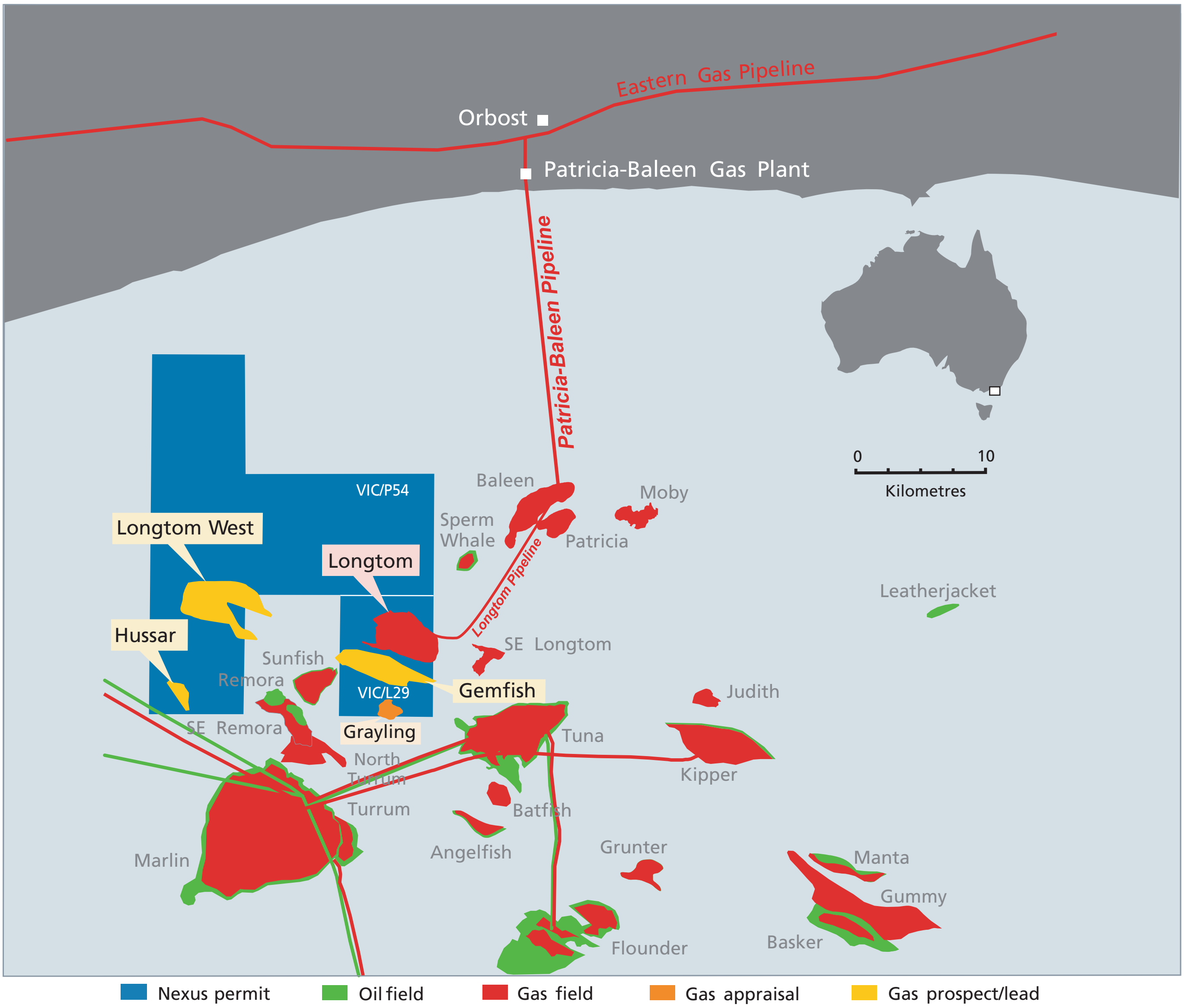
The Longtom-5 well targets proven undeveloped gas reserves, currently not being accessed by the producing Longtom-3 and Longtom-4 wells (see map of Gippsland Basin on page 15). As with the producing wells, it will be drilled with horizontal sections completed within the gas bearing reservoirs.

The proven gas within the 400 reservoir intersected in the Longtom-4 well is currently behind a sliding sleeve and not being accessed. The well will be re-entered and the sleeve opened to allow gas flow from the 400 reservoir.

Under the revised GSA terms, Nexus has greater flexibility to add new volumes if market conditions prove attractive and the parties agree, potentially through the development of Longtom-6 or Gemfish. In line with this possibility, the exploration potential identified in the Production Licence VIC/L29 and the adjoining Exploration Permit VIC/P54, offers significant scope for reserves growth.

The Gemfish prospect, located 4km south of the existing Longtom field infrastructure, is considered by Nexus to be the best undrilled exploration opportunity on a risk/reward basis within the Nexus Gippsland acreage. Three reservoir targets are recognised. The primary reservoir target is the Golden Beach Sub group sands which is gas bearing in the Grayling-1A well and productive in fields such as Kipper (which is currently being developed by Esso, BHPB and Santos). Secondary targets are sands within the Intra Latrobe and the Emperor Sub group (the Longtom field reservoir). Pre-drilling technical planning for Gemfish is well advanced.

Gippsland Basin



Location of Longtom gas project and Gippsland Basin exploration prospects and leads in VIC/L29 and VIC/P54.

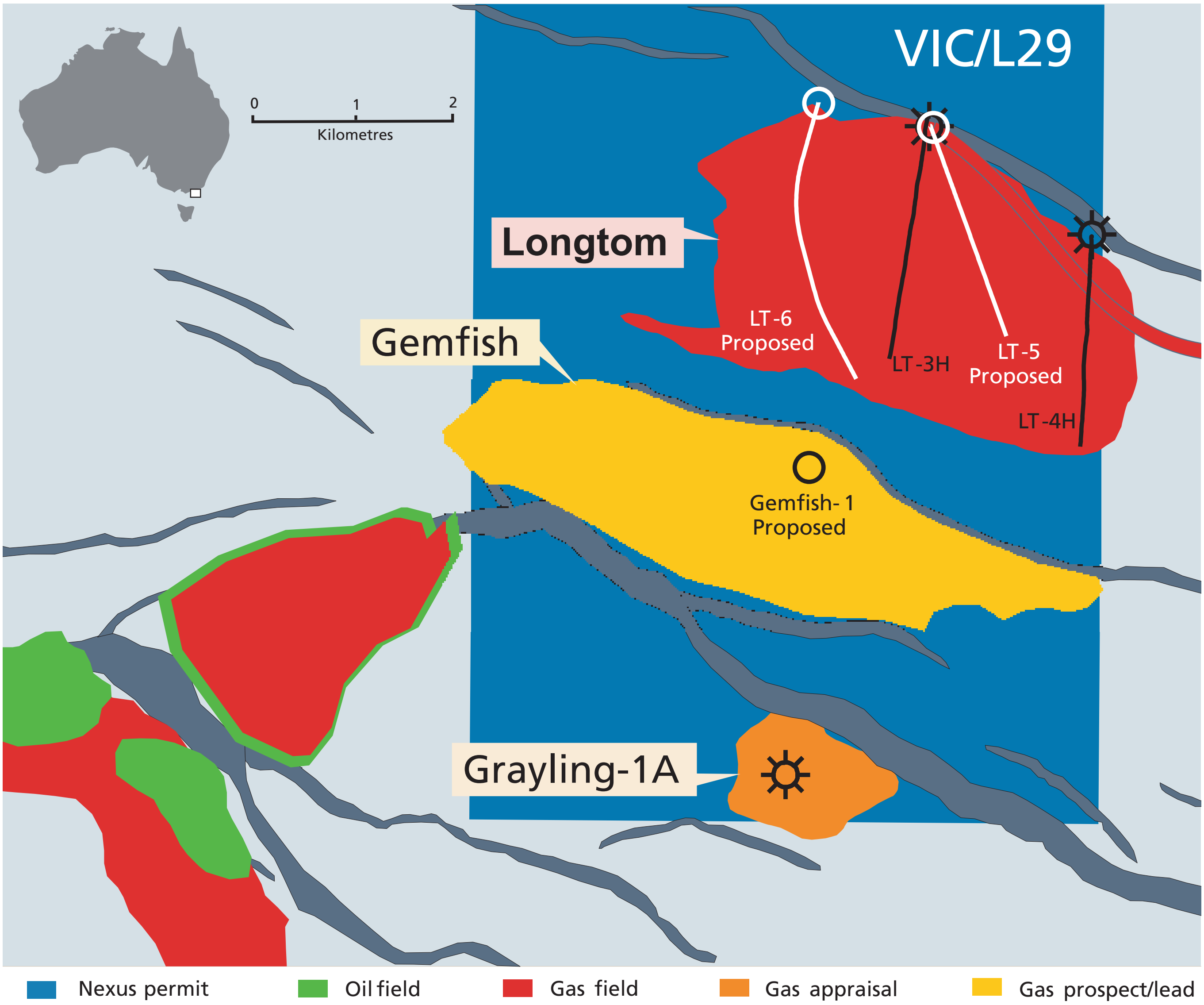
LONGTOM IS A STRATEGICALLY LOCATED GAS AND CONDENSATE PRODUCING ASSET WITH EXPLORATION UPSIDE IN A TIGHTENING EAST COAST AUSTRALIAN GAS MARKET.

LONGTOM ASSET
(CONTINUED)

The Grayling-1A Golden Beach gas discovery is located within a separate fault block approximately 3km south of the Gemfish prospect. As is common with other Golden Beach gas discoveries, a relatively high CO_2 content of c.20 per cent was encountered compared to less than 2 per cent CO_2 in the Longtom field. The Grayling appraisal is viewed as an attractive follow up to a success at Gemfish.

The Longtom West prospect is located on the Longtom fault terrace, some 20km west of the field. The unrisked undiscovered petroleum in-place (P50, best estimate) volume is substantial but geological risk for this prospect is relatively high compared with Gemfish.

Further potential is recognised in the Hussar lead with further technical evaluation underway following the discovery of oil and gas at SE Remora-1, located seven kilometres to the east by Esso and BHPB.[5] Our current view, however, is that there is limited gas volume potential for Hussar and it is currently considered technically immature for drilling. Subsurface geotechnical studies targeting trap definition are underway. The possibility of discrete oil pay zones, as seen in SE Remora, may offer a new and potentially high value revenue stream.



Gippsland drilling – proposed development wells Longtom-5 and Longtom-6, exploration prospect Gemfish.

5. Company announcements.

CRUX ASSET AND BROWSE BASIN

East Browse Basin is a proven gas province with proximity to high growth Asian LNG markets. A number of multinationals hold interests in large, world class gas assets in the region, where values are being driven by strong Asian LNG demand. According to a Geoscience Australia report[6], in excess of 30 Tcf gas and 1 billion barrels of condensate have been discovered to date in the basin. This places the Browse second only to the prolific Carnarvon Basin in terms of conventional reserves and resources.

The Browse landscape includes some outstanding assets, of which Crux is one. In Central Browse, Shell's Prelude project has final investment decision approval and is reported to be progressing well.[7] If successful, this project will compete with PETRONAS' Kanowit project to become the world's first FLNG facility. Similarly INPEX Corporation's Ichthys LNG development, which will see gas piped to an onshore plant in Darwin, is now under construction.[8]

Drilling activities in the region are continuing with ConocoPhilips, Santos and Total each involved in drilling campaigns.[9]

Nexus' Browse Basin assets, namely Crux and Echuca Shoals, are proximate to these large gas and condensate fields. The Crux field and associated exploration potential is set to play an important role in the region and may form the basis of a potential new hub in the East Browse area.

Crux (AC/RL9)

Crux is a large gas and condensate resource ideally positioned to benefit from deployment of FLNG technology in the Browse Basin. The Crux gas/condensate field has best estimate (P50) discovered petroleum initially in-place of 2.5 Tcf gas and 88 MMbbls condensate (refer to Estimated Reserves, Contingent Resources and Discovered and Undiscovered Petroleum Initially In-place table on page 13) (with Nexus having a 15 per cent interest in the field). Based on data from the five subsurface intersections, the reservoirs have excellent reservoir characteristics including high porosity and permeability, good liquids content and low CO_2 content.

Nexus made good progress towards its aim of unlocking value in Crux during FY 2013. In August 2012, Shell, Nexus and Osaka Gas executed a consolidation agreement to align the respective parties' interests in both the gas and liquids contained in the AC/L9 block. The consolidation of interests was completed on 23 October 2012, aligning the parties to realise the maximum value from the asset as a potential FLNG value play.

The Crux Joint Venture subsequently applied for and was granted a Retention Lease AC/RL9 by the National Offshore Petroleum Titles Administrator on 20 February 2013. This represented a significant milestone in the progression towards the commercialisation of the combined Crux gas and liquids project.

The Retention Lease work program provides a clear framework for the Crux Joint Venture to meet the Government's expectation of the earliest possible commercialisation of the Crux asset. It requires the venture to finalise the development concept within 30 days of the start of Year 5 (2017) with a view to progressing to a final investment decision. Included in the work program are technical studies and the drilling of a firm commitment well in Year 2 (2014) as a test of the Auriga prospect. This will be followed by a commercial viability test in Year 3 (2015).[10]

As part of the Nexus agreement with Shell, Nexus strengthened its balance sheet following the sale of 2 per cent of its interest in Crux to Shell for $75 million. The Joint Venture interests are now Shell (operator) 82 per cent, Nexus 15 per cent and Osaka Gas 3 per cent.

The exploration upside within the AC/RL9 lease area is high. The Auriga and Caelum prospects have a combined best estimate (P50, unrisked) undiscovered petroleum initially in-place of c. 2.4 Tcf gas, plus associated liquids (refer to Estimated Reserves, Contingent Resources and Discovered and Undiscovered Petroleum Initially In-place table on page 13) (with Nexus having a 15 per cent interest in the field). Additional undiscovered petroleum in-place has been recognised in the smaller Shiraz and Sextans prospects.

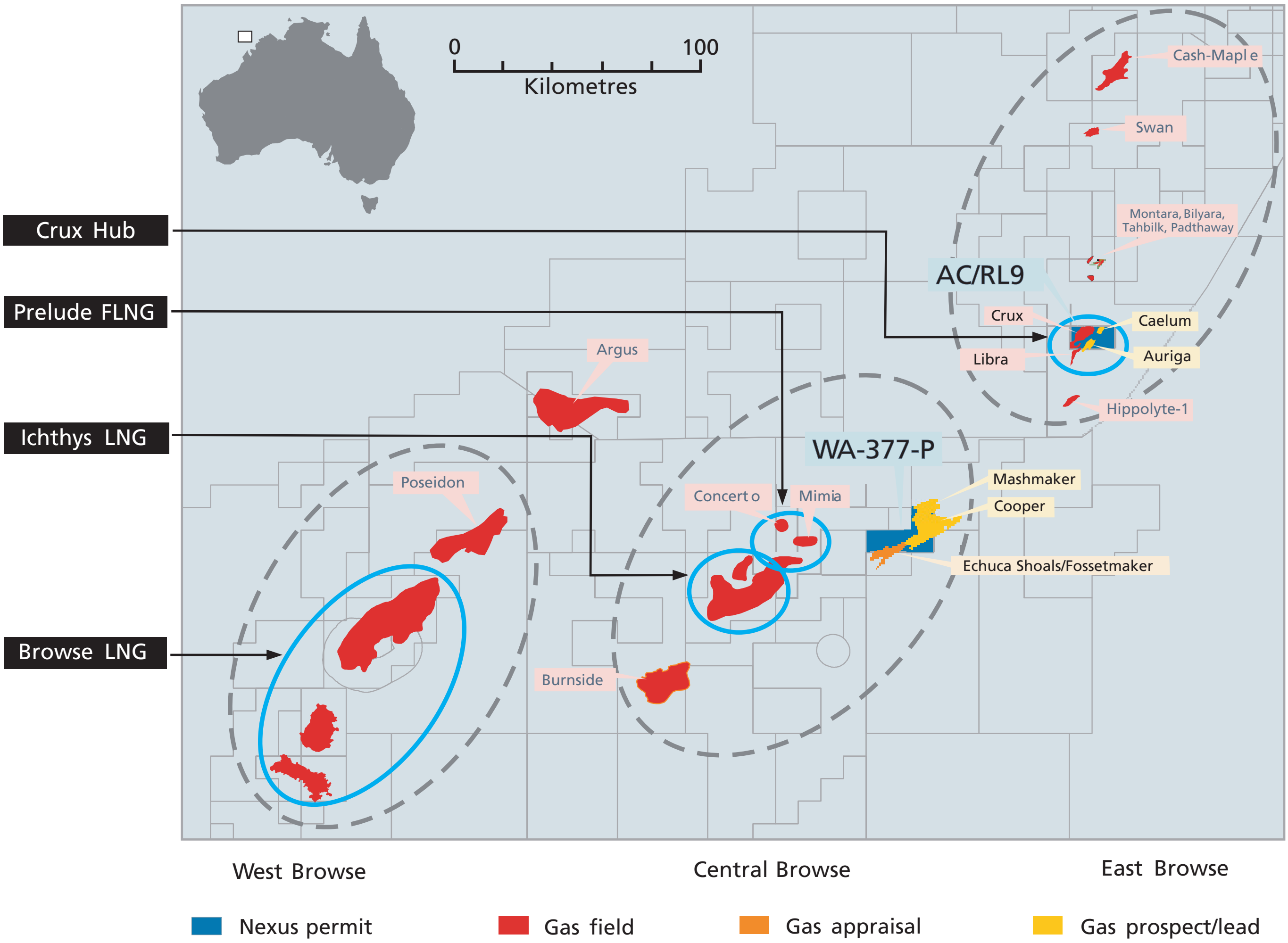
The outcome of drilling Auriga has the potential to be very high impact. If positive, it would unlock value in its own right and would also improve the commercial viability of a standalone FLNG facility. In accordance with the Retention Lease work program, planning for the 2014 drilling campaign is progressing well. In addition to the drilling of the Auriga well, the final plug and abandonment of the Crux-2/ST-1, Crux-3 and Crux-4 wells will be carried out (at the cost of Nexus (85 per cent) and Osaka Gas (15 per cent) up to an agreed cap formula, after which it will be a Crux Joint Venture cost).

The potential for a regional gas aggregation strategy has been recognised within the framework of the Retention Lease work program. The Crux field within AC/RL9 is well placed for aggregation, being within close proximity to other undeveloped third party gas discoveries such as Libra-1.

The Echuca Shoals Petroleum Exploration Permit WA-377-P is a 100 per cent owned asset with high exploration upside, located in a world class petroleum province. In particular, the permit is strategically located with respect to the developments at Ichthys LNG and Prelude FLNG, plus any future development of Crux. Significant exploration drilling success has continued in the Browse region which remains a focus for both gas development and exploration activities.

6. Australian Gas Resource Assessment Report 2012, Geoscience Australia
7. Company announcement
8. Company announcement
9. Company announcement
10. See Petroleum Retention Lease AC/RL9

CRUX ASSET AND BROWSE BASIN (CONTINUED)



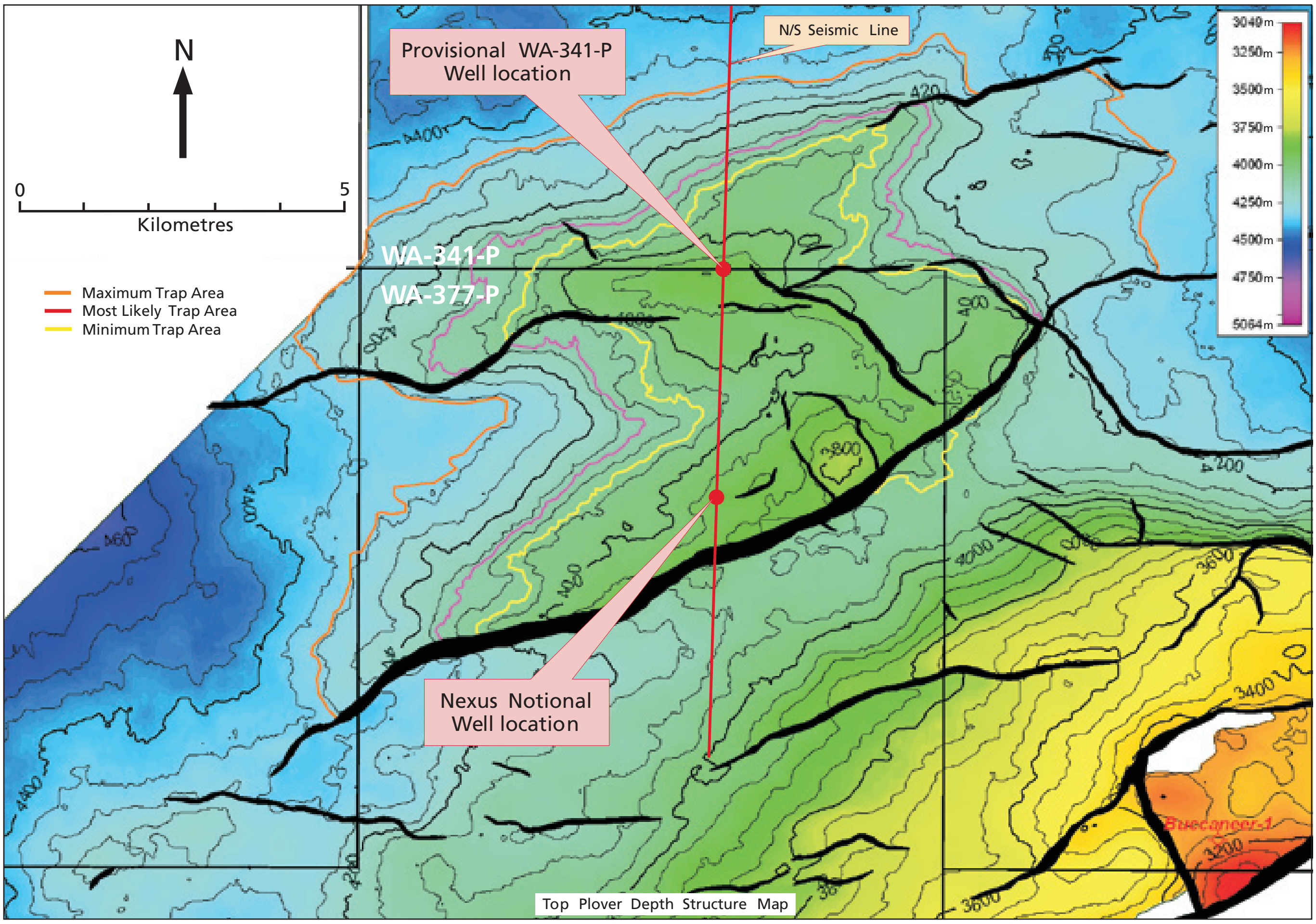
The permit is currently in Year 2 of a five year renewal term with one firm well commitment to be drilled by March 2015. Gas migration into the permit area has been confirmed by the two gas discovery wells drilled within the permit, Echuca Shoals-1 and Fossetmaker-1. The technical studies undertaken by Nexus have therefore focused on trap and reservoir definition using reprocessed seismic data. Following this work, the Mashmaker prospect is currently seen as the best candidate for the Year 3 commitment well. However, further appraisal of the Echuca Shoals/ Fossetmaker structure highlights these as strong candidates for future drilling. The best estimate (P50, unrisked) undiscovered petroleum initially in-place for each of these two opportunities is set out in the Estimated Reserves, Contingent Resources and Discovered and Undiscovered Petroleum Initially In-place table on page 13. The Cooper lead is less well defined but offers further exploration follow up but at higher geological risk.

