
Nexus Energy Limited

2012 Annual General Meeting Presentation

22 November 2012

**River Room 1 & 2
Crown Towers
8 Whiteman Street
Southbank Victoria**

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The information in this presentation in relation to hydrocarbon reserves at Crux is based on information compiled by Stephen Lane, Principal of Gaffney, Cline and Associates Pty Ltd (GCA). Stephen Lane has sufficient experience that is relevant to the style and nature of hydrocarbon resources and prospects under consideration.

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

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

Agenda

FY2012 Year in Review

- Financial
- Operational
- Organisational

Look Forward

- Strategic Imperatives
- FY2013 Objectives and Near Term Deliverables

Summary

FY2012 year in review - Financial

Solid underlying performance reported result impacted by non-recurring items

■ Production	17.4 PJ Gas	↑ 18.4%
■ Revenue	\$80.7 million	↑ 21%
■ Reported Net Profit / (Loss) after tax	\$(342.3) million	↑ from \$39.2 million loss
Note: includes \$386 million of non-recurring non-cash one off write downs		
■ Longtom net cash generation	\$56 million	↑ 143%
■ Gearing*	38%	
■ Cash Balance at 30 June 2012	\$33.6 million	

* Gearing = net debt / (net debt + equity)

FY2012 year in review - Health, safety and environment

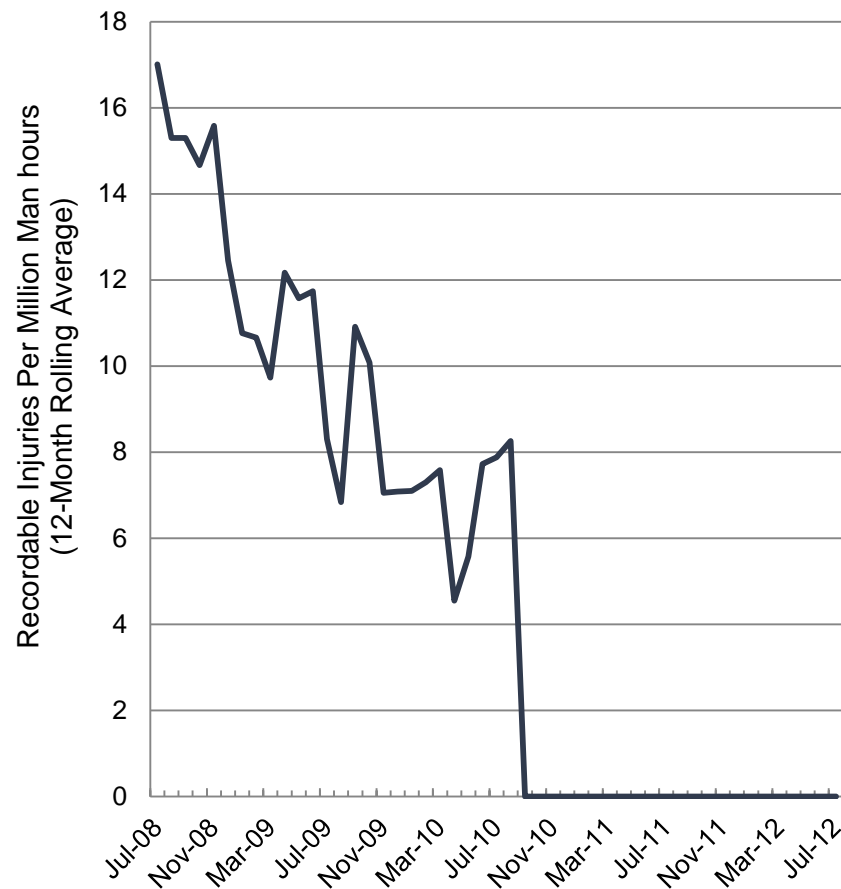
Uncompromising commitment to health, safety and environment

Health and Safety

- No recordable or reportable incidents
- Total recorded hours of 62,660
 - 13,056 relating to the four Longtom offshore intervention activities

Environmental

- Hydraulic leak in Longtom-4's control line identified and software modified to significantly reduce the leak rate, hardware solution is available.
- Longtom Revised Environment Plan accepted by the Department of Primary Industries



