

Report for Quarter ending 31 March 2013 & Appendix 5B

Longtom quarterly production impacted by shutdown, offshore intervention progressing

- Production volumes for quarter lower than 3Q12, with 0.25 PJ of gas and 1.79 Kbbls of condensate produced at an average yield of 8.4 bbls per MMscf
- 3Q13 result includes limited production following the suspension at Longtom on 14 January 2013 due to an electrical fault
- Sales revenue of \$1.35 million for 3Q13, minimal production costs reflecting production outage
- Offshore intervention campaign completed safely during February 2013 that identified the electrical fault that caused gas production suspension in January 2013
- Subsequent offshore campaign on offshore facilities to commence in mid-May, subject to weather conditions

			Quarter Ended		Year To Date	
			31-Mar-2013	31-Mar-2012	2013 FY	2012 FY Comparative
Gas	Production	PJ	0.25	2.79	9.74	14.64
	Sales	PJ	0.24	2.71	9.50	14.24
Condensate	Production	Kbbl	1.79	25.07	77.58	130.69
	Sales	Kbbl	4.23	26.63	79.12	130.13
Total	Revenue	A\$ m	1.35	13.32	45.04	67.30

Continued progress with strategic agenda

Transformation of Crux asset into LNG value play, positive steps towards crystallising the value of Crux

- Joint Authority awarded Crux Retention Lease (AC/RL9) to Crux Joint Venture in February 2013, representing an important milestone towards unlocking the value of Crux
- Five-year Retention Lease provides clear framework and detailed work program to meet government's expectation of earliest possible commercialisation of Crux
- Joint Venture will finalise development concept(s) with a view to progressing to final investment decision, preserving potential for standalone FLNG facility in East Browse
- Process to divest a tranche of Crux is ongoing, with additional interest from new parties following granting of the Retention Lease and publication of work program

Strengthened balance sheet

- Proceeds from sale of 2% interest in Crux in December 2012 used to retire \$62.9 million of debt related to the notes and Longtom debt facility, resulting in immediate deleveraging of Nexus' balance sheet and lower ongoing finance costs

Improved cost discipline

- On track to deliver targeted annual administration cost savings of 30%

Mr Della Martina, Nexus' CEO & Managing Director said:

"The acceptance of the Retention Lease at Crux during the quarter marked an important milestone in unlocking the value of that asset. The Retention Lease preserves the potential for a standalone FLNG facility in the East Browse and a significant Crux hub."

"While the outage at Longtom has been disappointing, the second intervention program will soon commence and we anticipate returning to production once those works have been completed. Longtom is a high quality asset which is well positioned to benefit from the strong demand dynamics in the East Coast of Australia."

PRODUCTION ACTIVITIES

Longtom Gas Project VIC/L29 Licence (Nexus 100%) Gippsland Basin, Victoria

Production at the Patricia-Baleen gas processing facility was suspended on 14 January 2013 as a result of an electrical fault. An offshore intervention program was undertaken during February to identify the location of the electrical fault which caused the interruption to gas production at the Longtom field. A subsequent offshore program will be required to rectify the fault and enable the return to gas production.

A Diving Support Vessel (DSV) has been contracted by Santos for repairs to the offshore electrical system. Work is expected to commence in May, subject to the DSV meeting unrelated deadlines enabling release to Santos, with offshore works expected to take ten days. Nexus is considering and preparing to undertake maintenance activities on the Longtom subsea equipment following completion of the Santos works (subject to time vessel availability). Production from the Longtom field is expected to recommence upon completion of the offshore program.

As a result of the production outage, revenues are down for the quarter. During the March 2013 quarter, Nexus sold 0.24 PJ of gas and 4.23 Kbbbl of condensate, booking total revenues of \$1.35 million. As advised in the half-year results announcement, previous guidance for FY13 production will not be achieved in light of the Longtom outage.

Longtom is a high-quality asset which is well positioned to benefit from the strong demand dynamics in the East Coast. Development opportunities are currently being assessed against the Company's overall corporate strategy. Preliminary planning for the Longtom development opportunities, including the Longtom-5 well, are progressing, with engineering activities expected to increase in the first quarter of FY14. Rig availability and long-lead equipment requirements are also being evaluated.

DEVELOPMENT ACTIVITIES

Crux AC/RL9 Licence (Nexus 15%) Browse Basin, Western Australia

Nexus is well progressed in its goal of repositioning Crux into an LNG value chain play and unlocking value in the asset in line with the business' strategic imperatives.

On 12 February 2013, Nexus announced that the Crux Joint Venture had accepted the offer from the Joint Authority for the issuance of a five-year Retention Lease. The Retention Lease provides a clear framework, including a detailed work program, for the Crux Joint Venture to meet the government's expectation of the earliest possible commercialisation of the Crux asset.

The detailed work program and associated defined timelines include technical studies of a range of development options, including a standalone development concept, and the drilling of a commitment well in permit year two (2014) relating to the Auriga prospect. The requirements to satisfy year one of the work program include seismic reprocessing, inversion and interpretation works.

With the resource development concept(s) and costings to be completed in year three, Nexus will at that time have a clear view of the commercial viability of a standalone FLNG facility. The outcome from the Auriga drilling could be high-impact, and if positive will increase the commercial viability of a standalone FLNG facility.

A process to divest a tranche of Nexus' interest in the Crux asset was initiated in the December 2012 quarter. Additional interest from a range of high quality parties was received following the award of the Retention Lease and detailed work program conditions which target the earliest commercialisation of the Crux resource.