Neighbouring Mashmaker, the WA-341-P joint venture operated by INPEX plans to drill a well in late 2013/early 2014.[11] Based on the provisional location, this well would target the mapped northern extent of the Mashmaker prospect. Nexus will closely follow the progress of the INPEX operated well.

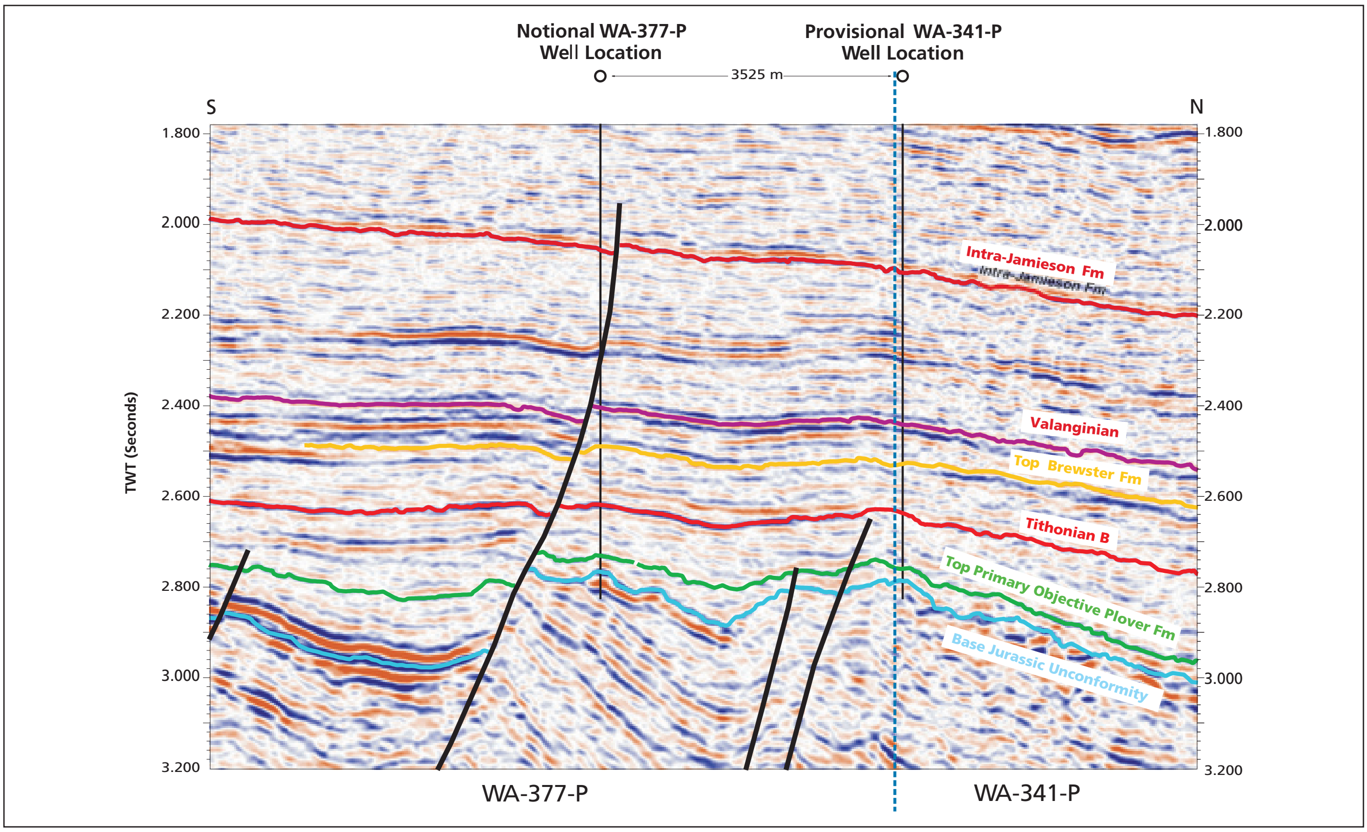
Screening economic studies addressed possible development scenarios with the conclusion that moderate exploration success volumes could be commercially viable as back fill to the nearby major developments with higher volume outcomes a candidate for a standalone FLNG development. It is expected that continued advancements in FLNG technology will lower the commercial threshold for such offshore gas developments.

The primary aim of the next drilling campaign will be to optimise the chance of intersecting gas with a substantial volume outcome in light of the focus on working towards a possible FLNG development.

11. Department of Sustainability, Environment, Water, Population and Communities, Gazette C2103G01289.



Nexus depth map, Top Plover level, with drilling locations marked.



Seismic line over the Mashmaker prospect showing provisional INPEX well location (Note: provisional WA-341-P well location based on coordinates as stated in the EPBC referral document).

DIRECTORS' REPORT

The Directors present their report of Nexus Energy Limited (the Company) and its subsidiaries (the Group) for the financial year ended 30 June 2013 and the independent audit report thereon.

BOARD OF DIRECTORS

The Board of Directors of the Company (the Board) has been in office since the start of the financial year to the date of this report unless otherwise stated:

Don Voelte AO
Non-Executive Chairman

Qualifications
Degree in Civil Engineering from the University of Nebraska.

Experience and Expertise
Don Voelte was appointed Chairman of Nexus Energy Limited on 11 October 2012. Mr Voelte is the Managing Director and Chief Executive Officer of Seven Group Holdings Limited and is Deputy Chairman of Seven West Media. Mr Voelte has over 25 years of experience in the global oil and gas industry. Prior to his tenure with Seven Group, he was Managing Director and Chief Executive Officer of Woodside Petroleum from 2004 to 2011. 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. Mr Voelte is a member of the Society of Petroleum Engineers, the American Society of Civil Engineers, the Chi Epsilon Honor Society, a Foreign Fellow to ATSE (FTSE) and a Fellow of the Australian Institute of Company Directors (AICD). He is a trustee of the University of Nebraska Foundation and was awarded the University of Nebraska Engineering Alumni of Year in 2002. Mr Voelte was appointed an Honorary Officer of the Order of Australia (AO) on 30 November 2012 by the Department of the Prime Minister and Cabinet.

Directorships Held in Other Listed Entities
Mr Voelte is the Managing Director and Chief Executive Officer of Seven Group Holdings and Deputy Chairman of Seven West Media. Prior to this, Mr Voelte was Managing Director and Chief Executive Officer of Seven West Media.

Special Responsibilities
Chair of the Nomination Committee
Member of the Audit and Risk Committee
Member of the Remuneration and Performance Committee

Interests in Nexus Securities
1,000,000 Ordinary Shares

Lucio Della Martina
Managing Director and Chief Executive Officer

Qualifications
B.Sc Chemical Engineering M.B.A.

Experience and Expertise
Lucio Della Martina commenced with Nexus Energy Limited on 13 May 2012 as Chief Executive Officer and was appointed Managing Director on 11 October 2012. Mr Della Martina has over 25 years experience in the international oil and gas industry. He has held various positions in Woodside covering gas business development, LNG marketing, supply planning and oil development. Prior to his tenure with Woodside, Lucio 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. Mr Della Martina graduated from the University of Natal, South Africa with a Bachelor of Science (Chemical Engineering) and later completed post graduate studies in engineering at the University Politecnico di Torino in Turin, Italy and business administration (MBA) at Henley Management College, UK. Mr Della Martina completed the Advanced Management Program at Harvard Business School in 2008.

Directorships Held in Other Listed Entities
Mr Della Martina has not been a Director of any other Australian listed entities in the past three years.

Special Responsibilities
Managing Director and Chief Executive Officer

Interests in Nexus Securities
4,250,000 Ordinary Shares
4,500,000 Performance rights

Symon Drake-Brockman
Non-Executive Director

Qualifications
B.Com

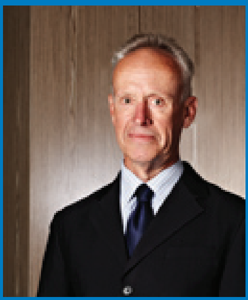
Experience and Expertise
Symon Drake-Brockman was appointed to the Board of Nexus on 18 November 2009. Mr Drake-Brockman has over 20 years of finance experience covering both the debt and equity markets. He was formerly Chief Executive Officer of RBS Global Banking and Markets in the Americas and Chief Executive Officer of RBS Greenwich Capital, Global head of RBS' Debt Markets division and Board member of RBS Global Banking and Markets. Mr Drake-Brockman previously held senior positions with ING Barings and JP Morgan in London, New York, Tokyo and Hong Kong.

Directorships Held in Other Listed Entities
Mr Drake-Brockman has not been a Director of any other Australian listed entities in the past three years.

Directorships Held in Other Listed Entities
Mr Drake-Brockman has not been a Director of any other Australian listed entities in the past three years.

Special Responsibilities
Chair of Remuneration and Performance Committee
Member of the Audit and Risk Committee
Member of the Nomination Committee

Interests in Nexus Securities
48,141,286 Ordinary Shares



John Hartwell
Non-Executive Director

Qualifications
M.Com (Economics)

Experience and Expertise
John Hartwell was appointed to the Board of Nexus on 31 March 2011. Mr Hartwell has over 18 years 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. The Resources Division 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.

Directorships Held in Other Listed Entities
Mr Hartwell has not been a Director of any other Australian listed entities in the past three years.

Special Responsibilities
Chair of Audit and Risk Committee
Member of Remuneration and Performance Committee
Member of Nomination Committee

Interests in Nexus Securities
400,000 Ordinary Shares

Michael Fowler
Non-Executive Director

Non-Executive Director until his resignation on 31 October 2012.

Michael Arnett
Non-Executive Director

Non-Executive Director until his resignation on 31 October 2012.

Ian Boserio
Non-Executive Director

Non-Executive Director until his resignation on 31 October 2012.

Steven Lowden
Non-Executive Director

Non-Executive Director until his resignation on 31 October 2012.

Susan Robutti
Company Secretary

Qualifications
B. Business
Member of Institute of Chartered Accountants in Australia

Experience and Expertise
Ms Robutti was appointed Company Secretary on 13 October 2006. Ms Robutti is a Chartered Accountant with extensive financial experience, having previously held the role of Financial Controller and Company Secretary with the Treasury Group of Companies. In April 2012, Ms Robutti was appointed Chief Financial Officer and Company Secretary.

LEADERSHIP TEAM

Lucio Della Martina
Managing Director & Chief Executive Officer

Qualifications
B.Sc Chemical Engineering M.B.A.

Experience and Expertise
Lucio Della Martina commenced with Nexus Energy Limited on 13 May 2012 as Chief Executive Officer and was appointed Managing Director on 12 October 2012. Mr Della Martina has over 25 years experience in the international oil and gas industry. He has held various positions in Woodside covering gas business development, LNG marketing, supply planning and oil development. Prior to his tenure with Woodside, Mr Della Martina 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. Mr Della Martina graduated from the University of Natal, South Africa with a Bachelor of Science (Chemical Engineering) and later completed post graduate studies in engineering at the University Politecnico di Torino in Turin, Italy and business administration (MBA) at Henley Management College, UK. Lucio completed the Advanced Management Program at Harvard Business School in 2008.

Susan Robutti
Chief Financial Officer & Company Secretary

Qualifications
B. Business
Member of Institute of Chartered Accountants in Australia

Experience and Expertise
Susan Robutti commenced with Nexus Energy Limited in 2006 as Company Secretary and Financial Controller and was appointed Chief Financial Officer in April 2012.

Ms Robutti is a Chartered Accountant with over 20 years experience in the financial services sector. She began her career working for a second tier accounting firm in Melbourne before leaving to further her career by joining the Treasury Group of Companies where she held the roles of Financial Controller and Company Secretary. Ms Robutti was also actively involved with the listing of Nexus Energy Limited in 2001 and was Company Secretary at that time.

Keith Jackson
Exploration Manager

Qualifications
B.Sc Hons, M.Sc, Ph.D.

Experience and Expertise
Keith Jackson commenced with Nexus Energy Limited in September 2010 as Exploration Manager.

Mr Jackson is a geologist by training and has over 30 years international experience in oil and gas exploration with both major corporations (including 18 years with Shell) and junior explorers. He has been actively involved in exploration campaigns within several major petroleum provinces across Australia (NW Shelf, Gippsland, Cooper/Eromanga), Canada (McKenzie Delta), Holland (North Sea), SE Asia (Malaysia, Indonesia) and Africa (Ethiopia Ogaden rift basin). His new ventures work has exposed him to other regions such as the Philippines and the Indian sub-continent.

Margaret Hall
Development Manager

Qualifications
B. Eng (Met) Hons
Member of Society of Petroleum Engineers and Institute of Engineers Australia

Experience and Expertise
Margaret commenced with Nexus Energy Limited in 2011 as Principal Petroleum Engineer and was appointed Development Manager in 2012. Prior to joining Nexus, Margaret gained nearly 19 years experience with ExxonMobil in Australia. Margaret's engineering experience spans roles in Drilling & Completions, Corrosion & Pipelines, Project Development, Joint Interest, and 11 years as a Senior Reservoir Engineer including a strategic advisory role on long term gas production and development.

Principal Activities

The principal activities of the Company during the course of the financial year were oil and gas exploration, development and production. Information on the operations of the Group is set out in the 2012-2013 Operations on pages 14 to 19 of this Annual Report.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the nature of the activities or state of affairs of the Group during the financial year. Information on the operations of the Group is set out in the 2012-2013 Operations on pages 14 to 19 of this Annual Report.

Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies for the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group. Information on the operations of the Group is set out in the 2012-2013 Operations on pages 14 to 19 of this Annual Report.

Dividends

The Directors of the Company do not recommend the paying of a dividend for the financial year. Since the end of the previous financial year, no dividend has been paid or declared.

Events Subsequent to Balance Date

Since the end of the financial year, the significant events referred to in Note 34 to the Financial Report have occurred. Except for the matters referred to in Note 34, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in financial periods subsequent to 30 June 2013.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the financial year.

Environmental Regulation

The Group is subject to significant environmental regulations in respect of exploration, development and production activities. The Group is committed to undertaking all of its exploration, development and production activities in an environmentally responsible manner. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any significant breach of those environmental requirements as they apply to the Company and the Group.

Indemnification of Directors and Officers

During the financial year, the Company paid a premium in respect of the contract insuring the Directors of the Company (as named above), the Company Secretary and all Executive Officers of the Company and of any related body corporate against a liability incurred by a Director, Secretary or Executive Officer. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify an auditor of the Company or of any related body corporate against a liability incurred as such by an auditor.

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Board		Audit and Risk Committee		Remuneration and Performance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Don Voelte AO	7	7	1	1	1	1
Lucio Della Martina	6*	6*	2*	2*	-	-
Symon Drake-Brockman	8	8	2	2	1	1
John Hartwell	8	8	1	1	1	1
Michael Fowler	2	2	1	1	-	-
Michael Arnett	2	2	1	1	-	-
Ian Boserio	2	2	1	1	-	-
Steven Lowden	2	0	1	1	-	-

* Attended the Committee meeting in his capacity as an Executive.

Review of Operations

Information on the operations of the Group is set out in the 2012-2013 Operations on pages 14 to 19 of this Annual Report.

Results

The consolidated result of the Group for the financial year was a profit after income tax of $17.5 million (2012: loss $342.3 million). The profit for the year is mainly attributable to the profit on disposal on Crux of $45.8 million. During the financial year Nexus exercised the 2 per cent put option with Shell reducing its interest in Crux from 17 per cent to 15 per cent.

Financial Position

The net assets of the Group at 30 June 2013 totalled $309 million which represents a $17.9 million increase on prior year. The Group has total assets of $541.6 million which is mainly consisting of capitalised costs relating to the Longtom asset ($139.2 million) and the Crux asset ($218 million). The Group has total liabilities of $232.7 million which mainly consists of borrowings totalling $146.5 million and provisions of $59.9 million.

Remuneration Report

The Directors of Nexus present this Remuneration Report for the year ended 30 June 2013 in accordance with Section 300A of the Corporations Act 2001. The information provided in this report has been audited as required by section 308(3C) of the Corporations Act 2001. The Remuneration Report forms part of the Directors' Report.

The Board implemented significant changes to its remuneration practices in light of the 'first strike' for the 2011 Remuneration Report and in response to the concerns raised by shareholders and stakeholder advisory groups (key stakeholders) for that year.

Remuneration Report (continued)

In the 2012 financial year, the Board implemented a number of significant improvements to ensure the remuneration practices of the Group are clear and easy to understand and provide a clear explanation of the link between remuneration outcomes against set objectives which support the Group's strategy. Nexus remains focused on delivering value for our shareholders. Ensuring we maintain an executive remuneration framework which aligns with this objective continues to be a key priority for the Board.

As a result of these improvements, at the Annual General Meeting held in November 2012, 95 per cent of the votes received from shareholders supported the 2012 Remuneration Report. This was a positive response from shareholders given the 'first strike' noted for the 2011 Remuneration Report.

The 2013 Remuneration Report continues with the strategy of continued improvement and disclosure of our remuneration practices with shareholders and key stakeholders. The Board believe that the remuneration strategy provides an explanation of its practices and provides a link between the remuneration outcomes against the delivery of set objectives which support our strategy.

The Remuneration Report sets out remuneration information pertaining to the Company's Directors and executives who are the key management personnel of the consolidated group for the purposes of the Corporations Act 2001 and the Accounting Standards. The Directors and Executives disclosed in the Remuneration Report during the financial year are as follows:

Name	Position
Don Voelte AO	Non-Executive Chairman appointed on 11 October 2012
Lucio Della Martina	Managing Director and Chief Executive Officer. Appointed Managing Director on 11 October 2012
Symon Drake-Brockman	Non-Executive Director
John Hartwell	Non-Executive Director
Michael Fowler	Non-Executive Director until his resignation on 31 October 2012
Michael Arnett	Non-Executive Director until his resignation on 31 October 2012
Ian Boserio	Non-Executive Director until his resignation on 31 October 2012
Steven Lowden	Non-Executive Director until his resignation on 31 October 2012

Key management personnel	Position
Susan Robutti	Chief Financial Officer and Company Secretary
Keith Jackson	Exploration Manager
Margaret Hall	Development Manager. Appointed 20 September 2012
John Ah-Cann	Longtom Asset Manager and Drilling Manager until ceasing employment on 9 January 2013
Stuart Jones	General Manager Finance and Investor Relations until ceasing employment on 1 August 2012

Key Developments for the Year Ended 30 June 2013

The Board of Nexus has continued with the improvements made in 2012 to further strengthen our remuneration practices. The following key actions and comments have been summarised in the table below:

Item	Nexus Key Action/Comment	Further Detail
Director Independence and Non-Executive Directors	**Director Independence** On 11 October 2012 Don Voelte was appointed as the Non-Executive Chairman replacing Michael Fowler as Chairman. Michael Fowler resigned effective 31 October 2012. Don Voelte is the independent Non-Executive Chairman which satisfies the requirements of Corporate Governance Recommendation 2.2 of the revised Corporate Governance Council Principles which provides that the Chair should be an independent director. This appointment has further strengthened the Independence of the Board of Directors. **Nomination Committee Fees** Effective 1 July 2012, the Board resolved to remove Director's fees for this sub-committee.	Section 9

Item	Nexus Key Action/Comment	Further Detail
Review and amendment of the Short Term Incentive (STI) Policy	A review of the weighting scale for the Short Term Incentive (STI) assessment was undertaken during the 2013 financial year. The objective of the new weighting scale was to support a high performance driven culture across the organisation. Following approval from the Remuneration and Performance Committee, the new weighting structure was applied to the 2013 Financial Year STI assessment process across the organisation.	Section 2
Related Party Transactions	**Related Party Transactions** A continued focus was placed on services provided by Director related entities during the 2013 financial year. Historically, consulting services have been provided by Director related entities as this was considered the best option available (timing and cost effective) at the time to assist the Company through the initiatives undertaken. The Board at all times has ensured that these services were performed at arms-length and at market rates. The Company acknowledges the concerns raised by shareholders and stakeholder groups in relation to consultancy services provided by Director related entities and can confirm that no consultancy fees were paid to Director related entities for the 2013 financial year. Related Party transactions have been fully disclosed in Note 33 of this report.	Note 33

The Remuneration Report is presented in the following sections:

1. Executive Remuneration Policy and Framework
2. Review and amendment of Short Term Incentive Policy
3. External Advisers and Consultants
4. Managing Director and Chief Executive Officer Remuneration
5. Key Management Personnel Remuneration
6. Linking Remuneration to Performance
7. Remuneration for the Financial Year Ended 30 June 2013
8. Terms of Employment and Contracts
9. Non-Executive Directors
10. Shareholdings
11. Performance Rights over Ordinary Shares

1. Executive Remuneration Policy and Framework

Remuneration Policy

Nexus aims to remunerate executives fairly, responsibly and competitively for their contributions to the business. In line with this objective, Nexus' policy is to position executive total remuneration levels relative to those of similar sized companies. Executive pay levels are determined on a combination of external benchmarks, assessments of individual performance and internal relativities.

The key objective of the remuneration policy is to promote and recognise excellence in a way that is fair and responsible and to ensure Nexus:

- provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- aligns the interests of shareholders, employees and other stakeholders with Nexus' objectives and values;
- sets demanding levels of performance which are clearly linked to an executive's remuneration;
- benchmarks remuneration against appropriate industry groups; and
- complies with applicable legal requirements and corporate governance.