FY2012 year in review - Operational review – Browse basin

Repositioned Browse basin interests as an LNG value chain play

Crux AC/L9

- Concluded Crux consolidation deal with Shell and Osaka Gas (completed on 23 October 2012)
 - New Joint Venture: Nexus 17%, Shell 80% (operator), Osaka Gas 3%
 - Option to sell 2% participating interest to Shell for fixed consideration of \$75 million (until 22 October 2013)

Echuca Shoals WA-377-P

- Renewed Echuca Shoals exploration permit for 5 years with commitment well by 1Q2015

FY2012 year in review - Operational - Longtom

Operational issues addressed, Longtom repositioned for next phase of development

- Increased production volumes
- Improved system availability achieving 91%
- Completed planned offshore maintenance programs without incident, on time and on budget
- Recalibrated of Reserves and confirmed Reserves sufficient to meet contractual obligations

FY2012 year in review - Organisational

Positioning organisation for the future

- Initiated organisational performance review
- Renewed Board and management
- Improved remuneration framework
- Engagement with key stakeholders, customers and service providers to address legacy items

Look forward – Strategic imperatives

A clear strategy to deliver shareholder value

Strategic Imperative #1

Unlock the value of Crux

Strategic Imperative #2

Optimise value from Longtom asset

Strategic Imperative #3

Strengthen balance sheet, secure funding requirements

Strategic Imperative #4

Prepare for growth 2014+

Strategic imperative #1: Unlock value from Crux

Commence work program following retention lease award

- Retention lease application submitted 25 October 2012 (post completion)
- Detailed work program will be set by government
- Exploration drilling campaign will include the key Auriga prospect
- Aim to progress earliest commercialisation of Crux field

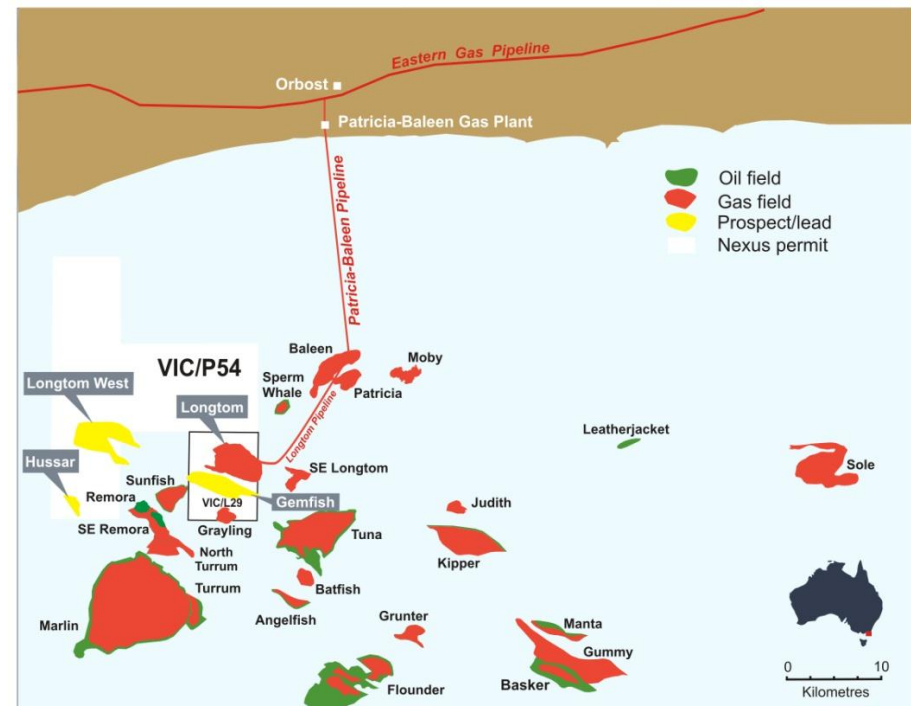
Crystallise immediate value for shareholders

- Divestment process initiated 23 October 2012 (post completion)
 - Engagement with a range of high quality parties
 - Indicative interest received in acquisition of both part, and potentially all of Nexus' stake
- Full range of divestment options will be considered to maximise shareholder value