APPRAISAL AND EXPLORATION ACTIVITIES

Echuca Shoals WA-377-P Gas Discovery (Nexus 100%) Browse Basin, Western Australia

The Echuca Shoals permit is strategically located as a potential supplier to both Central Browse and East Browse LNG. Nexus has identified three potential drilling candidates in this permit: the Mashmaker exploration prospect, the Cooper exploration prospect and appraisal of the Echuca Shoals-1 gas discovery. The current technical study program aims to identify the most appropriate risk/reward drilling opportunity and remains on track to be completed by mid-2013. The next commitment well in the permit is to be drilled by March 2015.

Mapping of the Mashmaker prospect as a robust fault related closure was completed during the quarter. Work progressed during the quarter on mapping the Cooper prospect, initial results indicate that there is substantial structural uncertainty that will need to be addressed.

In conjunction with the seismic mapping effort, Cooper and Mashmaker were further assessed by geological studies completed during the quarter as planned. The studies addressed trap integrity related to cross fault seal and cap rock/seal capacity. The work on the cap rock/seal capacity will impact on possible column heights in the success case for both Mashmaker and Cooper. Technical studies during the June 2013 quarter will look to integrate all the study data into the revised prospect portfolio risk/reward assessment for completion by mid-2013.

VIC/P54 Permit (Nexus 100%) Gippsland Basin, Victoria

The increasing demand for gas along the Australian East Coast, together with Longtom's existing infrastructure, has improved the commercial attractiveness of Nexus' acreage. In Production Licence VIC/L29 the Gemfish prospect is ready to be drilled; however Longtom infill drilling remains the priority.

Within VIC/P54, the Hussar and Longtom West exploration prospects have been identified as future drilling candidates to support additional expansion of the Longtom opportunity in 2014 and beyond. Structural definition is the primary geological risk for both prospects. To address this risk, the reprocessing of approximately 425 sq kms of seismic data was initiated in the December 2012 quarter. This project was successfully completed in March 2013 with enhanced data quality achieved. The completion of the reprocessing fulfils the VIC/P54 year three firm work commitment. Revised seismic interpretation and mapping based on the reprocessed data are ongoing with completion targeted by mid-2013.

FINANCIAL REVIEW

At the end of March 2013, the Company's cash balance was \$23.8 million, a decrease of \$71.2 million from December 2012 when cash balances included the proceeds from the sale of 2% of Nexus' participating interest in the Crux Joint Venture. The reduction in cash during the quarter is attributable to the \$62.9 million January debt retirement and the impact of the suspension of gas production at Longtom.

The \$32.9 million notes liability repayment and \$30 million Longtom debt facility retirement strengthened the balance sheet and improved gearing levels which will reduce future finance costs.

Other cash outflows for the quarter included Notes interest payments totaling \$5.9 million and Longtom capital expenditure relating to the February offshore intervention campaign.

Administration costs totaled \$3.4 million for the quarter and \$10.4 million for FY13 YTD. The plan to reduce annual administration costs by 30% remains on track for the 2013 financial year.

The sale process in relation to the sale of the former Crux Liquids project long lead items is ongoing.

Lucio Della Martina
Managing Director & Chief Executive Officer

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10

Name of entity

Nexus Energy Ltd

ABN

64 058 818 278

Quarter ended ("current quarter")

31 March 2013

Consolidated statement of cash flows

	Current quarter A\$'000	Year to date (9 months) A\$'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	7,598	46,036
1.2 Payments for		
(a) exploration and evaluation	(338)	(931)
(b) development	(147)	(10,510)
(c) production	(4,531)	(23,931)
(d) administration	(3,440)	(10,354)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	168	596
1.5 Interest and other costs of finance paid	(7,301)	(17,558)
1.6 Income taxes paid		
1.7 Other – GST, FX gains/losses	(361)	(150)
Net Operating Cash Flows	(8,352)	(16,802)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(2)	(94)
1.9 Proceeds from sale of:		
(a) prospects		75,000
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other		
Net investing cash flows	(2)	74,906
1.13 Total operating and investing cash flows (carried forward)	(8,354)	58,104

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(8,354)	58,104
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(62,879)	(67,879)
1.18	Dividends paid		
1.19	Other		
	Net financing cash flows	(62,879)	(67,879)
	Net increase (decrease) in cash held	(71,233)	(9,775)
1.20	Cash at beginning of quarter/year to date	95,039	33,653
1.21	Exchange rate adjustments to item 1.20	(4)	(76)
1.22	Cash at end of quarter	23,802	23,802

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	261
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	164,999	164,999
3.2 Credit standby arrangements (\$60m letter of credit provided as security for completion of certain capital works on the Longtom project and for obligations in respect to gas deliveries)	60,000	60,000

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	60
4.2 Development	2,880
4.3 Production	2,920
4.4 Administration	3,840
Total	9,700

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,696	84,449
5.2 Deposits at call	2,601	5,079
5.3 Bank overdraft		
5.4 Other	16,505	5,511
Total: cash at end of quarter (item 1.22)	23,802	95,039

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	1,329,821,159	1,329,821,159		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	608,300		Zero	30 June 2013
	1,102,100		Zero	30 June 2014
	4,500,000		Zero	2 April 2015
	3,643,300		Zero	30 June 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter			<i>Exercise price</i>	<i>Expiry date</i>
	31,884,058		202 cents	15 January 2013 (warrants)
	327,600		Zero	9 January 2013
	347,300		Zero	9 January 2013
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30 April 2013
Company Secretary

Print name: Susan Robutti

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flows Statement* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

Schedule of Exploration Permits Held by Consolidated Entity At 31 March 2013

Permit	Basin	Interest %
VIC/P54	Gippsland	100
VIC/L29	Gippsland	100
AC/RL9	Browse	15
WA-377-P	Browse	100

+ See chapter 19 for defined terms.