The remuneration policy is reviewed and approved annually by the Board's Remuneration and Performance Committee.

Remuneration Report (continued)

Remuneration Framework

Supporting achievement of Nexus' business objectives is the cornerstone of our approach to executive remuneration. Through the use of market competitive remuneration linked to performance, individuals are rewarded for contributions to sustain company performance and delivery of shareholder value.

<table>
<tr><th colspan="3">Business Objective</th></tr>
<tr><td colspan="3">To deliver superior, sustainable and responsible wealth creation to Nexus shareholders by focusing on company performance, achieving set objectives and financial and risk management. This focus is supported by our strong culture and values which are driven by our executive team.</td></tr>
<tr><th colspan="3">Remuneration Strategy, Objectives and Approach</th></tr>
<tr><td colspan="2">Align executive remuneration with Nexus performance and the creation of shareholder value.</td><td>Deliver a market competitive remuneration framework to attract, motivate and retain executives of the highest calibre.</td></tr>
<tr><th colspan="3">Remuneration Elements</th></tr>
<tr><td>Base Remuneration
• Comprises salary and superannuation.
• Base remuneration is reviewed annually.
• Based on the individual's experience, skills and performance and the ability to retain executives of the highest calibre.</td><td>Short Term Incentive (STI)
• Annual bonus which is linked to the individual and company performance in the achievement of strategic objectives.
• Business plan objectives consistent with strategic goals.</td><td>Long Term Incentive (LTI)
• Equity grants tied to vesting conditions tested over a three year period.
• Vesting of Executive LTI is measured by the Total Shareholder Return (TSR) of Nexus ordinary shares relative to the TSR of a comparative group of other oil and gas companies and the ASX Energy Index over the vesting period.</td></tr>
</table>

Weightings of Remuneration Components

The Managing Director and Chief Executive Officer (MD and CEO) and key management personnel remuneration structure is consistent with Nexus remuneration policy approved by the Board of Directors. The relative weightings of the three components comprising the MD and CEO and key management personnel remuneration are detailed as follows:

	% of Total Remuneration (Annualised)		
		Performance Based Remuneration	
	Base Remuneration	STI	LTI
Managing Director and Chief Executive Officer	Market Value	30% to 50% of Total Fixed Remuneration (TFR)	Up to 75% of TFR
Key Management Personnel	Market Value	Up to 25% of Total Fixed Remuneration (TFR)	Up to 25% of TFR

The market value for fixed remuneration for the MD and CEO, key management personnel and employees is benchmarked using an industry salary survey which benchmarks similar sized companies within the oil and gas industry within Australia.

2. Review and Amendment of Short Term Incentive Policy

A review of the weighting scale for the Short Term Incentive (STI) assessment was undertaken during the 2013 financial year. The purpose of the new weighting scale was to create and support a high performance driven culture across the organisation that recognised and rewarded high performing staff. As part of the process, a disciplined assessment process was also implemented across the organisation.

The Performance Review Model for the 2013 FY STI Plan was based on an assessment against corporate goals and individual Key Performance Indicators (KPIs), weighted 70 per cent and 30 per cent respectively. The corporate goals performance measures include Business Growth, Cash Flow Management, Production and HSEC.

The revised STI framework provides that the STI weighting scale to apply to the assessment of individual KPIs for the 2013 financial year (weighted at 30% by a multiple range of between 0 to 1.5) be amended to provide an incentive and reward staff that exceed their objectives to create and support a high performance driven culture. Following approval from the Remuneration and Performance Committee, the new weighting structure was applied to the 2013 financial year STI assessment process across the organisation.

3. External Advisers and Consultants

In performing its role, the Board and the Remuneration and Performance Committee directly commission and receive information, advice and recommendations from independent external advisers. In the prior financial year, the Remuneration and Performance Committee established a process for obtaining external advice in respect of Non-Executive Directors, MD and CEO, key management personnel and employees.

During the year, the remuneration consultants were engaged by the Committee in accordance with the Board approved process to provide remuneration recommendations in respect of the following:

Advisor	Advice and or services provided	Fees
National Rewards Group (NRG)	Nexus is a member of the NRG who provided salary survey information for similar companies within our peer group.	$3,727

The Directors are satisfied that the services performed by these advisers were made free from undue influence from any members of the key management personnel.

4. Managing Director and Chief Executive Officer Remuneration

Lucio Della Martina commenced as Chief Executive Officer on 13 May 2012 and was appointed Managing Director on 11 October 2012. Mr Della Martina's remuneration is governed by his contract of employment, which in summary is comprised of:

- Base Remuneration
- Short Term Incentive (STI)
- Long Term Incentive (LTI)

As part of the process appointing the MD and CEO, the total remuneration package was benchmarked to ensure the remuneration package was comparable with other similar size companies within the Australian oil and gas industry.

Base Remuneration

Mr Della Martina is paid a Total Fixed Remuneration (TFR) which includes the Company's contributions into his accumulated superannuation fund of at least the minimum statutory amount. Mr Della Martina may, if he wishes, salary sacrifice part of his TFR for additional superannuation contributions. Mr Della Martina's TFR is $600,000 inclusive of superannuation.

Short Term Incentive

Mr Della Martina's package included an STI component (based on $250,000) for the 12 month period following his appointment, subject to the satisfaction of Key Performance Indicators (KPIs) set by the Board. The agreed KPIs comprise a combination of strategic, financial and operational targets that were consistent with the company's corporate strategy.

At the end of the first year of employment, the Remuneration and Performance Committee assessed the performance against KPIs set by the Board and made a recommendation to the Board in relation to Mr Della Martina's performance and the appropriate level of STI award consistent with the revised STI framework (applying multiple range of between 0 to 1.5 of his STI component).

The Board reviewed the recommendation of the Committee and concluded Lucio Della Martina had achieved a result of 117 per cent. This equated to an STI cash payment of $292,500 for the 12 month period to 14 May 2013 which was paid prior to the end of the financial year.

Long Term Incentive

On commencement with the Company Mr Della Martina was granted 4,500,000 zero priced performance rights with a vesting period of three years. Vesting of these performance rights will be measured by the Total Shareholder Return (TSR) of Nexus ordinary shares relative to the TSR of a comparative group of other oil and gas companies and the ASX Energy Index over the vesting period.

Vesting will be in accordance with the following schedule:

Percentile	Proportion of Awards Vesting
Below 50th	0%
50th	50%
Between 50th and 75th	Pro rata between 50% and 100%
75th and above	100%

There is no retesting of the performance condition. The performance rights will lapse if the performance condition is not met.

4. Managing Director and Chief Executive Officer Remuneration (continued)

In accordance with the Managing Director and Chief Executive Officer's terms of employment, Mr Della Martina has been offered 4,255,300 zero priced performance rights under the terms of the Executive Director and Employee Plan for the year ended 30 June 2013. The performance rights have a vesting period of three years to 13 May 2016 and will be measured by the Total Shareholder Return (TSR) of Nexus ordinary shares relative to the TSR of a comparative group of other oil and gas companies and the ASX Energy Index over the vesting period. At the next Annual General Meeting on 21 November 2013 the Company, will seek shareholder approval of the issue to Mr Della Martina of 4,255,300 zero priced performance rights to satisfy his long term incentive entitlement.

Terms of Remuneration

Mr Della Martina has a three year contract expiring on 15 May 2015. Under the terms of his agreement Mr Della Martina is required to provide a three month notice period for resignation and termination and is entitled to six months Total Fixed Remuneration on resignation and termination.

5. Key Management Personnel Remuneration

The key management personnel remuneration packages are benchmarked against Australian based oil and gas industry roles.

Base Remuneration

Salary and Superannuation	Key management personnel receive a Total Fixed Remuneration (TFR) which is the base remuneration including superannuation. The TFR is determined by the scope and responsibility of the role, skill and experience of the individual. The Company makes contributions into their nominated superannuation funds of at least the minimum statutory amount. Key management personnel may, if they wish, salary sacrifice part of their TFR for additional superannuation contributions.
Benefits	Key management personnel do not receive any benefits in addition to TFR.
Market Benchmark	Benchmarking of key management personnel is performed using the National Rewards Group (NRG) salary survey.

Short Term Incentive (STI)

Frequency	STI is assessed at the end of each financial year and paid annually.
Performance Measures	To ensure performance is in line with the corporate objectives and to ensure efforts are focused towards the overall benefit of the Company, 70 per cent of the STI is linked to Company performance. The remaining pool of 30 per cent is based on individual performance. The performance measures used in assessing performance include but are not limited to Company performance, health and safety, production and asset management, cost control and staff management. Individual performance is assessed against set key performance indicators within each executive's own area of responsibility which are assessed by the MD and CEO. The Remuneration and Performance Committee review STI proposals and approves the level of STI paid.
Assessment of Performance	Individual performance is assessed by the MD and CEO.
Payment Method	Cash
STI Awarded in 2013	Company performance against the measures in 2013 financial year resulted in an average STI of 64 per cent of the maximum payable to all employees.

Long Term Incentives (LTI)

Vesting Period	Three years from date of issue.
Vesting Condition	Vesting of the performance rights issued is subject to a performance test. A proportion (between nil and 100%) of the performance rights (as determined by the performance test), will vest at the end of the vesting period (the vesting date) with the Board having the discretion to vary the vesting conditions in certain circumstances. The performance rights will be exercisable in the 12 month period commencing on the vesting date. The performance test for the performance rights issued to key management personnel will be measured by the Total Shareholder Return (TSR) of Nexus ordinary shares relative to the TSR of a comparative group of other oil and gas companies and the ASX Energy Index over the vesting period. Vesting of the performance rights issued will be as follows: • top quartile ranking is required for all performance rights to vest; • 50 per cent of the performance rights will vest at the 50th percentile with proportionate vesting to the 75th percentile; and • no performance rights will vest if Nexus ranks in the third or fourth quartile.
Vesting	Upon satisfaction of vesting conditions each performance right is convertible into one ordinary share of the Company. Once converted to shares there are no trading restrictions on the shares.
Expiry/Lapse	Performance rights that do not vest upon testing of the performance condition will lapse.
Cessation/change of Control	Upon cessation of employment, performance rights which have not already vested will lapse and be forfeited. If cessation occurs due to death, disability or redundancy the performance rights will generally lapse and be forfeited within 30 days of ceasing employment. The Board has the discretion to vary the vesting conditions in certain circumstances. In the event of a change of control, all unexercised performance rights will vest immediately.
Hedging Policy	Consistent with the objective of creating an alignment of interests, Directors and senior executives are not permitted to enter into margin loan agreements that provide lenders with rights over their interests in Company securities unless those securities are no longer subject to restrictions. Breaches of this policy will be subject to appropriate sanctions, which could include disciplinary action or termination of employment.

6. Linking Remuneration to Performance

Eligible employees may be entitled to receive an STI cash bonus after the conclusion of each financial year following an assessment of performance against defined individual Key Performance Indicators (KPIs) as well as Nexus achieving corporate goals over the financial year.

Company performance against the measures in 2013 resulted in an average STI of 64 per cent of the maximum payable to all employees. The STI will be awarded to staff during the 2014 financial year. In assessing the performance for STI purposes the following was assessed:

Corporate Goals (70%)

- Total Shareholder Return (TSR)
- Cash Flow Management
- Longtom Production and Performance
- HSEC (Health, Safety, Environment and Community)

Individual Key Performance Indicators (30%)

The MD and CEO, key management personnel and staff have an at risk component of their remuneration based on the Company's overall financial performance and shareholder returns.

The following table outlines the Company's earnings and share performance since 30 June 2010. The Group's performance over the last two financial years has been significantly impacted by non-cash transactions such as asset impairments, Longtom amortisation and the taxation impact of petroleum resource rent tax credits (PRRT).

6. Linking Remuneration to Performance (continued)

Financial Year Ended	30 June 2010 $000	30 June 2011 $000	30 June 2012 $000	30 June 2013 $000
Longtom revenue	28,552	66,608	80,670	51,996
Longtom operating profit/(loss)	(2,930)	(1,843)	14,500	18,572
Profit/(loss) before income tax	(50,738)	(144,042)	(283,441)	28,803
Profit/(loss) after income tax	1,031	(39,202)	(342,323)	17,548
Net assets at the end of the financial year	528,583	632,899	291,111	308,974
Share price at the end of the financial year (cents)	25	33	11	7.9
Basic profit/(loss) per share (cents)	0.12	(3.73)	(25.8)	1.32

Refer to the Review of Operations section of this Directors' Report for further details on the Group's performance.

7. Remuneration for the Financial Year Ended 30 June 2013

Details of the remuneration of key management personnel of Nexus Energy Limited are as follows:

	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance		
	STI % (At Risk)	LTI % (At Risk)	Salary/Fees % (Fixed)	Shares (Fixed)	Total %
Executive Directors					
Lucio Della Martina[1]	26	22	52	-	100
Key Management Personnel					
Susan Robutti	4	9	87	-	100
Keith Jackson	12	4	84	-	100
Margaret Hall[2]	-	2	98	-	100
John Ah-Cann[3]	8	-	92	-	100
Stuart Jones[4]	28	-	72	-	100

1. Lucio Della Martina commenced with the Company on 13 May 2012 as the Chief Executive Officer and was appointed Managing Director on 11 October 2012.
2. Margaret Hall became a member of the key management personnel effective 20 September 2012.
3. John Ah-Cann ceased employment on 9 January 2013.
4. Stuart Jones ceased employment on 1 August 2012.

Director Remuneration for 2013

Directors	Short Term Benefits Salary & Fees $	Cash Bonus $	Other $	Post Employment Benefits Superannuation Contributions $	Termination Payment $	Increase/ (decrease) in Termination Benefits $	Long Term Benefits Long Service Leave Provision $	Share Based Payment Options $	Total $
Lucio Della Martina[(1)]	576,924	292,500	-	23,077	-	-	472	255,233	1,148,206
Don Voelte[(2)]	175,561	-	-	-	-	-	-	-	175,561
Symon Drake-Brockman	91,743	-	-	8,257	-	-	-	-	100,000
John Hartwell	87,156	-	-	23,588	-	-	-	-	110,744
Michael Fowler[(3)]	214,679	-	-	19,321	-	-	-	-	234,000
Michael Arnett[(4)]	42,814	-	-	3,853	-	-	-	-	46,667
Ian Boserio[(5)]	171,866	-	-	15,468	-	-	-	-	187,334
Steven Lowden[(6)]	25,993	-	-	2,339	-	-	-	-	28,332
	1,386,736	292,500	-	95,903	-	-	472	255,233	2,030,844

1. Lucio Della Martina commenced with the Company on 13 May 2012 as the Chief Executive Officer and was appointed Managing Director on 11 October 2012. The transactions in the above table cover the period 1 July 2012 to 30 June 2013.
2. Don Voelte was appointed as Non-Executive Chairman on 11 October 2012. The transactions in the above table for 2013 cover the period 11 October 2012 to 30 June 2013.
3. Michael Fowler resigned effective 31 October 2012. The transactions in the above table for 2013 cover the period 1 July 2012 to 31 October 2012.
4. Michael Arnett resigned effective 31 October 2012. The transactions in the above table for 2013 cover the period 1 July 2012 to 31 October 2012.
5. Ian Boserio resigned effective 31 October 2012. The transactions in the above table for 2013 cover the period 1 July 2012 to 31 October 2012.
6. Steven Lowden resigned effective 31 October 2012. The transactions in the above table for 2013 cover the period 1 July 2012 to 31 October 2012.

Director Remuneration for 2012

Directors	Short Term Benefits Salary & Fees $	Cash Bonus $	Other $	Post Employment Benefits Superannuation Contributions $	Termination Payment $	Increase/ (decrease) in Termination Benefits $	Long Term Benefits Long Service Leave Provision $	Share Based Payment Options $	Total $
Lucio Della Martina[(1)]	80,686	-	660,000	1,923	-	-	64	62,934	805,607
Richard Cottee[(2)]	160,551	-	-	14,450	42,707	-	-	(382,500)	(164,792)
Symon Drake-Brockman	97,205	-	-	8,749	-	(106,217)	-	-	(263)
John Hartwell	139,905	-	-	9,592	-	(16,482)	-	-	133,015
Michael Fowler[(3)]	666,694	-	-	60,002	-	-	-	-	726,696
Michael Arnett	137,616	-	-	12,385	-	(143,095)	-	-	6,906
Ian Boserio[(4)]	424,173	-	-	38,176	-	(106,217)	-	-	356,132
Steven Lowden	87,156	-	-	7,844	-	(106,613)	-	-	(11,613)
	1,793,986	-	660,000	153,121	42,707	(478,624)	64	(319,566)	1,851,688

1. Lucio Della Martina commenced with the Company on 13 May 2012 as the Chief Executive Officer and was appointed Managing Director on 11 October 2012. The transactions in the above table cover the period 13 May 2012 to 30 June 2012. Included in his remuneration for 30 June 2012 is the fair value of shares and performance rights issued in accordance with the terms of his employment contract.
2. Richard Cottee ceased employment on 22 September 2011. The transactions detailed in the above table for 2012 cover the period 1 July 2011 to 22 September 2011.On ceasing employment, performance rights held by Richard Cottee were forfeited.
3. Michael Fowler was appointed Executive Chairman on 22 September 2011. The transactions noted in the above table include executive remuneration through to 30 June 2012.
4. Ian Boserio was appointed Executive Director on 22 September 2011. The transactions noted in the above table include executive remuneration through to 30 June 2012.

7. Remuneration for the Financial Year Ended 30 June 2013 (continued)

Director Remuneration

The current maximum remuneration to Non-Executive Directors as approved by shareholders in September 2008 is $650,000 per annum. The total remuneration to Non-Executive Directors did not exceed the maximum remuneration cap for the financial years ended 30 June 2013 and 30 June 2012. In calculating the total remuneration to Non-Executive Directors, this excludes Executive Director Remuneration. For the year ended 30 June 2013 the Executive Director Remuneration relating to Lucio Della Martina, Michael Fowler and Ian Boserio is excluded for the purposes of calculating the total Non-Executive Director Remuneration. For the year ended 30 June 2012 the Executive Director Remuneration relating to Lucio Della Martina, Richard Cottee, Michael Fowler and Ian Boserio is excluded for the purposes of calculating the total Non-Executive Director Remuneration.

Key Management Personnel Remuneration 2013

	Short Term Benefits			Post Employment Benefits		Long Terms Benefits	Share Based Payments	
Key Management Personnel	Salary, Fees & Commissions $	Cash Bonus $	Other $	Superannuation Contributions $	Termination Payment $	Long Service Leave Provision $	Options $	Total $
Susan Robutti	416,004	20,769	-	25,000	-	14,949	47,245	523,967
Keith Jackson	353,533	54,850	-	25,000	-	439	19,081	452,903
Margaret Hall[1]	205,181	-	-	18,465	-	412	4,734	228,792
John Ah-Cann[2]	335,657	31,417	-	25,000	-	-	(45,604)	346,470
Stuart Jones[3]	66,782	25,298	-	1,373	-	-	(44,187)	49,266
	1,377,157	132,334	-	94,838	-	15,800	(18,731)	1,601,398

1. Margaret Hall became a member of the key management personnel effective 20 September 2012. The transactions in the above table for 2013 cover the period 20 September 2012 to 30 June 2013.
2. John Ah-Cann ceased employment on 9 January 2013. The transactions detailed in the above table for 2013 cover the period 1 July 2012 to 9 January 2013. On ceasing employment, performance rights held by John Ah-Cann were forfeited.
3. Stuart Jones ceased employment on 1 August 2012. The transactions detailed in the above table for 2013 cover the period 1 July 2012 to 1 August 2012. On ceasing employment, performance rights held by Stuart Jones were forfeited.

Key Management Personnel Remuneration 2012

	Short Term Benefits			Post Employment Benefits		Long Terms Benefits	Share Based Payments	
Key Management Personnel	Salary, Fees & Commissions $	Cash Bonus $	Other $	Superannuation Contributions $	Termination Payment $	Long Service Leave Provision $	Options $	Total $
Susan Robutti[1]	405,504	60,000	-	25,000	-	14,950	29,232	534,686
Keith Jackson	361,238	150,000	-	49,999	-	420	7,550	569,207
John Ah-Cann	605,196	55,500	-	50,000	-	1,169	45,604	757,469
Stuart Jones	504,228	-	-	15,775	-	1,312	44,187	565,502
Mike Maloney[2]	333,336	-	-	30,000	385,371	-	37,934	786,641
	2,209,502	265,500	-	170,774	385,371	17,851	164,507	3,213,505

1. Susan Robutti became a member of the key management personnel effective 1 July 2011. The transactions detailed above for 2012 cover the period 1 July 2011 to 30 June 2012.
2. Mike Maloney ceased employment on 31 March 2012. The transactions detailed in the above table for 2012 cover the period 1 July 2011 to 31 March 2012. Included in the 2012 remuneration is the final payment of salary in accordance with his contract.

Amounts disclosed for remuneration of Directors and other key management personnel exclude insurance premiums paid by the Company in respect of directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers.

Increase in Long Term Benefits

In accordance with the requirement of the Accounting Standards, an increase in the long term benefits reflects the increase in long service leave entitlements measured at the present value of the estimated future cash outflows to be made in respect of the key management personnel.

8. Terms of Employment and Contracts

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Consolidated Group.

Key Management Personnel	Contract Details
Susan Robutti Chief Financial Officer and Company Secretary	No fixed term. Three month notice period required to terminate. Upon redundancy, entitled to three months Total Fixed Remuneration for the first year of service plus one month of Total Fixed Remuneration for each additional year of service capped at a maximum of 12 months.
Keith Jackson Exploration Manager	No fixed term. One month notice period required to terminate. Upon redundancy, entitled to three months Total Fixed Remuneration for the first year of service plus one month of Total Fixed Remuneration for each additional year of service capped at a maximum of 12 months.
Margaret Hall Development Manager	No fixed term. One month notice period required to terminate. Upon redundancy, entitled to three months Total Fixed Remuneration for the first year of service plus one month of Total Fixed Remuneration for each additional year of service capped at a maximum of 12 months.
John Ah-Cann Longtom Asset Manager and Drilling Manager	Ceased employment on 9 January 2013.
Stuart Jones General Manager Finance and Investor Relations	Ceased employment on 1 August 2012.