Strategic imperative #2: Optimise value from Longtom asset

High quality asset with strong East Coast demand dynamics, improving risk/reward profile of exploration prospects

- Execute 2013 planned maintenance program: zero incidents, on time, on budget
- Increase 2013 system availability vs 2012
- Prepare comprehensive business case in support of full field development FID
 - Longtom-5 well planned for 4Q 2013 and first gas 2Q 2014 (subject to FID)
 - Longtom-4 work over planned for 4Q 2013 (subject to FID)



Strategic imperative #3: Strengthen balance sheet, secure funding requirements

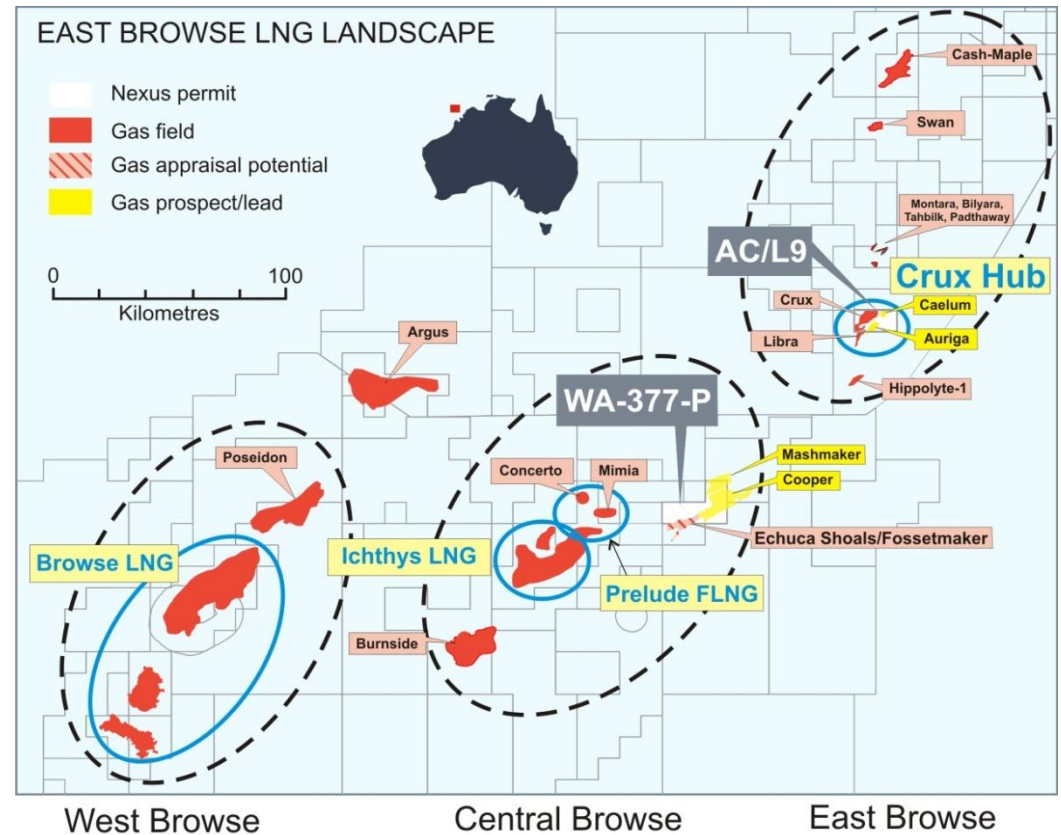
Clear plan to strengthen balance sheet and fund future growth

- Reduce gearing and secure capital funding requirements
 - Proceeds from the Crux divestment process
 - Cash flow from enhanced Longtom performance
 - Liberated cash from improved working capital and an improved cost structure
- Principle debt repayment in January 2013 covered by immediate availability of Shell put option

