



Chairman's address Annual General Meeting

Ladies and gentlemen,

I would like to welcome you to the 2008 Nexus Annual General Meeting.

First, I would like to acknowledge the company's achievements in the 2008 financial year. We have made substantial progress on our two key projects. On Crux we drilled two successful appraisal wells which enabled us to increase the booked reserves of the field. We have also submitted the Field Development Plan, secured long-lead items such as compressors and wellheads, and contracted a drilling rig for well development work starting in 2009. We continue to work towards first liquids production by mid-2011.

The Longtom project moved closer to first gas production with the successful drilling and flow test of the Longtom-4 development well. Final approvals have been granted for construction of the onshore facilities which is underway, and our first production and cash flow is anticipated in mid-2009.

The company has continued to strengthen its emphasis on Health, Safety, Environment and Community. Nexus has just passed the 1,000 Days Lost Time Case Free milestone, a great achievement given our significant increase in operational activity.

On the finance front, Nexus raised over \$500 million during the 2008 financial year via equity raisings, assets sales and new debt facilities. We continue to utilise an appropriate blend of finance alternatives to meet requirements and maximise value to shareholders.

Finally, to our most important asset, our people. During the year we strengthened the capability of the Board and made all our planned additions to the senior leadership team. We now have the management and organisational structure in place to underpin our transition from an explorer/developer to an oil and gas producer.

As shareholders will be aware, we concluded a sale subject to Board approval in September for a 25% interest in the Crux asset but regrettably the purchaser withdrew at a very late stage as its Board decided, in view of financial market conditions, to restrict further capital commitments. Following the withdrawal of that purchaser, Deutsche Bank was appointed to manage a new, global sales process, and as announced, we are willing to consider selling a higher percentage interest of Crux.

The sales process is now well underway. A number of companies including large corporates, national oil companies and independents have accessed the data room and received management presentations, with further presentations scheduled.

Through the sales process, some of these companies have also expressed interest in other forms of transactions, at a corporate level, as well as strategic alliances. The Board's view is that we will evaluate any serious proposals, as we always would with any such approach. Our objective is to maximise value to all shareholders. Currently we believe that this is best achieved through the Crux asset sales process demonstrating the underlying value of the Nexus asset base. However, it may be that the best outcome, in terms of shareholder value, proves to be a sale of the Company or other corporate-level transaction. The Board will consider all options, and I know from discussions with certain shareholders, that they also wish us to remain flexible on this.

Another key objective, which is linked to the sales process, has been to strengthen our balance sheet and financial capacity. We have already generated some \$70 million of cash this quarter from farm outs of interests in the AC/P41 permit in the adjoining Crux block. A target for the Crux sales process is to generate sufficient new funding to provide the equity component of the financing for our remaining interest in the Crux project. In parallel, we are considering a number of debt funding proposals. Maximising value from the assets requires that we work off a secure financial base, and if that means placing shares, to a new cornerstone investor, then subject to achieving an appropriate price we will also consider that option, either in conjunction with an asset sale or independently.

You will see when we come to the formal part of the meeting today that there has been a fair proxy vote against the three proposed resolutions. Please be advised that the majority of the vote against relates to one significant shareholder, namely Viking Shipping. The Crux joint venture is currently reviewing the strategy for provision of the floating production storage and offloading vessel (FPSO) for the project. The strategy has to date been focused on an FPSO to be provided by Viking Shipping. However, the joint venture now considers that a final investment decision (FID) for Crux is unlikely to be achieved on that basis. In the event that the joint venture is unable to reach FID based on the Viking proposal, the joint venture would proceed to negotiate an alternative offer from a market-leading FPSO provider.

We as a Board acknowledge the global economic times and the challenges that lie ahead. We have already put in place measures to reduce exploration and appraisal expenditure and are looking at further cost containment measures that we will elaborate on in the Managing Director's presentation. Clearly the primary corporate objectives are to develop our two key assets, bringing into production our 122 MMbbl of reserves to provide positive cash flow.

Despite ongoing global economic volatility the fundamentals of Nexus remain sound, we own highly sought after quality assets and have confidence that the Crux asset sale process will demonstrate that value.

I would like to thank our supportive shareholders during these difficult times and assure you all that the board and management of Nexus are working tirelessly to grow shareholder value.

Michael Fowler
Chairman