9. Non-Executive Directors

Non-Executive Directors receive a base fee. In addition and in recognition of the higher workloads and extra responsibilities of participating in a Board committee, if applicable they also receive a committee fee. Chairing a committee attracts a higher fee rate. Directors do not receive performance related payments and do not receive performance rights. Non-Executive Director fees are determined by the Board based on advice from independent advisers, which includes market comparison of remuneration paid to Non-Executive Directors in a comparable group of similar sized companies. In 2012 the Board engaged Godfrey Remuneration Group Pty Limited (GRG) to conduct an external review of Non-Executive Directors fees.

The fee structure for Non-Executive Directors' is as follows:

Board		Committee	
Chairman	Member	Chairman	Member
225,000	75,000	15,000	10,000

Nomination Committee Fees

Effective 1 July 2012, the Board resolved to remove Director fees for this sub-committee.

10. Shareholdings

Number of ordinary shares held by Directors and other key management personnel as at 30 June 2013:

Directors	Balance 30/6/12	Received as Remuneration	Options Exercised	Shares Purchased	Shares Sold	Other	Balance 30/06/13
Lucio Della Martina[1]	3,000,000	-	-	-	-	-	3,000,000
Don Voelte[2]	570,000	-	-	430,000	-	-	1,000,000
Symon Drake-Brockman	48,141,286	-	-	-	-	-	48,141,286
John Hartwell	150,000	-	-	100,000	-	-	250,000
Michael Fowler[3]	5,378,122	-	-	1,459,663	-	(6,837,785)	-
Michael Arnett[4]	411,668	-	-	600,000	-	(1,011,668)	-
Ian Boserio[5]	455,000	-	-	300,000	-	(755,000)	-
Steven Lowden[6]	780,450	-	-	300,000	-	(1,080,450)	-
	58,886,526	-	-	3,189,663	-	(9,684,903)	52,391,286

1. Lucio Della Martina commenced with the Company on 13 May 2012 as Chief Executive Officer and was appointed Managing Director on 11 October 2012.
2. Don Voelte was appointed as Non-Executive Chairman on 11 October 2012. The opening balance of shares held represents shares held prior to 11 October 2012.
3. Michael Fowler resigned effective 31 October 2012. The transactions above for 2013 cover the period 1 July 2012 to 31 October 2012. As Michael Fowler resigned effective 31 October 2012 his shareholdings have been excluded from the balance at 30 June 2013.
4. Michael Arnett resigned effective 31 October 2012. The transactions above for 2013 cover the period 1 July 2012 to 31 October 2012. As Michael Arnett resigned effective 31 October 2012 his shareholdings have been excluded from the balance at 30 June 2013.
5. Ian Boserio resigned effective 31 October 2012. The transactions above for 2013 cover the period 1 July 2012 to 31 October 2012. As Ian Boserio resigned effective 31 October 2012 his shareholdings have been excluded from the balance at 30 June 2013.
6. Steven Lowden resigned effective 31 October 2012. The transactions above for 2013 cover the period 1 July 2012 to 31 October 2012. As Steven Lowden resigned effective 31 October 2012 his shareholdings have been excluded from the balance at 30 June 2013.

Key Management Personnel	Balance 30/6/12	Received as Remuneration	Options Exercised	Shares Purchased	Shares Sold	Other	Balance 30/06/13
Susan Robutti	370,840	-	-	-	-	-	370,840
Keith Jackson	-	-	-	-	-	-	-
Margaret Hall[1]	88,800	-	-	-	-	-	88,800
John Ah-Cann[2]	113,098	-	-	-	-	(113,098)	-
Stuart Jones[3]	-	-	-	190,190	-	(190,190)	-
	572,738	-	-	190,190	-	(303,288)	459,640

1. Margaret Hall became a member of the key management personnel effective 20 September 2012. The transactions in the above table for 2013 cover the period 20 September 2012 to 30 June 2013. The opening balance of shares held represents shares held prior to 20 September 2012.
2. John Ah-Cann ceased employment on 9 January 2013. The transactions detailed in the above table for 2013 cover the period 1 July 2012 to 9 January 2013. As John Ah-Cann ceased employment on 9 January 2013 his shareholdings have been excluded from the balance at 30 June 2013.
3. Stuart Jones ceased employment on 1 August 2012. The transactions detailed in the above table for 2013 cover the period 1 July 2012 to 1 August 2012. As Stuart Jones ceased employment on 1 August 2012 his shareholdings have been excluded from the balance at 30 June 2013.

11. Performance Rights Over Ordinary Shares

Details of Nexus share option plans are set out in Note 30 to the Financial Report. During the financial year 3,643,300 performance rights with zero exercise price (2012: 6,913,100) were issued to key management personnel and employees.

Vesting of performance rights issued will be subject to a performance test. A proportion (between nil and 100%) of the performance rights (as determined by the performance test) will vest at the end of the vesting period with the Board having the discretion to vary the vesting conditions in certain circumstances. The performance rights will be exercisable in the 12 month period commencing on the vesting date.

The performance test for the performance rights issued to the MD and CEO and key management personnel will be measured by the Total Shareholder Return (TSR) of Nexus ordinary shares relative to the TSR of a comparative group of other oil and gas companies and the ASX Energy Index over the vesting period. Vesting of the performance rights issued will be as follows:

- Top quartile ranking is required for all performance rights to vest
- No performance rights would vest if Nexus ranks in the third or fourth quartile of TSR rankings at the end of the vesting period
- 50 per cent of the performance rights will vest at the 50th percentile with proportionate vesting to the 75th percentile.

The movement of performance rights held by Directors and other key management personnel during the financial year is as follows:

Directors	Balance 30/6/12	Granted as Remuneration	Performance Rights Exercised in 2013	Forfeited/ Expired/ Lapsed	Balance 30/6/13	Total Vested 30/6/13	Total Exercisable 30/6/13	Total Un-exercisable 30/6/13
Lucio Della Martina[1]	4,500,000	-	-	-	4,500,000	-	-	4,500,000
Don Voelte	-	-	-	-	-	-	-	-
Symon Drake-Brockman	-	-	-	-	-	-	-	-
John Hartwell	-	-	-	-	-	-	-	-
Michael Fowler	-	-	-	-	-	-	-	-
Michael Arnett	-	-	-	-	-	-	-	-
Ian Boserio	-	-	-	-	-	-	-	-
Steven Lowden	-	-	-	-	-	-	-	-
	4,500,000	-	-	-	4,500,000	-	-	4,500,000

1. Lucio Della Martina commenced with the company on 13 May 2012 as the Chief Executive Officer and was appointed Managing Director on 11 October 2012. The transactions in the above table cover the period 1 July 2012 to 30 June 2013.

Key management personnel	Balance 30/6/12	Granted as Remuneration	Performance Rights Exercised in 2013	Forfeited/ Expired/ Lapsed	Balance 30/6/13	Total Vested 30/6/13	Total Exercisable 30/6/13	Total Un-exercisable 30/6/13
Susan Robutti	432,600	950,900	-	(210,000)	1,173,500	-	-	1,173,500
Keith Jackson	230,000	575,000	-	-	805,000	-	-	805,000
Margaret Hall[1]	-	163,100	-	-	163,100	-	-	163,100
John Ah-Cann[2]	674,900	-	-	(674,900)	-	-	-	-
Stuart Jones[3]	428,500	-	-	(428,500)	-	-	-	-
	1,766,000	1,689,000	-	(1,313,400)	2,141,600	-	-	2,141,600

1. Margaret Hall became a member of the key management personnel effective 20 September 2012. The transactions in the above table for 2013 cover the period 20 September 2012 to 30 June 2013. Included in her remuneration is the fair value of shares and performance rights issued in accordance with the terms of her employment contract.
2. John Ah-Cann ceased employment on 9 January 2013. The transactions detailed in the above table for 2013 cover the period 1 July 2012 to 9 January 2013. As John Ah-Cann ceased employment on 9 January 2013 his performance rights expired on that date.
3. Stuart Jones ceased employment on 1 August 2012. The transactions detailed in the above table for 2013 cover the period 1 July 2012 to 1 August 2012. As Stuart Jones ceased employment on 1 August 2012 his performance rights expired on that date.

At 30 June 2013, 9,643,700 performance rights with zero exercise price (2012: 7,551,300) were outstanding as part of the Nexus Energy Limited Executive Director and Employee Option Plan (refer table below). The Executive Director and Employee Option Plan was approved on 17 November 2011 at the Annual General Meeting of Shareholders. Details of the Nexus Energy Limited Executive Director and Employee Option Plan are disclosed in Note 30 to the Financial Report.

As at 30 June 2013 the unissued ordinary shares of Nexus Energy Limited are as follows:

Grant Date	Expiry and Exercise Date	Exercise Price	Number
6 December 2010	30 June 2013	Zero	398,300
19 August 2011	30 June 2014	Zero	1,102,100
3 April 2012	2 April 2015	Zero	4,500,000
26 November 2012	30 June 2015	Zero	3,643,300
			9,643,700

Performance rights holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity. On 30 June 2013, the performance rights issued on 6 December 2010 vested. A total of 398,300 shares were issued on the exercise of performance rights granted under the Nexus Energy Limited Executive Director and Employee Option Plan.

Non-audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the external auditor for audit and non-audit services are set out in Note 32 of this Financial Report.

The Board of Directors has considered the position and, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise auditor independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor, and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's Independence Declaration

A copy of the auditor's independence declaration for the financial year ended 30 June 2013 has been received as required under Section 307C of the Corporations Act 2001 and is included on page 39.

This Directors' Report is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors:

Don Voelte AO
Non-Executive Chairman

Lucio Della Martina
Managing Director and Chief Executive Officer

Dated at Melbourne this 18th day
of September 2013

Auditor's Independence Declaration

As lead auditor for the audit of Nexus Energy Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the *audit*.

This declaration is in respect of Nexus Energy Limited and the entities it controlled during the period.

Charles Christie
Partner
PricewaterhouseCoopers

18 September 2013
Melbourne

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CORPORATE GOVERNANCE STATEMENT

The Board and management team of Nexus Energy Limited (the Company) are committed to achieving and demonstrating the highest standard of corporate governance across the Company. The Board has established corporate governance policies and charters designed to achieve the highest standards of corporate governance. This is an integral part of the Board's strategy to create sustainable, long term growth for Nexus and deliver value to shareholders.

This statement provides a description of the Company's main corporate governance principles and practices. All these practices, unless otherwise stated, were in place for the entire year. These principles and practices are updated regularly to ensure compliance with the law and best practice developments in corporate governance.

The Company, as a listed entity, must comply with the Corporations Act 2001, the Australian Securities Exchange (ASX) Listing rules and all other applicable laws and regulations applicable to listed entities in Australia. The ASX Listing rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations contained in the ASX Corporate Governance Councils second edition of its Corporate Governance Principles and Recommendations. Unless otherwise stated below, the Company's policies and procedures comply with the ASX Corporate Governance Principles and Recommendations (including the 2010 amendments) and all other relevant laws and regulations.

Principle 1: Lay Solid Foundations for Management and Oversight

Role and Responsibilities of the Board

The Board's key objectives are to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and ensure the Company is properly managed. In addition, the Board is responsible for the following:

- the overall corporate governance of the Company;
- the strategic direction of the Company;
- identifying and monitoring of corporate goals and policies;
- overseeing the Company's management; and
- regularly reviewing performance.

The Board acts in accordance with the Company Constitution and Board Charter. These documents describe the composition, functions and responsibilities of the Board, and distinguish such functions and responsibilities from the management of all other aspects of the Company's business and affairs, which have been delegated to the Managing Director and Chief Executive Officer (MD and CEO).

As well as matters expressly required by law to be approved by the Board, the Board's responsibilities include:

Company Direction and Integrity of External Reporting

- establishing and monitoring the Company's strategic and financial objectives;
- approving the budget, the business plan and compliance policies; and
- approving annual accounts, reports and other public documents.

Stakeholder Interests

- within the constraints of the Corporations Act 2001 and the ASX Listing Rules, approving the issue of any shares, options, equity instruments or other securities in the Company;
- convening general meetings of the Company shareholders; and
- considering the Company's corporate governance policies.

Risk Oversight and Management, and Culture

- setting compliance with regulatory requirements and ethical standards;
- reviewing and ratifying the risk management strategies;
- overseeing the Company's risk management and continuous disclosure obligations;
- overseeing effective internal control systems;
- encouraging a culture that promotes ethical and responsible decision-making, in compliance with legal responsibilities and transparency through effective and timely reporting; and
- approving any matters in excess of the discretion that it delegates to the MD and CEO and senior management in relation to business transactions, credit transactions, risk limits and expenditure.

Nomination, Remuneration and Performance

- approving the remuneration and conditions of service including financial incentives for the direct reports to the MD and CEO, as recommended by the Remuneration and Performance Committee;
- establishing any incentive plan for Company officers and employees;
- assessing management's performance in achieving any strategies and budgets;
- appointing and removing the MD and CEO and Company Secretary and determining his or her terms and conditions of service, including approving any financial incentives;
- evaluating the performance of the MD and CEO;
- contributing to management's development of corporate strategy and performance objectives;
- satisfying itself that processes and plans are in place to maintain an orderly succession of appointments of Non-Executive Directors to the Board and an appropriate balance of skills within the Board; and
- recommending the appointment and reviewing the performance of Directors and senior management.

Delegated Authority

- the MD and CEO has been delegated the responsibility of the day-to-day running of the Company (except for those matters expressly reserved to the Board or key management personnel); and
- the Company Secretary has been delegated the responsibility of preparing for and arranging Board and Board Committee meetings, responsibility for the overall administration of the Communications Strategy and all communications by the Company with the ASX, as well as assisting the Board to achieve its corporate governance objectives.

Performance of the Board, Board Committees, Individual Directors and Senior Management

The Board, with the assistance of the Remuneration and Performance Committee, reviews the performance and effectiveness of the Board, Board Committees and individual Directors at least annually. Each Director is required to submit to the Remuneration and Performance Committee a questionnaire which sets out their views on the performance and effectiveness of the Board, the Board Committees and their individual performance. The process also includes internal interviews by the Chairman with each Director with a report on recommendations and findings prepared by the Chairman. A retiring Director's performance is taken into consideration by the Board when determining whether to support the Director's re-election.

The role of the Remuneration and Performance Committee includes the identification of those areas of governance and performance that may require an increased level of attention by the Board and recommends improvements to the Board's processes and procedures. This process is designed to facilitate improvements in Board processes and efficient and effective management of the Company.

The Remuneration and Performance Committee recommends the criteria for evaluating the performance of the MD and CEO. The Chairman conducts the evaluation of the MD and CEO's performance at least annually.

The MD and CEO annually conducts performance reviews of members of the management team who report directly to him against measures appropriate to Nexus' operations and activities. In 2013, performance evaluations were conducted in accordance with Nexus' processes and procedures with the results included in the Directors' Report.

Remuneration of Individual Directors and Senior Management

The Board implemented significant changes to its remuneration practices in 2012 in light of the 'first strike' for the 2011 Remuneration Report and in response to the concerns raised by shareholders and stakeholder advisory groups (key stakeholders) for that year. As a result of these improvements, at the Annual General Meeting held in November 2012, 95 per cent of the votes received from shareholders supported the 2012 Remuneration Report.

The improvements to Nexus remuneration practices were implemented with the objective of providing a clear explanation of the link between the remuneration outcomes against set objectives which support the Group's strategy. Nexus remains focused on delivering value for our shareholders, ensuring we maintain an executive remuneration framework which aligns with this objective and continues to be a key priority for the Board.

Principle 1: Lay Solid Foundations for Management and Oversight (continued)

The Company's remuneration structure includes:

- Short Term Incentive Scheme across the organisation which is measured against corporate and individual key performance indicators for the relevant financial year;
- Annual Long Term Incentives, all of which are performance tested;
- Annual benchmarking remuneration review across the entire organisation; and
- Performance reviews conducted on half-yearly and yearly basis.

Non-Executive Director fees are determined by the Board based on advice from independent advisers, which includes market comparison of remuneration paid to Non-Executive Directors in a comparable group of similar sized companies. The fee structure for Non-Executive Directors is as follows:

Board			Committee*	
Chairman	Deputy Chairman	Member	Chairman	Member
225,000	125,000	75,000	15,000	10,000

*There is no fee payable by the Nomination Committee.

The current maximum remuneration to Non-Executive Directors as approved by shareholders in September 2008 is $650,000 per annum. This amount only includes salary, fees and superannuation and excludes Executive Director Remuneration. The total remuneration to Non-Executive Directors did not exceed the maximum remuneration cap.

Principle 2: Structure the Board to Add Value

Composition of the Board

In accordance with the Company's Constitution, there must be a minimum of three and a maximum of 10 Directors. The Board determines the number of Directors within those limits and annually reviews its composition. This includes ensuring that there are an appropriate number of Directors who satisfy the criteria for independence as set out in the Company's Independence of Directors Policy. A Director may not retain office for more than three years without submitting themselves for re-election.

As at the date of this statement, the Board is comprised of four Directors, of which three are Non-Executive Directors. The Board strives to ensure that its members represent the right balance of skills, knowledge and experience in order to ensure that the Company's strategic direction is appropriate and that the Company is managed in keeping with best practice in corporate governance. The Board includes Directors who have a proper understanding of the Company's business and who can add value across a range of disciplines in the context of that business. The Nomination Committee assists the Board in identifying the appropriate skills and experience required for the Board and to identify potential new candidates for the Board. The skills, experience, expertise and commencement dates and period of office held by each Director is set out in the Directors' Report.

Don Voelte was appointed as the Non-Executive Chairman on 11 October 2012 replacing Michael Fowler. Michael Fowler resigned effective 31 October 2012. Don Voelte as an independent Non-Executive Chairman satisfies the requirements of Corporate Governance Recommendation 2.2 of the revised Corporate Governance Council Principles which provides that the Chair should be an independent director. This appointment has further strengthened the independence of the Board of Directors.

Director Independence

The Company recognises the importance of Independent Directors on the Board so that it can effectively review and challenge the performance of management and exercise independent judgement.

The Board has determined that its composition should include a majority of Independent Directors and has developed criteria for independence of Directors set out in the Company's Independence of Directors Policy in keeping with Recommendation 2.1 of the ASX Corporate Governance Guidelines. Essentially, a Director's independence is assessed by reference to whether a Director is a Non-Executive Director (rather than a member of senior management), and whether they have any business or other relationship that could materially interfere with or reasonably be perceived to materially interfere with, the exercise of independent judgement.

The Board annually assesses the independence of each Director within appropriate materiality thresholds taking into consideration all relevant information, facts and circumstances. An assessment of a Director's independence is also made prior to an appointment or upon a disclosure of a change in their circumstances which may affect their independence or give rise to a conflict of interest with their duties to the Company.

The Board has adopted independence criteria and materiality thresholds to assist with the assessment of a Director's independence. The independence criteria and materiality thresholds for a Director to lack the requisite independence include:

- being employed in an executive capacity by the Company within the last three years;
- the Director and any entity or individual directly or indirectly associated with the Director holds more than 5 per cent of Company shares; or
- the Director and any entity or individual directly or indirectly associated with the Director receives material (greater than $250,000 per annum) consulting, advisory or other fees from the Company except in the capacity as a Director.

Directors are required to keep the Board apprised of any potential conflicts of interest they have or may have with the interests of the Company or circumstances which may affect their independence. A Director's declaration of interests is tabled at each Board meeting. A Director who has an actual or possible conflict of interest is not provided with the section of the Board paper relating to the relevant subject matter, and he must withdraw himself from any meetings or discussions for the period during which the relevant subject matter is considered. Minutes relating to matters in respect of which a Director is considered to have a conflict of interest will not be provided to that Director (though general material may be provided in broad terms to ensure the Director is adequately informed as to the matter's progress).

A continued focus was placed on services provided by Director related entities during the 2013 financial year. Historically, consulting services have been provided by Director related entities as this was considered the best option available (timing and cost effective) at the time to assist the Company through the initiatives undertaken. The Board at all times has ensured that these services were performed at arms-length and at market rates. The Company acknowledges the concerns raised by shareholders and stakeholder groups in relation to consultancy services provided by Director related entities and can confirm that no consultancy fees were paid to Director related entities for the 2013 financial year. Related Party transactions have been fully disclosed in Note 33 of this report.

Based on the Board's assessment of the independence of each Director at 30 June 2013, there are three Non-Executive Directors who satisfy the criteria for independence being Don Voelte, Symon Drake-Brockman and John Hartwell.

Board Meetings

The Chairman sets the agenda for each meeting in consultation with the MD and CEO and Company Secretary. A Director may also request matters to be included in the agenda. The Board considers issues relating to continuous disclosure, risk oversight and management at every meeting. Typically, the agenda for Board meetings will also include the following:

- acceptance of the minutes of the previous board meeting;
- the investor relations report;
- a report from the MD and CEO including various matters including (but not limited to) legal, commercial and business development matters;
- the Chief Financial Officer's report on finance and cash flow;
- human resources; and
- updates regarding the Company's assets.

The Company Secretary oversees the preparation of the papers submitted to the Board at each meeting, with input provided by senior management and other relevant personnel including the members of the Finance, Human Resources and Legal functions. Where appropriate, the Board may receive presentations from senior management who may be questioned directly by Board members on any matter including operational and commercial issues. Directors are also entitled to request additional information if they consider it necessary to ensure informed decision making.

Susan Robutti, the Chief Financial Officer (CFO) and Company Secretary, attends all Board meetings. In her capacity as CFO and Company Secretary, she is responsible for ensuring that Board procedures are adhered to and that governance matters are addressed.

Directors are also required to attend Board meetings for committees to which they have been appointed. The number of Board meetings held during the reporting period and each Director's attendance is set out in the Directors' Report.

Independent Professional Advice

Each Director, with the approval of the Chairman, can obtain independent professional advice at the Company's cost, in relation to their position while acting as a Director of the Company to help them carry out their responsibilities. Each Director has unrestricted access to all relevant Company records, information and senior management.

Principle 2: Structure the Board to add value (continued)

Board Committees

Under the Company's Constitution and the Board Charter, the Board may delegate its authority and responsibilities to various committees which are designed to consider and provide guidance to the Board on specific issues. This allows Directors to focus time and attention on particular issues that are relevant to the Company's management. The Board has established the following committees to assist in carrying out its responsibilities:

- the Audit and Risk Committee;
- the Remuneration and Performance Committee; and
- the Nomination Committee.