Strategic imperative #4: Prepare for growth 2014+

Current portfolio supports an attractive range of growth opportunities

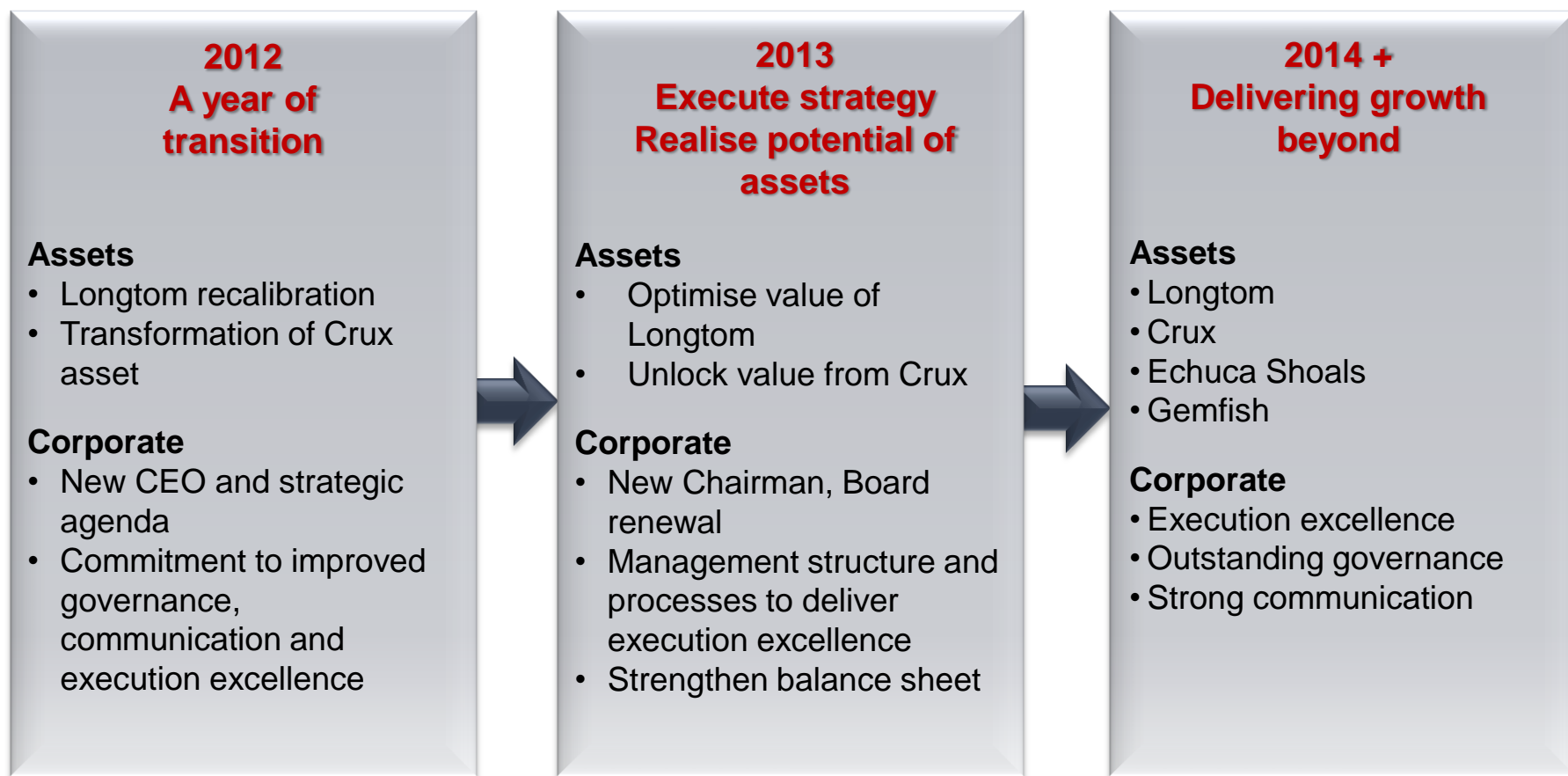
- Drill commitment well in Echuca Shoals permit (WA-377-P) by 1Q2015
- Prepare to drill Gemfish post Longtom-5
- Disciplined approach to reviewing future growth opportunities beyond 2014



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

Summary - Establishing a solid platform for growth

Australian mid-cap energy company with high quality exploration, production and development assets, including unique exposure to LNG value chain





A clear strategy to deliver shareholder value

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