The Board has adopted charters setting out matters relevant to the composition, responsibilities and administration of each of these committees.

Remuneration and Performance Committee

All members of the Remuneration and Performance Committee are Non-Executive Directors. Following the appointment of Don Voelte on 11 October 2012, the committee membership was changed to Symon-Drake-Brockman (Chairman), Don Voelte and John Hartwell. Details of attendance at the Remuneration and Performance Committee meetings are set out in the Director's report.

The role of the Remuneration and Performance Committee is to assist the Board in establishing human resources and remuneration practices and policies which enable the Company to attract, retain and incentivise high calibre employees who will achieve high standards in their respective roles and create value for shareholders. This committee is also responsible for ensuring that employees are remunerated:

- fairly and responsibly;
- in keeping with the individual, departmental and Company performance: and
- in keeping with prevalent market conditions.

Nomination Committee

The Nomination Committee's membership includes all members of the Board and Nomination Committee meetings are conducted as part of regular meetings of the Board. Don Voelte is Chairman of the Committee.

The Nomination Committee's role, responsibilities, composition and membership requirements are documented in the Nomination Committee Charter. The role of the committee is to make recommendations to the Board in relation to:

- the identification of suitable candidates for nomination to the Board, Board Committees and senior management;
- succession planning for the Board and senior management;
- the appointment and re-election of Directors; and
- ensuring the skills needed are available to the Board to discharge its duties and add value to the Company.

If a Director has a conflict of interest in relation to a particular item of business of the Nomination Committee, they must absent themself from the Nomination Committee meeting before commencement of discussion on the topic.

Principle 3: Promote Ethical and Responsible Decision-making

Code of Conduct

The Company has established a Code of Conduct which recognises the Company's commitment to business and corporate ethics and recognition of the interests of shareholders. Directors, senior management, employees and (where relevant and to the extent possible) contractors of the Company are required to comply with the Code of Conduct.

The Board recognises that it has a responsibility to shareholders, employees, clients and the community as a whole and is committed to corporate practices that reflect these responsibilities. The Company requires that senior management and employees act in a manner that reflects the highest standards of behaviour and professionalism. It emphasises the need for honesty and integrity in all areas and in particular, in relation to legal compliance, record keeping, conflicts of interest, and confidentiality.

Failure to comply with the Code of Conduct constitutes a serious breach of Company policy and may result in disciplinary action.
All breaches are required to be recorded.

Restrictions on Dealings in Securities

Directors, senior management, employees, contractors, consultants and advisors of the Company (Designated Persons) are restricted under the Corporations Act from applying for, acquiring or disposing of securities in or derivatives or other relevant financial products of Nexus securities (Company Securities) if they are in possession of inside information.

The Company has established a Securities Trading Policy which sets out the circumstances in which Designated Persons may deal or trade in Company Securities with the objective that no Designated Person will contravene the requirements of the Corporations Act. This policy is administered by the Company Secretary.

The Securities Dealing Policy is not designed to prohibit Designated Persons from investing in Company Securities but does recognise that there may be times when Designated Persons cannot or should not invest in Company Securities. Additionally, a person in possession of inside information in relation to the Company must not deal in Company Securities or procure another person to deal in Company Securities.

The Company expressly prohibits Directors, senior management and employees from short term trading of Company Securities and trading in shares of any other entity if in possession of inside information on such entity which they acquire by virtue of their position as a Director, senior manager or employee of Nexus.

Directors, senior management and employees are not permitted to deal in Company Securities during the following Closed Periods:

- four weeks up to and including the day on which the Company's half-yearly results are announced to the ASX;
- four weeks up to and including the day on which the Company's full year results are announced to the ASX; and
- any other period determined by the Board from time to time.

A Restricted Person, who is not in possession of inside information, may trade in Company Securities during a Closed Period where there are exceptional circumstances. The individual is required to seek clearance to trade and must satisfy the MD and CEO (or Chairman in the case of the MD and CEO) and the Company Secretary that they are in severe financial hardship or that their circumstances are otherwise exceptional.

Diversity

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. The Company is committed to achieving employee, senior management and Board diversity. The Company is also committed to promoting a corporate culture that embraces diversity and recognises the long term value contributed from employees at all levels with diverse experiences and backgrounds. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

During the reporting period, the Company continued to pursue the measurable objectives for achieving greater diversity across the Company, such as:

- ensuring that recruitment of employees and Directors is made from a diverse pool of qualified candidates;
- setting target proportions of women or other groups of individuals within areas of the Company as follows:
  - employees – 45 per cent of the Company's employees and consultants be women;
  - key management personnel – 20 per cent of the Company's senior management be women;
  - Board – one of the Board members be a woman; and
- identifying programmes that assist in the development of a broader pool of skilled and experienced Board candidates.

Principle 3: Promote Ethical and Responsible Decision-making (continued)

The following table shows the proportional representation of men and women at various levels within the Nexus workforce as at 30 June 2013 and 30 June 2012.

	2013		2012	
Board of Directors	**No.**	**Percentage**	No.	Percentage
Male	**4**	**100%**	6	100%
Female	-	-	-	-
Key Management Personnel				
Male	**1**	**33%**	4	80%
Female	**2**	**67%**	1	20%
Staff				
Male	9	56%	10	53%
Female	7	44%	9	47%

During 2013, the percentage of female staff numbers within key management personnel exceeded the Company diversity policy targets. Unfortunately the diversity target for staff was not reached as the Company achieved 44 per cent (target of 45%). This was driven by staff resignations during the year. The focus for 2014 is to continue to promote diversity within the organisation.

Privacy of Information

The Company is committed to protecting the privacy and confidentiality of the information it collects and has established privacy policies that comply with the relevant legislation and apply to the use, disclosure, security and storage of the information it collects generally and the information its collects through its website. These policies apply to all Directors, senior management and employees of the Company.

Principle 4: Safeguard Integrity in Financial Reporting

Safeguarding integrity in financial reporting is part of the remit of the Audit and Risk Committee. Specifically, the committee is responsible for assisting the Board to fulfil its corporate governance responsibilities relating to financial accounting practices, external financial reporting, financial risk management and internal control, the internal and external audit function, compliance with laws and regulations relating to these areas of responsibility and identification and development of strategies and actions to manage business risk.

Audit and Risk Committee

The Audit and Risk Committee is chaired by John Hartwell, who is not the Chairman of the Board, and includes Symon Drake-Brockman and Don Voelte. All members of the Audit and Risk Committee are Non-Executive Directors who are financially literate and have the appropriate background, skills and experience relevant to the operations and financial and strategic risk profile of Nexus. Details of Director qualifications and attendance at Audit and Risk Committee meetings is set out in the Director's Report.

The role and responsibilities of the Audit and Risk Committee are detailed in the Audit and Risk Committee Charter. The role of this committee is to assist the Board in ensuring it meets its oversight responsibilities with respect to financial reporting, legal and regulatory compliance, risk management and audit functions.

External Auditors

The Company and Audit and Risk Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and application for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

PricewaterhouseCoopers (PwC) were appointed as the external auditor at the Annual General Meeting on 17 November 2011. It is PwC's policy to rotate audit engagement partners on listed companies at least every five years. An analysis of fees paid to the external auditors, including break-down of fees for non-audit services is provided in the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee. The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 5: Make Timely and Balanced Disclosure

Continuous Disclosure Policy

The Company recognises that shareholders, as the ultimate owners of the Company, are entitled to be provided with timely, relevant and accurate information in respect of the Company and its operations. Similarly, potential investors are entitled to be able to make informed investment decisions based on high quality information.

Accordingly, the Company has an established Continuous Disclosure Policy. This policy ensures that, as a minimum, the Company:

- complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules;
- meets best practice standards, provides shareholders and the market with timely, direct and equal access to information issued by the Company; and
- promotes and maintains investor confidence in the integrity of the Company and its securities.

The policy is aligned with the ASX Listing Rules on trading policies, as well as with other relevant ASX guidelines. The policy also requires that all information released to the market be posted on the Company's website promptly following any release.

To assist in determining whether information regarding the Company is, or may be, material, the Board has adopted materiality guidelines. Whether a matter is material must be considered from both a quantitative and qualitative viewpoint. Some guidance is also given to assist in identifying material contracts. The Company has also established procedures for the identification and disclosure of material information to ASX. The Continuous Disclosure Policy is administered by the Company Secretary.

Principle 6: Respect the Rights of Shareholders

Market Communication

The Company is committed to effective communication with its shareholders, market participants, customers, employees, suppliers, financiers, creditors, other stakeholders and the wider community. The Company will ensure that all stakeholders, market participants and the wider community are informed of its activities and performance.

The Company has developed a Communications Strategy containing its approach and commitment to communication and will endeavour to make publicly available full information to ensure that trading in its shares takes place in an efficient, competitive, and informed market. Processes to ensure it achieves these goals have been implemented.

Principle 7: Recognise and Manage Risk

Risk recognition and management are viewed by the Company as integral to the Company's objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies. The Board is responsible for the overall risk management framework and has delegated to the Audit and Risk Committee the responsibility in relation to the establishment, management and implementation of the Company's key business risks and risks systems. Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system.

The Board of Directors encourages management accountability for the Company's financial reports by requiring the MD and CEO and the CFO to state in writing to the Board of Directors that:

- the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant Australian Accounting Standards; and
- that financial reports are prepared in accordance with best practice and are properly monitored by the Audit and Risk Committee and external auditors to ensure a sound system of risk management and control.

The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the Group's approach to creating long term shareholder value. The management team – under the direction of the MD and CEO – is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal controls.

Principle 7: Recognise and Manage Risk (continued)

The role of the Audit and Risk Committee is to assist the Board in managing the risks associated with Nexus' ongoing operations and prospective actions, in particular by focusing on the following activities:

- the effectiveness of the systems of internal control and risk management;
- the identification and development of strategies and actions to manage business risk; and
- the compliance by management with constraints imposed by the Board.

The Audit and Risk Committee's role, responsibilities, composition and membership requirements are documented in the Audit and Risk Committee Charter. A review of Nexus' risk management will be included as part of the meetings of the Board. Management is required to provide at each Board meeting a summary of potential issues and risks involved with current and prospective matters being undertaken by the Company.

The Board is responsible for satisfying itself that the management team has developed and implemented a sound system of risk management and internal control. Risk management matters have been included as part of the meetings of the Board during the reporting period.

Principle 8: Remunerate Fairly and Responsibly

Remuneration and Performance Committee

The Remuneration and Performance Committee's role, responsibilities, composition and membership requirements are documented in the Remuneration and Performance Committee Charter.

The primary role of the Remuneration and Performance Committee is to advise the Board on remuneration and incentive policies and practices, make specific recommendations on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non-Executive Directors. The committee also provides advice and recommendations in relation to assessing the performance of individual Directors, the Board and senior management and the skills needed and available to the Board to discharge its duties and add value to the Company.

The committee also assumes responsibility for overseeing management succession planning, including the implementation of appropriate Executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

Information on Directors and Executive remuneration, including principles used to determine remuneration, are set out in the Directors report under the heading 'Remuneration Report'. In accordance with the Company policy, participants in equity based remuneration plans are not permitted to enter into any transaction that would limit the economic risk of options or unvested entitlements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Sales revenue	4	**51,996**	80,670
Operating costs	6	**(33,424)**	(66,170)
Operating profit/(loss)		**18,572**	14,500
Other income	5	**57,471**	3,986
Exploration expenditure expensed	7	**(310)**	(322)
Employee benefits expense		**(5,156)**	(6,750)
Depreciation and amortisation	7	**(160)**	(98)
Finance costs	7	**(27,546)**	(32,777)
Mark-to-market gain/(loss) on derivative financial instruments		**775**	565
Net foreign currency gains/(losses)		**(235)**	1,003
Inventory write down		-	(1,903)
Loss on disposal of inventory		-	(6,456)
Restoration provision expense		**(4,047)**	(1,609)
Impairment of development asset – Long Lead Items (LLI)	17	-	(81,038)
Impairment of production asset	18	-	(162,778)
Professional fees		**(4,665)**	(4,655)
Other expenses		**(5,896)**	(5,109)
Profit/(Loss) before income tax		**28,803**	(283,441)
Income tax (expense)/credit	8	**(11,255)**	(58,882)
Profit/(Loss) for the year attributable to the owners of Nexus Energy Limited		**17,548**	(342,323)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Nexus Energy Limited		**17,548**	(342,323)
Basic earnings per share (cents)	10	**1.32**	(25.8)
Diluted earnings per share (cents)	10	**1.31**	(25.8)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Current assets			
Cash and cash equivalents	11	**11,806**	33,653
Trade and other receivables	12	**21,754**	7,820
Inventories		**1**	15
Other current assets	13	**2,415**	2,453
Total current assets		**35,976**	43,941
Non-current assets			
Property, plant and equipment	14	**199**	241
Deferred tax asset	8	**112,090**	123,345
Intangible assets	15	**12**	27
Exploration and evaluation assets	16	**12,542**	11,655
Development assets	17	**218,659**	233,631
Production assets	18	**139,194**	145,384
Other non-current assets	13	**22,972**	22,467
Total non-current assets		**505,668**	536,750
Total assets		**541,644**	580,691
Current liabilities			
Trade and other payables	19	**14,018**	27,093
Borrowings	20	**-**	43,489
Total current liabilities		**14,018**	70,582
Non-current liabilities			
Trade and other payables	19	**11,960**	3,021
Derivative financial liabilities	21	**315**	1,089
Borrowings	20	**146,513**	167,412
Long term provisions	22	**59,864**	47,476
Total non-current liabilities		**218,652**	218,998
Total liabilities		**232,670**	289,580
Net assets		**308,974**	291,111
Equity			
Issued capital	23	**689,594**	689,594
Reserves	24	**7,871**	7,556
Retained profits/(accumulated losses)		**(388,491)**	(406,039)
Total equity		**308,974**	291,111

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Issued Capital $'000	Retained Profits/ (Accumulated Losses) $'000	Share Based Payments Reserve $'000	Total Equity $'000
Balance at 1 July 2011	688,934	(63,716)	7,681	632,899
Comprehensive income				
Loss for the year	-	(342,323)	-	(342,323)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(342,323)	-	(342,323)
Transactions with owners in their capacity as owners, and other transfers				
Shares issued less transaction costs	660	-	-	660
Share based payments expense	-	-	(125)	(125)
Total transactions with owners in their capacity as owners, and other transfers	660	-	(125)	535
Balance as at 30 June 2012	689,594	(406,039)	7,556	291,111
Balance at 1 July 2012	689,594	(406,039)	7,556	291,111
Comprehensive income				
Profit for the year	-	17,548	-	17,548
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	17,548	-	17,548
Transactions with owners in their capacity as owners, and other transfers	-	-	-	-
Shares issued less transaction costs	-	-	-	-
Share based payments expense	-	-	315	315
Total transactions with owners in their capacity as owners, and other transfers	-	-	315	315
Balance as at 30 June 2013	689,594	(388,491)	7,871	308,974

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		**50,842**	92,378
Payments to suppliers and employees		**(37,649)**	(58,350)
Interest received		**682**	2,524
Finance costs		**(19,049)**	(22,492)
Net cash provided by/(used in) operating activities	29	**(5,174)**	14,060
Cash flows from investing activities			
Payments for plant and equipment and intangible assets		**(103)**	(139)
Payments for exploration, development and production expenditure		**(18,959)**	(36,950)
Proceeds from part sale of Crux asset		**75,000**	-
Proceeds from sale of casing		**338**	5,046
Net cash flows used in investing activities		**56,276**	(32,043)
Cash flows from financing activities			
Payments for transaction costs arising on share issues		**-**	(19)
Repayment of borrowings		**(72,879)**	(11,000)
Net cash flows (used in)/provided by financing activities		**(72,879)**	(11,019)
Net (decrease)/increase in cash and cash equivalents held		**(21,777)**	(29,002)
Cash and cash equivalents at beginning of financial year		**33,653**	62,612
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		**(70)**	43
Cash and cash equivalents at end of financial year	11	**11,806**	33,653

The accompanying notes form an integral part of these financial statements.

1. Statement of Significant Accounting Policies

Nexus Energy Limited (Company) is a public company limited by shares and is listed on the ASX. The financial statements and notes represent those of Nexus Energy Limited and Subsidiaries (Group). The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Nexus Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and Amended Standards Adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Historical Cost Convention

These financial statements have been prepared on an accrual basis under the historical cost convention as modified, when relevant by the revaluation of selected financial assets and liabilities for which the fair value basis of accounting has been applied.

Early Adoption of Standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

Rounding of Amounts

All values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under the ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

(b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of Nexus Energy Limited and its subsidiaries (Group). A controlled entity is any entity controlled by Nexus Energy Limited whereby Nexus Energy Limited has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. A list of controlled entities is provided in Note 25 to the financial statements. All controlled entities have a June financial year-end.

As at the reporting date the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered or left the Group during the period, their operating results have been included/excluded from the date control was obtained or until the date control ceased. All inter-company balances and transactions between controlled entities in the Group, including any recognised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities have been changed where necessary to ensure consistencies with those policies applied by the Company.

(c) Income Taxes

The income tax expense/(revenue) for the year comprises current income tax expense/(revenue) and deferred tax expense/(revenue). Petroleum Resource Rent Tax is also accounted for as an income tax under the accounting policies described below.

Current Tax

The charge for current income tax expense/(revenue) is based on the profit or loss for the period adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted at the balance sheet date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

1. Statement of Significant Accounting Policies (continued)

(c) Income Taxes (continued)

Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the profit or loss except where it relates to items that may be recognised directly to other comprehensive income, in which case the deferred tax is adjusted directly against other comprehensive income. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

Tax Consolidation

Nexus Energy Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime from 1 July 2003. The tax consolidated group has entered into a tax funding agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group. In addition, the agreement provides for the allocation of income tax liabilities between entities. In addition to its own current and deferred tax amounts, Nexus Energy Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments and bank overdrafts. Bank overdrafts, when relevant, are shown within short term borrowings in current liabilities on the statement of financial position.

(e) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the impairment loss is recognised in the statement of comprehensive income in other expenses.

Where trade receivables for which an impairment allowance had been recognised become uncollectable in a subsequent period they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories are reviewed annually for obsolescence. Inventories are deemed obsolete if the net realisable value is greater than cost and if the inventories are not in proper condition for use.

(g) Property, Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and, when relevant, impairment losses. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. A formal assessment of the recoverable amount is made when impairment indicators are present. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down to its recoverable amount if the asset carrying amount is greater than its estimated recoverable amount.

The cost of plant and equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over their estimated useful lives to the Group commencing from the month following their acquisition. Leasehold improvements are depreciated over the shorter of either the unexpired portion of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

Class of Property, Plant and Equipment	Depreciation Rates
Leasehold improvements	20%
Plant and equipment	25-50%

Asset residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the net carrying amount. These gains and losses are included in the statement of comprehensive income.

(h) Intangibles

Computer Software

Computer software is recognised at cost on acquisition. Computer software costs have a finite life and are carried at cost less accumulated amortisation and any impairment losses. Computer software costs are amortised over their useful life ranging from two to three years. Amortisation is calculated on a straight-line basis generally over two years.

(i) Exploration and Evaluation Assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward on the statement of financial position where rights to tenure are current and to the extent that costs are expected to be recouped through either the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant exploration activity in, or in relation to, the area is continuing. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Impairment of assets is discussed in Note 1(o).

Accumulated costs in relation to an abandoned area are written down in full in the statement of comprehensive income during the period in which the decision to abandon the area is made. Proceeds on sale or farm-out of an area within an exploration area of interest are offset against the carrying value of the particular area involved. Where the total carrying value of an area has been recouped in this manner, the balance of the proceeds is brought to account in the statement of comprehensive income. Where the technical and commercial feasibility of a particular area of interest has been demonstrated the accumulated exploration and evaluation expenditure is reclassified to development expenditure.

(j) Production and Development Assets

Production and development assets are recognised at cost less any impairment losses and are accumulated in respect of each separate area of interest. Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest. When an area of interest is abandoned or a decision is made that it is not commercial, any accumulated cost in respect of that area is written down in the financial period the decision is made. Each area of interest is reviewed at the end of each reporting period and accumulated costs are written down to the extent that they will not be recoverable in the future. Impairment of assets is discussed in Note 1(o). Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration and development costs are amortised on a units of production basis over the life of the area of interest according to the rate of depletion of the economically recoverable reserves.

(k) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.
The amounts are unsecured and are usually paid within 30 days of recognition. The amounts which are considered payable after 12 months have been classified as non-current and are measured at amortised cost using the effective interest method.

1. Statement of Significant Accounting Policies (continued)

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. Provision for restoration is recognised when there is a legal or constructive obligation to do so. A corresponding restoration asset amount is created equivalent to the amount of the provision. The amount recognised is the estimated cost of restoration, discounted to its net present value and is reassessed each year in accordance with local conditions and requirements. Changes in the estimates of restoration cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the restoration asset. The unwinding of the discount on the restoration provision is shown separately on the face of the statement of comprehensive income.

(n) Leases

Leases of plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease. Operating leases are not capitalised. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(o) Impairment of Assets

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication of impairment exists, the Group makes an estimate of recoverable amount, being the higher of the asset's fair value less costs to sell and value in use. Where the carrying amount of the asset exceeds its recoverable amount any excess is recognised as an expense in the profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Cash generating units represent the lowest level of group assets for which there are separately identifiable cash flows, which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets, other than goodwill that were previously impaired are reviewed for a possible reversal of the impairment at each reporting period.

(p) Interests in Joint Operations

The proportionate interests in the assets, liabilities, revenue and expenses of joint operations have been incorporated in the consolidated financial statements under the appropriate headings.

(q) Financial Guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is measured at fair values initially and subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets; or
- the amount recognised initially less cumulative amortisation recognised in accordance with revenue recognition policies.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

(r) Financial Instruments

Recognition

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value on trade date plus in the case of financial asset or financial liability not at fair value through the profit and loss, transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial Assets at Fair Value Through the Profit and Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirement of AASB 139 'Financial Instruments: Recognition and Measurement'. Derivatives are also recognised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are recognised in the profit and loss in the period in which they arise. Assets in this category are classified as current assets.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. They are included in current assets except those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Held-to-maturity Investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method. These assets are classified as non-current assets except those with maturities less than 12 months from the reporting date which are classified as current assets.

Available-for-sale Financial Assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income and included in the available-for-sale asset revaluation reserve. They are included in non-current assets unless management intends disposing of the investment within 12 months of the reporting date.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost using the effective interest rate method, comprising original debt less principal payments and amortisation.

Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges, in which case the accounting treatment is dependent on the nature of item being hedged.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit and loss.

1. Statement of Significant Accounting Policies (continued)

(s) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the profit and loss.

(t) Revenue and Other Income

Revenue Sale of Gas and Condensate

The Group's operating revenue derived from the sale of condensate is brought to account after each shipment is loaded. Gas sales are recognised on production following delivery into the pipeline.

Other Income

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(u) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(v) Employee Benefits

Wages and Salaries, Leave Entitlements

An accrual is made for the Group's liability for employee benefits arising from services rendered by employees up to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In calculating the present value of future cash outflows in respect of long service leave, the probability of long service leave being taken is based on experience of employee departures and periods of service.

Share Based Payments

Share based compensation benefits are provided to employees via the Nexus Energy Limited Executive Director and Employee Share Option Plan. The fair value of options granted are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations. The fair value determined at grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. The number of equity instruments expected to vest is reviewed and adjusted at the end of each reporting period.

(w) Goods and Services Tax (GST)

Revenues, expenses, commitments and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or equity or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(x) Significant Accounting Estimates and Judgements

In applying the Group's accounting policies, the Board and management evaluate estimates and judgements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Group. Significant estimates and judgements made by management in the preparation for these financial statements are outlined below:

Impairment of Production Assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of the future cash flows. For production assets, the expected future cash flow estimate is based on reserves, future production profiles, commodity prices and costs. The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may lead to the impairment of production and development assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations are performed in assessing recoverable amounts and are based on the present value of future cash flows which incorporate a number of key estimates. Refer to Note 18 for further details.

Impairment of Development and Exploration Assets

At the end of each reporting period, the Group reviews the carrying values of its development and exploration assets to determine whether there is any indication that those assets have been impaired. If such an indication of impairment exists, the Group makes an estimate of recoverable amount, being the higher of the asset's fair value less costs to sell and value in use. Where the carrying amount of the asset exceeds its recoverable amount any excess is recognised as an expense in the profit and loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Cash generating units represent the lowest level of group assets for which there are separately identifiable cash flows, which are largely independent on the cash inflows from other assets or groups of assets. In determining the recoverable amount of development assets, in the absence of quoted market prices, the fair value would be determined by applying current market transactions for similar assets. Refer to Note 16 and 17 for further details.

Prepayments

In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of the future cash flows. For prepayments relating to prepaid toll fees, recoverability is dependent upon expected future cash flow estimates based on reserves and future production profiles.

Share Based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the binomial options pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit and loss and other comprehensive income.

Restoration Provisions

The Group estimates the future removal costs of offshore equipment at the time of installation and reviews these assessments every five years. The removal of these assets will occur many years in the future. This therefore requires management to make judgements regarding removal method, future legislation, reclamation activities required, engineering methodology for estimating costs, future removal technologies and discount rates to determine the present value of the cash flows. For more detail regarding the policy in respect of provisions for restoration refer to Note 1(m). The carrying amount of the provision for restoration is disclosed in Note 22.

Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related exploration permit itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could affect the future recoverability include the level of economically recoverable reserves, future technological changes which could impact the cost of development, future legal changes (including changes to environmental and restoration obligations) and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, financial results and net assets will be reduced during the financial period in which this determination is made.

In addition, exploration and evaluation expenditure is carried forward on the basis that exploration and evaluation activities in the areas of interest have not at the end of the reporting period reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing. To the extent it is determined in the future this capitalised expenditure should be written off in the statement of comprehensive income, financial results and net assets will be reduced during the financial period in which this determination is made.

Information on the reasonable existence or otherwise of economically recoverable reserves is progressively gained through geological analysis and interpretation, drilling activity and prospect evaluation during a normal permit term. A reasonable assessment of the existence or otherwise of economically recoverable reserves can generally only be made, therefore, at the conclusion of those exploration and evaluation activities. The Group's accounting policy for exploration and evaluation expenditure is set out in Note 1(i). The carrying amount of exploration and evaluation assets and the assumptions used in the estimate of recoverable amount is disclosed in Note 16. The estimate of recoverable amounts was made together with the associated production or development assets in the same area of interest (Note 17 and Note 18).

1. Statement of Significant Accounting Policies (continued)

(x) Significant Accounting Estimates and Judgements (continued)

Income Tax

The Group is subject to income taxes in Australia. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax balances in the financial period in which such determination is made. The Group recognises deferred tax assets on tax losses carried forward on the basis they will be applied against future taxable profits. At 30 June 2013 the carried forward tax losses totalled $47.1 million (2012: $130.8 million). The majority of these losses are expected to be utilised on future asset sales and/or successful development of assets.

PRRT applies to all the Group's Australian petroleum projects in offshore areas under the Petroleum Resource Rent Tax Assessment Act 1987, other than some specific production licences. PRRT is assessed on a project basis or production licence area and will be levied on the taxable profits of a relevant petroleum project at a rate of 40 per cent. Certain specified undeducted expenditures are eligible for compounding. The expenditures can be compounded annually at set rates and the compounded amount can be deducted against assessable receipts in future financial years. The Group estimates that at 30 June 2013 it has incurred compounded carried forward undeducted PRRT expenditure in excess of accounting carrying values amounting to $424.1 million (2012: $679.8 million). The resulting deferred tax asset calculated at an effective PRRT tax rate of 28 per cent, that has not been recognised in the consolidated financial statements, was $118.8 million (2012: $190.4 million).

In order for the Group to utilise undeducted expenditures for PRRT purposes from previous financial years, it will be required to substantiate eligible expenditure in relation to respective Australian offshore permits since the date of their granting to the Group. Any amount that the Group is not able to substantiate will not be able to be utilised against assessable receipts in future financial years. Interests in undeducted PRRT expenditure can be transferred between projects within the Group or to other third parties on acquisitions of interests in the Group's Australian offshore permits.

Estimates on Reserve Quantities

The estimated quantities of proven plus probable reserves are integral to the calculation of amortisation expense and the assessment of possible impairment of assets. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessments of technical feasibility and commercial viability of producing the reserves. These estimates require assumptions to be made regarding future development and production costs, commodity prices and exchange rates. The estimates of reserves may change from period to period, and as additional geological data is generated during the course of the operations. Reserve estimates are prepared in accordance with guidelines prepared by the Society of Petroleum Engineers.

(y) Comparative Amounts

When the presentation or classification of items in the financial report is amended, comparative amounts are reclassified unless the reclassification is impracticable.

2. Going Concern and Liquidity

The Company has continued to progress with the strategic agenda as outlined, that includes unlocking the value of Crux, to optimise value from Longtom, strengthen the balance sheet and secure funding requirements and prepare for growth beyond 2014.

During the financial year the Company has completed the following initiatives in accordance with the previously outlined strategic objectives:

- Revised Longtom Gas Sales Agreement (GSA) with Santos was executed which provides for a revised pricing structure and accelerated production profile from 1 July 2013.
- The revised GSA also defers the funding requirements to drill Longtom 5 until the fourth quarter of the 2014 calendar year.
- Completion of the consolidation of interests in relation to Crux with Shell (Operator) and Osaka Gas was achieved following receipt of title registration and FIRB approvals.
- The Crux Joint Venture was issued with a Retention Lease by the Federal government in February 2013. The terms of the Retention Lease provide for a detailed work program with drilling of the Auriga prospect scheduled for 2014. The Retention Lease sets a clear framework for the Crux Joint Venture to meet the Federal Government's expectation of the earliest possible commercialisation.
- The sale of a 2 per cent equity interest in Crux of $75 million in December 2012 was completed with the majority of proceeds applied to retire debt, thereby improving gearing levels and reducing future finance costs. Total debt reduction for the 2013 financial year amount to $73 million.
- Improved cost discipline that resulted in a 37 per cent cost reduction of administration costs (as compared to the previous 2012 financial year).

With the objective of optimising our assets and portfolio to provide maximum shareholder value in the near term and to continue to be able to meet its financial commitments, the Company will continue to review its financing options that include asset sales, farm-in and/or debt refinance. The Company will also continue to work with lenders to ensure ongoing compliance with lending facility terms.

Having considered the matters above, the Directors, after making appropriate enquiries have reasonable expectations that the Company has sufficient funding in the near term. Accordingly, the financial statements are prepared on a going concern basis as the Directors are of the opinion that for the next 12 month period from the date of signing the Directors Declaration the Group and Company will have sufficient liquidity to meet their existing commitments and accordingly present these consolidated financial statements on a going concern basis.

3. Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

Statement of Financial Position – Parent Entity	2013 $'000	2012 $'000
Assets		
Current assets	7,002	24,534
Total assets	510,644	474,257
Liabilities		
Current Liabilities	1,522	1,394
Total liabilities	91,033	33,157
Equity		
Issued capital	689,594	689,594
Share based payments reserve	7,871	7,556
Accumulated losses	(277,854)	(256,051)
Total equity	419,611	441,099
Statement of Comprehensive Income – Parent Entity		
Total loss for the year	(21,484)	(24,484)
Total comprehensive loss for the year	(21,484)	(24,484)

Guarantees and Contingent Liabilities

Refer to Note 20 for details of guarantees provided by the parent entity in relation to the Group's bank loan. Refer to Note 35 for details of bank guarantees in relation to leased offices.

Contractual Commitments

Refer to Note 28 for details of contractual commitments.

	2013 $'000	2012 $'000
4. Revenue		
Sale of gas and condensate	51,996	80,670
	51,996	80,670
5. Other Income		
Interest income on cash and cash equivalents	682	2,525
Services revenue from joint venture operations	31	235
Rental income on sub-lease	1,370	1,226
Gain on part sale of Crux interest	45,799	-
Gain on disposal of casing	338	-
Gain on settlement of obligations of Long Lead Items (LLI)	9,251	-
	57,471	3,986

	2013 $'000	2012 $'000
6. Operating Costs		
Production costs	19,369	31,767
Royalty expense	1,509	2,423
Amortisation of production asset	12,546	31,980
Total operating costs	33,424	66,170
7. Profit/(Loss) For The Year		
Profit/(loss) before income tax includes the following expense items:		
Exploration and evaluation expenditure expensed	310	322
Rental expense on operating leases – minimum lease payments	1,889	1,953
Impairment of development asset – Long Lead Items	-	81,038
Impairment of production asset	-	162,778
Finance costs:		
– interest expense on bank loans	8,393	10,997
– interest expense on senior subordinated notes	19,111	21,739
– other	42	41
Total finance costs	27,546	32,777
Depreciation and amortisation:		
– plant and equipment	91	37
– leasehold improvements	46	45
– software	23	16
Total depreciation and amortisation	160	98
8. Income Tax		
(a) Income Tax Recognised in Profit and Loss		
Tax expense/(income) comprises:		
Deferred income tax	11,255	(82,753)
Deferred tax – Petroleum Resource Rent Tax (net of income tax benefits)	-	141,635
	11,255	58,882
The prima facie tax on profit/(loss) before income tax is reconciled to income tax as follows:		
Prima facie tax payable/(receivable) on the profit/(loss) before income tax calculated at the Australian tax rate of 30% (2012: 30%)	8,641	(85,032)
Add/(less) tax effect of:		
Share based payments expense	95	37
Other non-deductible items	2,519	2,242
Income tax expense/(income)	11,255	(82,753)
Petroleum Resource Rent Tax (net of income tax benefits)	-	141,635
Total tax expense/(income)	11,255	58,882
(b) Unrecognised Deferred Tax Assets		
A deferred tax asset has not been recognised in the Statement of Financial Position as the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur:		
Capital Tax losses	90,401	90,401
Potential net tax benefit at Australian tax rate of 30%	27,120	27,120
Petroleum Resource Rent Tax credits	424,130	679,832
Potential net tax benefit at effective tax rate of 28%	118,756	190,353

(c) Deferred Tax Balances

Deferred tax balances arise from the following:

2013	Opening Balance $'000	Charged to Income $'000	Charged to Equity $'000	Closing Balance $'000
Temporary Differences				
Exploration, development and production assets	(21,595)	70,702	-	49,107
Provisions and accruals	14,532	3,721	-	18,253
Unclaimed takeover costs	180	(176)	-	4
Unclaimed equity raising costs	1,561	(632)	-	929
Senior subordinated notes	631	29	-	660
Inventory	4,046	-	-	4,046
Other	(6,852)	(1,124)	-	(7,976)
	(7,497)	72,520	-	65,023
Unused tax losses and credits:				
Tax losses	130,842	(83,775)	-	47,067
	123,345	(11,255)	-	112,090
Presented in the statement of financial position as follows:				
Deferred tax asset				112,090

2012	Opening Balance $'000	Charged to Income $'000	Charged to Equity $'000	Closing Balance $'000
Temporary Differences				
Exploration, development and production assets	(93,282)	71,687	-	(21,595)
Petroleum resource rent tax	141,635	(141,635)	-	-
Provisions and accruals	14,013	519	-	14,532
Unclaimed takeover costs	356	(176)	-	180
Unclaimed equity raising costs	2,509	(948)	-	1,561
Senior subordinated notes	419	212	-	631
Inventory	3,475	571	-	4,046
Other	(3,667)	(3,185)	-	(6,852)
	65,458	(72,955)	-	(7,497)
Unused tax losses and credits:				
Tax losses	116,769	14,073	-	130,842
	182,227	(58,882)	-	123,345
Presented in the statement of financial position as follows:				
Deferred tax asset				123,345

	2013 $000	2012 $000
9. Dividends		
There were no ordinary dividends declared or paid during the financial year by the Company (2012: $Nil).		
Dividend franking account		
Balance of franking account	-	-

	2013 $000	2012 $000
10. Earnings Per Share		
Profit (Loss) used to calculate basic and dilutive loss per share	17,548	(342,321)
(a) Basic profit/(loss) per share (cents)	1.32	(25.8)
(b) Diluted profit/(loss) per share (cents)	1.31	(25.8)
Weighted average number of ordinary shares outstanding during the financial year used in calculating basic profit/(loss) per ordinary share:	1,326,337	1,327,464
Weighted average number of dilutive options outstanding:	8,803	-
Weighted average number of anti-dilutive options outstanding:	-	31,884
Weighted average number of ordinary shares outstanding during the financial year used in calculating diluted profit/(loss) per share (excluding anti-dilutive options outstanding):	1,335,140	1,327,464

Potential Ordinary Shares

Options outstanding at the end of the financial year are considered to be potential ordinary shares and have been included in the determination of diluted profit/(loss) per share to the extent to which they are dilutive. The options have not been included in the determination of basic profit/(loss) per share.

11. Cash and Cash Equivalents

	2013 $000	2012 $000
Cash at bank and on hand	6,063	4,173
Bank deposits at call	2,588	23,250
Restricted bank deposits	3,155	6,230
Total cash and cash equivalents	11,806	33,653

(a) Cash at Bank and On Hand

Cash at bank and on hand balance attracted a weighted average interest rate of 0.11% as at 30 June 2013 (30 June 2012: 3.3%).

(b) Bank Deposits at Call

The weighted average interest rate on bank deposits at call as at 30 June 2013 was 1.74% (30 June 2012: 4.2%).

(c) Restricted Bank Deposits

The weighted average interest rate on restricted bank deposits as at 30 June 2013 was 1.5% (30 June 2012: 3.64%).

(d) Effective Interest Rates

Information concerning the Group's exposure to interest rate changes on cash and cash equivalents is set out in Note 26.

	2013 $'000	2012 $'000
12. Trade and Other Receivables		
Current		
Trade and other receivables	21,754	7,820
Total current trade and other receivables	21,754	7,820

(a) Past Due But Not Impaired

The ageing of these receivables is as follows:

Greater than 3 months	-	-
	-	-

(b) Trade Debtors

Trade debtors are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis.

(c) Foreign Exchange, Interest Rate and Credit Risk

Information concerning the Company and the Group's exposure to interest rate changes, foreign exchange and credit risk on both current and non-current receivables is set out in Note 26. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

	2013 $'000	2012 $'000
13. Other Assets		
Current		
Prepayments – prepaid toll fees	2,415	2,453
Total current other assets	2,415	2,453
Non-current		
Prepayments – prepaid toll fees	22,972	22,467
Total non-current other assets	22,972	22,467

14. Property, Plant And Equipment

	2013 $'000	2012 $'000
Plant and equipment		
At cost	1,106	1,011
Accumulated depreciation	(1,030)	(939)
Total plant and equipment	76	72
Leasehold improvements		
At cost	228	228
Accumulated depreciation	(105)	(59)
Total leasehold improvements	123	169
Total property, plant and equipment, at net book value	199	241
Reconciliations		
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:		
Plant and equipment		
Balance at beginning of financial year	72	13
Additions	95	96
Disposals	-	-
Write back of accumulated depreciation on disposal of assets	-	-
Depreciation expense	(91)	(37)
Net carrying amount at end of financial year	76	72
Leasehold improvements		
Balance at beginning of financial year	169	213
Additions	-	1
Disposals	-	-
Write back of accumulated depreciation on disposal of assets	-	-
Depreciation expense	(46)	(45)
Net carrying amount at end of financial year	123	169

For details of non-current assets pledged as security by the Consolidated Group refer to Note 20.

	2013 $'000	2012 $'000
15. Intangible Assets		
Computer software		
At cost	1,390	1,382
Accumulated amortisation	(1,378)	(1,355)
Total intangibles, at net book value	12	27
Reconciliation		
Reconciliation of the carrying amount for computer software is set out below:		
Balance at beginning of financial year	27	4
Additions	8	39
Disposals	-	-
Amortisation expense	(23)	(16)
Write back of accumulated amortisation on disposal of assets	-	-
Net carrying amount at end of financial year	12	27

Intangible assets have finite lives. The amortisation expense for intangible assets is included under depreciation and amortisation expense per the statement of comprehensive income. Amortisation is calculated on a straight line basis over periods generally over two years.

	2013 $'000	2012 $'000
16. Exploration and Evaluation Assets		
At cost	12,542	11,655
Balance at 30 June	12,542	11,655
Reconciliation		
Balance at beginning of financial year	11,655	10,141
Additions – expenditure incurred	1,197	1,836
Expenditure incurred expensed to the statement of comprehensive income	(310)	(322)
Balance at end of financial year	12,542	11,655

Exploration and evaluation expenditure carried forward relates to the areas of interest in the exploration phase for petroleum exploration permits VIC/P54 and WA-377-P (2012: VIC/P54 and WA-377-P). The expenditure is carried forward on the basis that exploration and evaluation expenditure activities in the areas have not reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves and significant activity in, or in relation to, the areas is continuing.

The ultimate recovery of capitalised exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or the commercial sale of the relevant areas of interest.

17. Development Assets

	2013	2012
At cost	299,697	314,669
Impairment	(81,038)	(81,038)
Balance at 30 June	218,659	233,631
Reconciliation		
Balance at beginning of financial year	233,631	311,593
Additions – expenditure incurred	5,909	3,076
Additions – restoration asset	8,320	-
Disposals	(29,201)	-
Impairment of Long Lead Items (LLI)	-	(81,038)
Balance at end of financial year	218,659	233,631

The development expenditure carried forward relates to the Crux asset (AC/RL9). The expenditure is carried forward to the extent that it is expected to be recouped either through sale or successful exploitation of the area of interest.

In October 2012, completion of the consolidation of interests with Shell (Operator) and Osaka Gas was achieved following receipt of title registration and FIRB approvals. Following completion Nexus held a 17 per cent interest in the Crux asset.

In December 2012, Nexus exercised the 2 per cent put option with Shell reducing its interest from 17 per cent to 15 per cent. Total proceeds received were $75 million with a gain on disposal of $45.8 million at 30 June 2013.

18. Production Assets

	2013 $'000	2012 $'000
At cost	**483,798**	477,442
Accumulated amortisation	**(100,054)**	(87,508)
Impairment	**(244,550)**	(244,550)
Balance at 30 June	**139,194**	145,384
Reconciliation		
Balance at beginning of financial year	**145,384**	332,508
Additions – expenditure incurred	**6,356**	7,634
Impairment	**-**	(162,778)
Amortisation charge for the year	**(12,546)**	(31,980)
Balance at end of financial year	**139,194**	145,384

The production assets relate to the Longtom gas project (VIC/L29).

The asset valuations are based on a proved and probable (2P) reserve production profile and various estimates and assumptions. The key assumptions used in the cash flow projections include the following:

- oil price – starting at a price of US$108 per barrel and based on the Brent Forward Curve for crude oil; and
- discount rates – the post-tax discount rate applied to cash flow projections is 9.5 per cent.

For the purpose of assessing impairment, the recoverable amount of the cash-generating unit was estimated as its value-in-use.

Asset valuations based on cash flow projections use a range of assumptions that are subject to change. Accordingly, the recoverable amount of the production asset is sensitive to reasonable possible changes in key assumptions. Sensitivity analysis has been performed applying the following possible changes in key assumptions:

- oil price – 10 per cent decrease in oil price; and
- post tax discount rate – 1 per cent increase in post-tax discount rate would not result in an impairment at 30 June 2013.

19. Trade and Other Payables

	2013 $'000	2012 $'000
Current (unsecured)		
Trade payables	**613**	659
Sundry payables and accrued expenditure	**7,058**	26,434
Deferred revenue	**6,347**	-
Total current trade and other payables	**14,018**	27,093
Non-current (unsecured)		
Deferred revenue	**11,960**	3,021
Total non-current trade and other payables	**11,960**	3,021

		2013 $'000	2012 $'000
20. Borrowings			
Current			
Bank loan (secured)	(a)	-	10,000
Senior subordinated notes (unsecured)	(b)	-	33,489
		-	43,489
Non-current			
Bank loan (secured)	(a)	**42,416**	71,280
Senior subordinated notes (unsecured)	(b)	**104,097**	96,132
Total long term borrowings		**146,513**	167,412

(a) Bank Loan

During the financial year ended 30 June 2013, the Company renegotiated its senior project financing facility in relation to the Company's Longtom gas asset. The facility maturity is December 2014 unless repaid earlier. The Company also has an undrawn, $60 million senior secured letter of credit facility required to be provided as security in accordance with the terms of the Longtom Gas Sales Agreement with Santos.

Interest on the project financing facility continues to be charged at the Reuters BBSY bid rate on the first date of the funding period (three months) plus a margin of 3.5 per cent. Interest is payable on the last day of each funding period. As at 30 June 2013 the interest rate was 6.65 per cent (30 June 2012: 7.54% which includes the payment in kind of 0.5%). Previously a 0.5 per cent payment in kind was capitalised and added to the principal outstanding each funding period. As part of the restructure of the facility this payment in kind is no longer required following the $30 million principal repayment in January 2013.

As is typical of project financing facilities, the loan is subject to standard financial covenants, review events and events of default. During the financial year the Company received waivers in respect of commercial covenants and was compliant with obligations to and as at 30 June 2013.

The Group has provided the following as security to BOS International (Australia) Limited (BOSI):

(i) Fixed and floating charge over the assets of Nexus Energy Aust. NL, Nexus Energy VIC/P54 Pty Ltd and Nexus Energy Corporate Pty Ltd. The carrying amount of assets given as security as at 30 June 2013 was $138.0 million (30 June 2012: $181.4 million). The assets provided as security mainly relate to the Longtom production asset, prepayments and cash.

(ii) Mortgage over the issued capital in Nexus Energy Aust. NL, Nexus Energy VIC/P54 Pty Ltd and Nexus Energy Corporate Pty Ltd.

(iii) Parent guarantee from Nexus Energy Limited.

As part of the requirements of the facility the Company is required to maintain an interest reserve account equal to the amount of cash interest to be payable by the Company during the succeeding six months from the commencement of each funding period.

Subsequent to year end, the Company has been notified by BOSI that it has entered into negotiations to sell the loan to a third party. It is proposed the senior project financing facility will transfer to the new lender under the same terms and conditions of the existing senior project financing facility with BOSI.

(b) Senior Subordinated Notes

2013 Notes

In January 2013, the 2013 Notes which totalled $18.7 million were repaid. In addition the 31,844,058 Warrants issued on 15 January 2008 (as part of original 2013 Notes issue) expired (unexercised) on 15 January 2013.

2017 Notes

The Company has in place $117.6 million (face value) of 2017 Notes with bi-annual principal repayments commencing in July 2014 and a bullet repayment in January 2017. The 2017 Notes carry a semi-annual coupon fixed at 8.5 per cent payable in arrears. The interest rate steps up to 13 per cent from July 2014 until the maturity date. The accounting interest charge for the year is calculated by applying an effective interest rate of 19.31 per cent on the liability component. The 2017 Notes are subordinated to the Company's obligation in respect of the Group's existing senior project financing facility.

In January 2013, the Tranche B notes totalling $14.175 million were repaid. The 2017 Notes agreement includes covenants typical for a facility of this nature; the Group was compliant with its covenants throughout the financial year and as at 30 June 2013.

(c) Risk Exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 26.

	2013 $'000	2012 $'000
21. Derivative Financial Liabilities		
Non-current		
Interest rate swap contract carried at fair value through profit and loss	**315**	1,089
Total non-current other financial liabilities	**315**	1,089

Risk Exposures

Details of the Group's exposure to risks arising from interest rate swap contracts are set out in Note 26.

22. Provisions

	2013 $'000	2012 $'000
Long term		
Employee benefits	**150**	129
Restoration provision	**59,714**	47,347
Total long term provisions	**59,864**	47,476

	Employee benefits $'000	Restoration provision $'000
Balance at beginning of financial year	129	47,346
Increase in the discounted amount arising because of time and the effect of any change in discount rate	21	4,048
Additions	-	8,320
Balance at end of financial year	150	59,714

Provision for Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1(v).

Restoration Provision

The restoration provision represents the Group's estimated present value of costs relating to future site restoration, removal and rehabilitation activities. The measurement and recognition criteria relating to the restoration provision has been included in Note 1(m). The significant movement in the restoration provision is the result of a reassessment of the restoration provision post completion of the Crux consolidation agreement increasing the provision for the year ended 30 June 2013. Also included in the increase is the present value adjustment for the year ended 30 June 2013.

	2013 Number '000	2012 Number '000	2013 $'000	2012 $'000
23. Issued Capital				
Share capital				
Ordinary shares, fully paid	**1,329,821**	1,329,821	**670,833**	670,833
Other equity securities				
Value of warrants – senior subordinated notes (expired)			**18,761**	18,761
			689,594	689,594

23. Issued Capital (continued)

Movements in Ordinary Share Capital 30 June 2011 to 30 June 2013

Details		Number of Shares '000	Issue Price	$'000
30 June 2011	Closing balance	1,326,337		670,173
9 August 2011	Employee options vested	361	$0.00	-
21 November 2011	Employee options vested	123	$0.00	-
3 April 2012	Shares issued[(1)]	3,000	$0.22	660
30 June 2012	Closing balance	1,329,821	-	670,833
30 June 2013	Closing balance	1,329,821	-	670,833

1. The shares were issued to Lucio Della Martina as a sign on incentive in accordance with his employment contract. No cash consideration was received. The issue price represents the fair value of the shares at the date of granting.

The Company has authorised share capital amounting to 1,329,821,159 (2012: 1,329,821,159) ordinary shares of no par value. Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings, on a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Warrants

The Company issued 31,884,058 warrants during the financial year ending 30 June 2008 as part of original 2008 Notes issue. The warrants provided the option to subscribe for one Nexus Energy Limited share at an exercise price of $2.02. The warrants expired unexercised on 15 January 2013.

Employee Share Option Plan

Information relating to the employee share scheme, including details of shares issued under the scheme is set out in Note 30.

Capital Management

The Board of Directors controls the capital of the Group in order to maintain debt within levels specified in financial covenants and to ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities which are supported by financial assets. The Group is required under certain borrowing covenants to maintain shareholders' funds of at least $130,000,000. These requirements have been satisfied in 2013 and 2012. The Group's capital is managed by maintaining adequate banking facilities, monitoring future rolling cash flows and adjusting its capital structure as required to meet business objectives. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The strategy is to ensure the group remains in compliance with its borrowing covenants and ensure the group can continue as a going concern.

24. Reserves

Share Based Payments Reserve

The share based payment reserve is used to recognise the fair value of options and shares granted under the Executive Director and Employee Share Option Plan.

25. Controlled Entities

Name	Country of Incorporation	Percentage of Equity and Voting Interests Held 2013 %	2012 %
Parent Entity			
Nexus Energy Limited	Australia		
Subsidiaries			
Nexus Energy Aust. NL	Australia	100	100
Nexus Energy VICP54 Pty Ltd	Australia	100	100
Nexus Energy Services Pty Ltd	Australia	100	100
Nexus Energy WA Pty Ltd	Australia	100	100
Nexus Energy Corporate Pty Ltd	Australia	100	100
Nexus Energy NTP66 Pty Ltd	Australia	100	100
Nexus Energy VICP56 Pty Ltd	Australia	100	100
Nexus Energy WA377P Pty Ltd	Australia	100	100
Nexus Energy NV Pty Ltd	Australia	100	100

26. Financial Risk Management

The Group's activities expose it to a variety of financial risks; market risks (including foreign exchange risk and interest rate risk) credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates and foreign exchange.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Committee which is responsible for developing and monitoring risk management policies. Risk management policies are established to identify the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group does not enter into or trade in derivative financial instruments for speculative purposes. The use of financial instruments and the overall risk management strategy of the Group is governed by the Board of Directors and is primarily focused on ensuring that the Group is able to finance its business plans.

Details of the significant accounting policies and methods adopted, including the criterion for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in Note 1.

The Group holds the following financial instruments:

	2013 $'000	2012 $'000
Financial assets		
Cash and cash equivalents	11,806	33,653
Trade and other receivables	21,754	7,820
	33,560	41,473
Financial liabilities		
Trade and other payables (excluding unearned revenue)	7,671	27,093
Borrowings	146,513	210,901
Derivative financial instruments	315	1,089
	154,499	239,083

26. Financial Risk Management (continued)

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

To minimise credit risk, the Group trades with recognised, creditworthy third parties. The Group has a single customer which is Santos for the sale of gas and condensate under a gas sale agreement. Receivable balances are monitored on an ongoing basis with the result being that the Group's exposure to bad debts is not significant. At 30 June 2013 none of the group debtors are past due or impaired.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to the interest rate swap is the net fair value of these contracts as discussed below.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk through the preparation and maintenance of rolling forecast cash flows and ensuring that adequate borrowing facilities are maintained. Emphasis is placed on ensuring there is sufficient funding in place to meet the ongoing requirements of the Group's exploration and development activities.

The following tables illustrate the contractual maturities of the Group's financial liabilities including interest payments and other fees:

2013	Within 1 Year $'000	Between 1 and 2 Years $'000	Between 2 to 5 Years $'000	Over 5 Years $'000	Total $'000	Carrying Amount $'000
Financial liabilities						
Trade and other payables	7,671	-	-	-	7,671	7,671
Interest rate swap	-	315	-	-	315	315
Bank loans	4,877	45,395	2,042	-	52,314	42,416
Senior subordinated notes	9,995	16,715	132,644	-	159,354	104,097
Total anticipated outflows	22,543	62,425	134,686	-	219,654	154,499

2012	Within 1 Year $'000	Between 1 and 2 Years $'000	Between 2 to 5 Years $'000	Over 5 Years $'000	Total $'000	Carrying Amount $'000
Financial liabilities						
Trade and other payables	27,093	-	-	-	27,093	27,093
Interest rate swap	-	-	1,089	-	1,089	1,089
Bank loans	18,841	29,038	56,716	-	104,595	81,280
Senior subordinated notes	38,734	9,995	149,359	-	198,088	129,621
Total anticipated outflows	84,668	39,033	207,164	-	330,865	239,083

The above tables do not include the future net cash inflows generated from the Longtom production asset.

Market Risk

Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the weighted average interest rate for classes of financial assets and financial liabilities, is set out below:

	2013		2012	
	Weighted Average Interest Rate %	Balance $'000	Weighted Average Interest Rate %	Balance $'000
Financial assets				
Cash and cash equivalents	1.4	11,806	4.07	33,653
Total financial assets		**11,806**		33,653
Financial liabilities				
Bank loans	6.85	42,416	8.27	81,280
Interest rate swap (notional principal amount)	7.68	(8,764)	7.68	(26,521)
Subordinated notes – 2013 Notes	-	-	10.19	19,314
Total financial liabilities		**33,652**		**74,073**

Interest Rate Swaps

The Group had an interest rate swap in place at 30 June 2013 to provide protection against interest rate fluctuations on Longtom project finance borrowings. The swap is based on current notional total debt balance of $8,764,135 (2012: $26,521,106). The swap commenced on 2 January 2009 and expires on 1 July 2014.

The notional total debt balance declines throughout the life of the instrument. The contract requires settlement of net interest receivable or payable quarterly based on the Group paying a fixed rate of 7.68 per cent and receiving the floating rate. The contracts do not satisfy the requirements for hedge accounting and have been recognised at fair value through the profit and loss.

Based on the average balance of debt during the year, if interest rates increased or decreased by 1 per cent the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows. Note there is no effect on profit or equity for borrowings capitalised as part of the Group's exploration and development activities.

	2013 $'000	2012 $'000
Change in profit		
Increase interest rate by 1%	(388)	(2,109)
Decrease interest rate by 1%	388	2,109

Foreign Exchange Risk

The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than Australian dollars. The main foreign currency exposure is to United States dollars. The Group manages foreign exchange risk by monitoring forecast cash flows in currencies other than Australian dollars and maintaining certain cash balances in United States dollars.

Foreign Currency Sensitivity Analysis

The Group is mainly exposed to US dollars. As at 30 June 2013 the USD cash balance is $30,886. The following table details the Group's sensitivity to a 10 per cent increase or decrease in the Australian dollar against the US dollar.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10 per cent change in the exchange rate.

	2013 $'000	2012 $'000
Change in Profit		
– Improvement in AUD to USD by 10%	52	374
– Decline in AUD to USD by 10%	(52)	(374)

26. Financial Risk Management (continued)

Fair Value Estimation

The carrying amounts of the Group's assets and liabilities at the end of each report period approximate their fair values.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

2013	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities at fair value through the profit or loss:				
– Financial liabilities – Interest rate swap	-	315	-	315
	-	315	-	315

2012	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Financial liabilities at fair value through the profit or loss:				
– Financial liabilities – Interest rate swap	-	1,089	-	1,089
	-	1,089	-	1,089

27. Joint Operations

The Group has disclosed its interests in the following permits as at 30 June 2013:

Petroleum Exploration Permit/Licence	Unincorporated Interest 2013 %	Unincorporated Interest 2012 %	Principal Activities	Operator of Joint Venture Operation
AC/RL9	15	-	Oil and gas exploration	Shell Development Australia Pty Ltd

In October 2012, completion of the consolidation of interests for the new Crux joint venture with Shell (Operator) and Osaka Gas was achieved. Following completion Nexus held a 17 per cent interest in the Crux permit. In December 2012, Nexus exercised the 2 per cent put option with Shell reducing its interest from 17 per cent to 15 per cent. In February 2013, the Retention Lease was issued to the Crux Joint Venture.

Contingent liabilities in respect of joint venture operations are detailed in Note 35. Exploration expenditure commitments and capital commitments in respect of joint venture operations are detailed in Note 28.

	2013 $'000	2012 $'000

28. Commitments

(a) Operating Lease Rental Commitments

Non-cancellable operating lease rentals not provided for in the financial statements and payable:

	2013 $'000	2012 $'000
Not later than one year	1,619	1,574
Later than one year but not later than five years	6,943	6,733
Later than five years	1,139	2,968
Total operating lease rental commitments	9,701	11,275

The Company has a photocopier lease with a primary 3-year term that expires during February 2015. Lease payments are made monthly in advance.

The Company has an office lease for Level 8 Freshwater Place Southbank with a 10-year term that expires in January 2019. Rent is payable monthly in advance.

The Company has an office lease for Level 23 530 Collins Street Melbourne with an 8-year term that expires in February 2019. Rent is payable monthly in advance.

Non-cancellable operating lease rentals not provided for in the financial statements and receivable:

	2013 $'000	2012 $'000
Not later than one year	1,019	980
Later than one year but not later than five years	4,502	4,329
Later than five years	714	1,906
Total operating lease rental commitments	6,235	7,215

The company has sub-let level 8 Freshwater Place Southbank to a third party expiring in January 2019.

(b) Exploration Expenditure Commitments

Exploration expenditure commitments are estimates for work commitments pursuant to the award of petroleum exploration permits VIC/P54, WA-377-P and AC/RL9. (2012: VIC/P54 and WA-377-P)

	2013 $'000	2012 $'000
Not later than one year	9,685	1,050
Later than one year but not later than five years	65,400	40,300
Later than five years	-	-
Total exploration expenditure commitments	75,085	41,350

The above commitments include exploration expenditure commitments relating to joint venture operations:

	2013 $'000	2012 $'000
Not later than one year	9,385	-
Later than one year but not later than five years	25,000	-
Later than five years	-	-
Total joint venture operation exploration expenditure commitments	34,385	-

Estimates for future exploration expenditure commitments are based on estimated well and seismic costs which will change as actual drilling location and seismic surveys are organised and are determined in current dollars on an undiscounted basis. The exploration and evaluation obligations may vary significantly as a result of renegotiations with relevant parties.

	2013 $'000	2012 $'000
29. Notes to the Cash Flow Statements		
Reconciliation of Loss After Income Tax to Cash Flow from Operations		
Profit (Loss) after income tax	17,548	(342,323)
Add/(subtract) non-cash items		
Depreciation of plant and equipment and amortisation of computer software	160	98
Amortisation of Longtom production asset	12,546	31,980
Share based payments expensed	315	(125)
Net unrealised foreign currency losses/(gains)	70	(43)
Inventory write-down	-	1,903
Doubtful debts expense	-	(330)
Loss on sale of inventory	-	6,456
Impairment of development asset – Long Lead Items (LLI)	-	81,038
Impairment of production asset	-	162,778
Shares issued for no consideration	-	660
Items classified as investing/financing activities:		
Interest expense repayments	5,987	9,694
Gain on part sale of Crux interest	(45,799)	-
Gain on settlement of obligations of Long Lead Items (LLI)	(9,251)	-
Gain on disposal of plant and equipment	(338)	(188)
Exploration and evaluation expenditure expensed	310	322
Net foreign currency (gains) / losses	(165)	(910)
Change in operating assets and liabilities:		
(Increase)/decrease in assets		
Trade and other receivables – current	(13,934)	1,242
Trade and other receivables – non-current	-	6,389
Other assets – current	38	1,997
Other assets – non current	(505)	2,649
Deferred tax asset	11,255	58,881
Increase/(decrease) in liabilities		
Trade and other payables – current	(10,311)	(4,129)
Trade and other payables – non current	15,286	(5,038)
Financial liabilities – non current	(774)	(565)
Long term provisions	12,388	1,624
Net cash (used in)/provided by operating activities	(5,174)	14,060

30. Share Based Payments

Executive Director and Employee Share Option Plan

The Company has an Executive Director and Employee Share Option Plan (ESOP) which was approved by shareholders in September 2008. Performance rights expire not more than five years after they are granted and the exercise price of performance rights, issued during the financial year, is determined by the Directors. If there is a change of control of the Company, all unexercised performance rights will become immediately exercisable. Performance rights granted under the ESOP carry no dividend or voting rights. When exercisable, each performance right is convertible into one ordinary share of the Company.

Vesting of the performance rights issued in the 2013 financial year will be subject to a performance test. A proportion (between nil and 100%) of the performance rights (as determined by the performance test), will vest at the end of the vesting period expiring on 30 June 2014 and 30 June 2015 (the vesting date) with the Board having the discretion to vary the vesting conditions in certain circumstances. The performance rights will be exercisable in the 12 month period commencing on the vesting date. The performance test for the performance rights issued to the Chief Executive Officer and key management personnel will be measured by the Total Shareholder Return (TSR) of Nexus ordinary shares relative to the TSR of a comparative group of other oil and gas companies and the ASX Energy Index over the vesting period. Vesting of the performance rights issued will be as follows: Top quartile ranking is required for all performance rights to vest while no options would vest if Nexus ranks in the third or fourth quartile of TSR rankings at the end of the vesting period, 50 per cent of the performance rights will vest at the 50th percentile with proportionate vesting to the 75th percentile.

The following reconciles the outstanding share performance rights granted under the ESOP at the beginning and end of the financial year:

	2013		2012	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance at beginning of financial year	**7,551,300**	**0.00**	4,419,293	0.00
Granted during the financial year	**3,643,300**	**0.00**	6,913,100	0.00
Exercised during the financial year	**-**	**0.00**	(484,093)	0.00
Forfeited during the financial year	**(1,340,900)**	**0.00**	(3,297,000)	0.00
Expired during the financial year	**(210,000)**	**-**	-	-
Balance at end of financial year	**9,643,700**	**0.00**	7,551,300	0.00
Exercisable at end of financial year	**398,300**	**0.00**	-	0.00

The Executive Director and Employee Share Option Plan performance rights outstanding as at 30 June 2013 had a weighted average exercise price of nil (2012: nil) with a weighted average remaining contractual life of 1,041 days (2012: 1,101 days). Details of ESOP options outstanding at the end of the financial year:

Grant Date	Expiry and Exercise Date	Exercise Price	Number
6 December 2010	30 June 2013	Zero	398,300
19 August 2011	30 June 2014	Zero	1,102,100
3 April 2012	2 April 2015	Zero	4,500,000
26 November 2012	30 June 2015	Zero	3,643,300
			9,643,700

Performance rights holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity. On 30 June 2013, the performance rights issued on 6 December 2010 vested. A total of 398,300 shares were issued on the exercise of performance rights granted under the Nexus Energy Limited Executive Director and Employee Option Plan.

30. Share Based Payments (continued)

Fair Value of Performance Rights

During the 2013 financial year 3,643,300 unlisted performance rights were issued, pursuant to the Nexus Energy Limited Executive Director and Employee Option Plan, with a zero exercise price and vesting date of 30 June 2015. Also during the 2013 financial year a total of 1,340,900 performance rights were forfeited as a result of employee resignations and 210,000 expired as a result of TSR performance hurdle not being satisfied at 30 June 2013. At 30 June 2013 a total of $315,155 was expensed to the statement of comprehensive income (2012: $124,700 was credited to the income statement).

The weighted average fair value of the Executive Director and ESOP performance rights granted during the 2013 financial year was $0.11 (2012: $0.20). The fair value of each performance right granted during the 2013 financial year was estimated on grant date using the binomial option pricing model. The binomial option pricing model takes into account the exercise price, the term of the performance rights, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the performance right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right. The Company has applied the following assumptions and inputs:

Weighted average exercise price	Zero (2012: Zero)
Weighted average life of options	1,041 days (2012: 1,101 days)
Weighted average share price	$0.11 (2012: $0.20)
Expected share price volatility	80% (2012: 70%)
Risk-free interest rate	2.72% (2012: 3.04%)

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate.

31. Segment Reporting

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The operating segments identified by management are based on assets in production, development and exploration.

Types of Products and Services by Segment

(a) Production

The production segment relates to the sale of gas and condensate. At 30 June 2013, the Longtom asset is reported in this segment which has a sale agreement with Santos for the sale of gas and condensate.

(b) Development

The development segment holds assets which have confirmed resources and are currently in development phase. At 30 June 2013, the Crux asset is reported in this segment.

(c) Exploration

The exploration segment holds assets which are currently in exploration and evaluation phase. All remaining assets and permits are reported in this segment.

(d) Other

Relates to corporate and other based expenses.

Basis of Accounting for Purposes of Reporting by Operating Segments

Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment Transactions

An internally determined transfer price is set for all inter-entity sales. This price is re-set quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation for the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' activity within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Balances included within the segment note represent consolidated amounts excluding inter-company transactions which have been eliminated on consolidation.

Segment Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment Liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings (with the exception of asset specific project financing) and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Other Items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- net gains/(losses) on disposal of available-for-sale investments;
- income tax expense;
- deferred tax assets and liabilities;
- current tax liabilities;
- other financial liabilities;
- intangible assets;
- general and administration expenditure;
- net foreign currency gains/(losses);
- share issues and related expenses; and
- retirement benefit obligations.

31. Segment Reporting (continued)

30 June 2013	Production $'000	Development $'000	Exploration $'000	Other $'000	Total $'000
Revenue					
Sales to external customers	51,996	-	-	-	51,996
	51,996	-	-	-	51,996
Other income					
Gain on part sale of Crux interest	-	45,799	-	-	45,799
Gain on settlement of obligations of Long Lead Items	-	9,251	-	-	9,251
Other income	-	31	-	2,390	2,421
	-	55,081	-	2,390	57,471
Total segment revenue	51,996	55,081	-	2,390	109,467
Results for the financial year ended 30 June 2013					
Segment result	18,572	55,081	(310)	1,708	75,051
Finance costs	(8,393)	-	-	(19,153)	(27,546)
Restoration expense	(2,033)	(2,014)	-	-	(4,047)
Mark-to-market adjustment on derivative financial instruments	775	-	-	-	775
Interest and other revenue	270	28	-	384	682
Depreciation and amortisation	-	-	-	(160)	(160)
Employee benefits expense	-	-	-	(5,156)	(5,156)
Foreign exchange movements	-	-	-	(235)	(235)
Administration and other operating expenses	-	-	-	(10,561)	(10,561)
Net profit/(loss) before tax					28,803
Income tax expense					(11,255)
Net profit/(loss) after tax					17,548

30 June 2012	Production $'000	Development $'000	Exploration $'000	Other $'000	Total $'000
Revenue					
Sales to external customers	80,670	-	-	-	80,670
	80,670	-	-	-	80,670
Other Income					
Other income	-	235	-	3,751	3,986
	-	235	-	3,751	3,986
Total segment revenue	80,670	235	-	3,751	84,656

30 June 2012	Production $'000	Development $'000	Exploration $'000	Other $'000	Total $'000
Results for the financial year ended 30 June 2013					
Segment result	14,500	235	(322)	1,227	15,640
Finance costs	(10,997)	-	-	(21,780)	(32,777)
Restoration expense	(1,286)	(323)	-	-	(1,609)
Mark-to-market adjustment on derivative financial instruments	565	-	-	-	565
Impairment of production asset	(162,778)	-	-	-	(162,778)
Loss on disposal of inventory	-	(6,456)	-	-	(6,456)
Inventory write downs	-	(1,903)	-	-	(1,903)
Impairment of development asset – Long Lead Items	-	(81,038)	-	-	(81,038)
Interest and other revenue	503	19	-	2,002	2,524
Depreciation and amortisation	-	-	-	(98)	(98)
Employee benefits expense	-	-	-	(6,750)	(6,750)
Foreign exchange movements	-	-	-	1,003	1,003
Administration and other operating expenses	-	-	-	(9,764)	(9,764)
Net profit/(loss) before tax					(283,441)
Income tax expense					(58,882)
Net profit/(loss) after tax					(342,323)

Segment Assets

	Production $'000	Development $'000	Exploration $'000	Other $'000	Total $'000
As at 30 June 2013					
Segment asset information					
Cash and cash equivalents	3,157	1,727	-	6,922	11,806
Trade and other receivables	21,587	50	-	117	21,754
Exploration and evaluation assets	-	-	12,542	-	12,542
Development assets	-	218,659	-	-	218,659
Production assets	139,194	-	-	-	139,194
Prepayments	25,387	-	-	-	25,387
Inventories	1	-	-	-	1
Deferred tax	-			112,090	112,090
Other assets	-	-	-	211	211
Segment assets	189,326	220,436	12,542	119,340	541,644
As at 30 June 2012					
Segment asset information					
Cash and cash equivalents	1,261	3,766	-	28,626	33,653
Trade and other receivables	5,615	1,513		692	7,820
Exploration and evaluation assets			11,655	-	11,655
Development assets	-	233,631	-	-	233,631
Production assets	145,384	-	-	-	145,384
Prepayments	24,920	-	-	-	24,920
Inventories	15	-	-	-	15
Deferred tax	-	-	-	123,345	123,345
Other assets	-	-	-	268	268
Segment assets	177,195	238,910	11,655	152,931	580,691

31. Segment Reporting (continued)

Segment Liabilities	Production $'000	Development $'000	Exploration $'000	Other $'000	Total $'000
As at 30 June 2013					
Segment liabilities information					
Trade and other payables	5,323	651	-	1,697	7,671
Unearned revenue	18,307	-	-	-	18,307
Borrowings	42,416	-	-	104,097	146,513
Derivative financial liabilities	315	-	-	-	315
Provisions	40,889	18,825	-	150	59,864
Segment liabilities	107,250	19,476	-	105,944	232,670
As at 30 June 2012					
Segment liabilities information					
Trade and other payables	8,189	16,830	-	2,074	27,093
Unearned revenue	3,021	-	-	-	3,021
Borrowings	81,280			129,621	210,901
Derivative financial liabilities	1,089	-	-	-	1,089
Provisions	38,855	8,491	-	130	47,476
Segment liabilities	132,434	25,321	-	131,825	289,580

Other Segment Information

Additions to non-current assets, other than financial assets during the reporting periods were:

As at 30 June 2013	Production $'000	Development $'000	Exploration $'000	Other $'000	Total $'000
Property, plant, equipment and intangibles	-	-	-	103	103
Exploration and evaluation assets	-	-	887	-	887
Development assets		14,229	-	-	14,229
Production assets	6,356	-	-	-	6,356

As at 30 June 2012	Production $'000	Development $'000	Exploration $'000	Other $'000	Total $'000
Property, plant, equipment and intangibles	-	-	-	135	135
Exploration and evaluation assets	-	-	1,514	-	1,514
Development assets		3,076	-	-	3,076
Production assets	7,634	-	-	-	7,634

Major Customers

The Group supplies gas and condensate to a single supplier in the production segment which accounts for 100 per cent of the Group's external revenue $52.0 million (2012: $80.7 million). The Group has a gas sale agreement with Santos for the supply of gas and condensate. This supply is made within one geographical location, being Australia.

	2013 $	2012 $

32. Auditors Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and non-related audit firms:

	2013 $	2012 $
PwC Australia		
Auditing and review of financial statements	**202,000**	193,500
Tax advice on Crux transaction	**336,575**	164,921
Taxation compliance and other services	**93,282**	19,367
Total remuneration of PwC Australia	**631,857**	377,788
Non-PwC audit firms		
Auditing and review of financial statements – Moore Stephens	**-**	23,115
Taxation compliance and other services	**-**	-
Total remuneration of non-PwC audit firms	**-**	23,115
Total auditors' remuneration	**631,857**	400,903

33. Related Party Disclosures

Directors and Key Management Personnel

Remuneration disclosures required by AASB 124 Related Party Disclosures are disclosed in the Remuneration Report section of the Directors' Report. These disclosures have been audited.

Subsidiaries

Interests in subsidiaries are set out in Note 25. The ultimate parent entity, Nexus Energy Limited exercises control over the subsidiaries in the Group.

Other Related Parties

During the financial year no consulting fees were paid to Ian Boserio Oil & Gas Consultants which is a Director related entity of Ian Boserio (2012: $15,000).

During the financial year no consulting fees were paid to Palmer Investments which is a Director related entity of Steven Lowden (2012: $104,250).

34. Subsequent Events

Since the end of the financial year the following events have occurred:

Financial Report

The Financial Report was authorised for issue on 18 September 2013.

35. Contingent Liabilities and Contingent Assets

Contingent Liabilities

The Group had contingent liabilities as at 30 June 2013 that may become payable in respect of:

Letter of Credit Provided by Subsidiaries

The subsidiaries Nexus Energy Aust. NL and Nexus Energy VICP54 Pty Ltd have entered into an agreement to supply raw gas to Santos Offshore Pty Ltd (Santos). As security for the supply of raw gas, Santos has access to a letter of credit capped at $60 million (2012: $60 million). The letter of credit has been provided on behalf of the Group by BOS International (Australia) Limited. Should the subsidiaries not meet their obligations under the agreement to supply raw gas, Santos may at this time have access to draw on the letter of credit. The letter of credit amortises on an agreed formula once cumulative production from the Longtom facility exceeds 82.5PJ down to a nil balance after 150PJ has been produced. Under the facility terms Nexus is required to provide incremental cash cover for the security on a quarterly basis starting in July 2014 based on an agreed formula applying to available surplus funds.

35. Contingent Liabilities and Contingent Assets (continued)

Joint Venture Arrangements

In accordance with normal oil and gas industry practice, the Group has entered into joint venture operations with other parties for the purpose of exploring and developing its permit interests. If a participant to a joint venture operation defaults and does not contribute its share of joint venture operation obligations, then the other joint venturers are liable to meet those obligations. In this event, the interest in the permit held by the defaulting participant may be redistributed to the remaining joint venturers. At the date of this report no participant in joint venture operations had defaulted.

Bank Guarantee

Nexus Energy Limited as parent entity has provided a cash backed bank guarantee of $728,563 to Australand in relation to the leased offices at Level 8 Freshwater Place Southbank. A bank guarantee of $271,245 is also in place for the leased offices at Level 23, 530 Collins Street. These bank guarantees will be in place for the term of the leases.

Litigation

Sedco Forex International

On 6 July 2011, Sedco Forex International Inc (Sedco) issued Federal Court proceedings against Nexus Energy Limited (Nexus) and its wholly owned subsidiary, Nexus Energy WA Pty Ltd (NEWA). Sedco seeks damages against NEWA based on an alleged breach and repudiation of a contract relating to the charter of the Transocean Legend drilling rig and has lodged a claim for the amount of $67,173,680. Sedco also claims against Nexus and NEWA based on alleged misleading and deceptive conduct. Nexus and NEWA strenuously deny the claims by Sedco. The information currently available indicates that Sedco was not itself able to perform the contract and was not therefore entitled to terminate it. Prior to termination, Nexus expressed concerns about the Transocean Legend's maintenance and safety. Nexus and NEWA consider that Sedco unlawfully terminated the contract so it could use the Transocean Legend to fulfil another contract. Nexus and NEWA are vigorously defending Sedco's claim.

T-D Joint Venture Pty Ltd (TDJV)

In 2007, Nexus Energy Corporate Pty Ltd entered into an offshore installation contract with T-D Joint Venture Pty Ltd (TDJV) in relation to the Longtom Gas Project. TDJV was placed into liquidation in December 2009. TDJV's liquidators have asserted that Nexus owes TDJV amounts for variations to the contract scope of works. Nexus has asserted it has a larger claim against TDJV for its abandonment of the contract. Nexus and TDJV's liquidators continue their good faith discussions in relation to this matter.

36. Company Details

Nexus Energy Limited is a publicly listed company limited by shares and is listed in Australia on the ASX. It is incorporated and domiciled in Australia. The registered office of Nexus Energy Limited and the principal place of business is Level 23, 530 Collins Street, Melbourne, Victoria 3000.

37. New Accounting Standard for Application in Future Periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' (effective for annual reporting periods beginning on or after 1 January 2015).

AASB 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The Group is yet to assess AASB 9's full impact. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the financial year ending 30 June 2016.

AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' (effective 1 July 2013).

On 30 June 2010, the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Nexus Energy Ltd is listed on the ASX, as such it is ineligible to adopt these two new Australian Accounting Standards. As a consequence, there will be no impact on the consolidated financial statements.

AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', revised AASB 127 'Separate Financial Statements', AASB 128 'Investments in Associates and Joint Ventures' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards' (effective 1 January 2013).

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 'Consolidated and Separate Financial Statements', and Interpretation 12 'Consolidation – Special Purpose Entities'. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. The Group does not expect the new standard to have any impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The Group has considered the impact of AASB 11, as it is a participant in joint operations. Currently, the Group does not expect this standard to have a significant impact on its consolidated financial statements.

AASB 12 sets out the required disclosures for entities reporting under the above two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the consolidated financial statements.

AASB 127 is renamed 'Separate Financial Statements' and is now a standard dealing solely with separate financial statements. Application of this standard by the Group will not affect any of the amounts recognised in the consolidated financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a partial disposal concept. Application of this standard by the Group will not affect any of the amounts recognised in the consolidated financial statements. The Group does not intend to adopt the relevant new standards before their operative date, which means that they would first be applied in the financial year ending 30 June 2014.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13' (effective 1 January 2013).

AASB 13 was released in September 2011. AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group does not use fair value measurements extensively. It is therefore unlikely that the new rules will have a significant impact on any of the amounts recognised in the consolidated financial statements or disclosed in the notes to the consolidated financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the financial year ending 30 June 2014.

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements' (effective 1 July 2013).

During July 2011, the AASB decided to remove the individual key management personnel disclosure requirements from AASB 124 'Related Party Disclosures', to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. While this will reduce the disclosures that are currently required in the notes to the consolidated financial statements, it will not affect any of the amounts recognised in the consolidated financial statements. The amendments apply from 1 July 2013 and cannot be adopted early.

AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle' (effective for annual reporting periods beginning on or after 1 January 2013).

During June 2012, the AASB approved a number of amendments to Australian Accounting Standards as a result of the 2009-2011 annual improvements project. The Group does not expect that any adjustments will be necessary as the result of applying the revised rules. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the financial year ending 30 June 2014.

There are no other Australian Accounting Standards that are not yet effective and that are expected to have a material impact on the Group in the current or future financial years and on foreseeable future transactions.

DIRECTORS' DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

In the Directors opinion:

(a) The financial statements and notes as set out on pages 49 to 85, are in accordance with the Corporations Act 2001 including:

  i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

  ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

Don Voelte AO
Non-Executive Chairman

Lucio Della Martina
Managing Director and Chief Executive Officer

Dated at Melbourne this 18th day
of September 2013

pwc

Independent auditor's report to the members of Nexus Energy Limited

Report on the financial report

We have audited the accompanying financial report of Nexus Energy Limited (the company), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Nexus Energy Limited Group (the consolidated entity). The consolidated entity comprises Nexus Energy Limited and the entities it controlled at the year's end.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion
In our opinion:

(a) the financial report of Nexus Energy Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 25 to 37 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion
In our opinion, the remuneration report of Nexus Energy Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Charles Christie
Partner

18 September 2013

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited listing rules and not disclosed elsewhere in this report is set our below. The information was applicable as at 12 September 2013.

Distribution of Shareholding

The number of shareholders by size of holding is set out below:

Size of Shareholding	Number of Holders	Number of Shares
Less than 1,000	1,029	343,566
1,001 to 5,000	1,966	5,837,649
5,001 to 10,000	1,419	11,152,860
10,001 to 100,000	3,989	143,141,290
More than 100,000	1,086	1,169,744,094
Total	**9,489**	**1,330,219,459**

There were 3,503 shareholders of less than a marketable parcel of ordinary shares.

Substantial Shareholders

Shareholder	Number of Shares
Credit Suisse Holdings (Australia) Limited	185,621,235
Andrew Greig	68,025,304
Dimensional Fund Advisors	66,566,809

Top 20 Shareholders

Size of Shareholding	Number of Shares	% of Issued Capital
CS Fourth Nominees Pty Ltd	168,254,370	12.65
Citicorp Nominees Pty Limited	114,441,330	8.60
Bond Street Custodians Limited	69,229,016	5.20
HSBC Custody Nominees (Australia) Limited	63,286,830	4.76
JP Morgan Nominees Australia Limited	47,212,993	3.55
JP Morgan Nominees Australia Limited	41,153,952	3.09
National Nominees Limited	38,355,997	2.88
Bond Street Custodians Limited	16,514,153	1.24
Hotlake Pty Ltd	16,400,000	1.23
Keong Lim Pty Limited	16,093,353	1.21
Bond Street Custodians Limited	15,849,660	1.19
HSBC Custody Nominees (Australia) Limited	15,153,109	1.14
B & A Hannon	13,973,997	1.05
VBS Investments Pty Ltd	13,176,500	0.99
Cullen Holdings Pty Ltd	12,450,250	0.94
UOB Kay Hian (Hong Kong) Limited	8,700,000	0.65
P & J Watt	8,287,335	0.62
Motorcraft Pty Ltd	7,300,000	0.55
Tess Aust Pty Ltd	6,651,511	0.50
HSBC Custody Nominees (Australia) Limited	6,407,014	0.48
Total	**698,891,370**	**52.54**

Issued Capital

Type	Expiry and Exercise Date	Exercise Price	Number of Securities on Issue	Number of Holders
Fully paid ordinary shares			1,330,219,459	9,489
Employee share options				
Exercisable at	30 June 2014	Zero	926,200	11
	2 April 2015	Zero	4,500,000	1
	30 June 2015	Zero	3,097,800	15
	30 June 2016	Zero	4,401,800	15

Voting Rights

Ordinary Shares

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Schedule of Title

Title	Basin	Interest %
VIC/L29 (Longtom)	Gippsland	100
AC/RL9 (Crux)	Browse	15
WA-377-P (Echuca Shoals)	Browse	100
VIC/P54	Gippsland	100

Other Information

Nexus Energy Limited is incorporated and domiciled in Australia and is a publicly listed company limited by shares.

The name of the Company Secretary is Susan Robutti.

The address of the principal registered office in Australia is Level 23, 530 Collins Street, Melbourne, Victoria 3000.
Telephone (03) 9600 2500.

Register of securities is held at Computershare Investor Services Pty Ltd, Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067 Australia.
Telephone 1300 850 505.

GLOSSARY OF TERMS

2P	proved plus probable reserves
$ or cents	units of Australian currency
AIFRS	Australian International Financial Reporting Standards
appraisal well	a well drilled to follow up a discovery and evaluate its commercial potential
ASX	Australian Securities Exchange
bbl	barrel of oil or condensate (equivalent to 159 litres)
bbl/d	barrel of oil or condensate per day
Bcf	billion cubic feet of natural gas
boe	barrel of oil equivalent
capex	capital expenditure
condensate	light hydrocarbon compounds that condense into liquid at surface temperatures and pressures, generally produced with natural gas
condensate in place ('CIP')	an estimated measure of the total amount of condensate contained in a reservoir and, as such, a higher figure than recoverable condensate
contingent resources	as defined by the SPE/WPC/AAPG Petroleum Resources Management System are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but which are not yet considered mature enough for commercial development due to technological or business hurdles
ELOC	Equity line of credit
EPBC Act	Environment Protection and Biodiversity Conservation Act 1999 (Cth)
exploration	the process of identifying prospective hydrocarbon regions and structures, mainly by reference to regional and specific geochemical, geological and geophysical surveys
farm-in/farm-out	the commercial arrangement in which an incoming participant earns an interest in a permit by funding a proportion of the exploration costs
FEED	front end engineering and design, being the preliminary design and cost and schedule confirmation before a final investment decision
FID	final investment decision
field	an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature or stratigraphic condition
FLNG	floating liquefied natural gas
gas in place ('GIP')	an estimated measure of the total amount of gas contained in a reservoir and, as such, a higher figure than recoverable gas
GCA	Gaffney, Cline & Associates
Group or Consolidation	Nexus Energy Limited and its subsidiaries
GSA	Gas Sales Agreement
HSEC	health, safety, environment and community
hydrocarbon	organic compounds of carbon and hydrogen including natural gas, liquefied petroleum gas, crude oil and condensate
Joint Authority	decision making body responsible for the administration of the Offshore Petroleum Act 2006, comprised of the relevant State/Territory Minister and the Commonwealth Minister
km	kilometre
km^2	square kilometres
lead	a potential petroleum trap which has been identified but has not been adequately defined
LNG	liquefied natural gas
MM	million

Nexus, Nexus Energy and Company	Nexus Energy Limited
operator	one of the companies in a joint venture which has been appointed to carry out all operations on behalf of the other joint venture participant/s
Osaka Gas	Osaka Gas Crux Pty Ltd
NOPSEMA	National Offshore Petroleum Safety and Environmental Management Authority
P50 best estimate	the quantity for which there is a 50 per cent probability that the result will equal or exceed the estimate
permit	a hydrocarbon tenement, lease, licence or block
petroleum initially in-place	Petroleum initially in-place is that quantity of petroleum which is estimated to exist in naturally occurring accumulations and a portion of which may constitute potentially recoverable resources. Petroleum initially in-place may be subdivided into discovered petroleum initially in-place and undiscovered petroleum initially in-place, with discovered petroleum initially in-place being limited to known accumulations
PJ	petajoules
probable	means in respect of reserves, those additional reserves which analysis of geoscience and engineering data indicate are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50 per cent probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves
prospect	a geological or geophysical anomaly that has been surveyed and defined, usually by seismic data, to the degree that its configuration is fairly well established, and on which further exploration such as drilling can be recommended
proved	means in respect of reserves, those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations. If probabilistic methods are used, there should be at least a 90 per cent probability that the quantities actually recovered will equal or exceed the estimate
reserves	quantities of economically recoverable hydrocarbons
reservoir	a porous and permeable rock formation to store and transmit fluids such as gas, oil and water.
rig	equipment used for drilling a well
risk	an expression of uncertainty relating to the presence of principal geological factors controlling hydrocarbon accumulation
scf	standard cubic feet of gas
seismic survey	a type of geophysical survey where the travel times of artificially created seismic waves are measured as they are reflected in a near-vertical sense back to the surface from subsurface boundaries. This data is typically used to determine the depths to the tops of stratigraphic units and in making subsurface structural contour maps and ultimately in delineating prospective structures
Shell	Shell Development (Australia) Pty Ltd
Stb	stock tank barrels
structure	a geological formation of sedimentary rocks which, if sealed could form a potential trap for storage of hydrocarbons
sub-sea well	a well with a wellhead installed on the sea floor and controlled remotely
Tcf	trillion cubic feet of gas
TJ/d	terajoules per day
US$	United States dollars

CORPORATE DIRECTORY

Directors, Managing Director/CEO

Don Voelte AO
Non-Executive Chairman

Lucio Della Martina
Managing Director & Chief Executive Officer

Symon Drake-Brockman
Non-Executive Director

John Hartwell
Non-Executive Director

CFO & Company Secretary

Susan Robutti

Registered & Principal Office

Level 23, 530 Collins Street
Melbourne Victoria 3000

Tel:	(03) 9660 2500
Fax:	(03) 9654 9303
email:	nexus@nxs.com.au
website:	www.nexusenergy.com.au
ABN:	64 058 818 278

Auditors

PricewaterhouseCoopers Australia
2 Southbank Boulevard
Southbank Victoria 3006

Bankers

Australia and New Zealand Banking Group Limited
91 William Street
Melbourne Victoria 3000

Share Registry

Computershare Investor Services Pty Ltd

Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067

Tel:	(03) 9415 5000
Website:	www.computershare.com.au

Stock Exchange Listing

The Company is listed on the
Australian Securities Exchange Limited
Home exchange is Perth
ASX Code: NXS

nexus
ENERGY