

## Appendix 4D

### Half Year Report

### Period ended 31 December 2009

**1. Name of entity:**

ABN:

Half year Ended ('reporting period')

Half year Ended ('previous period')

<b>Nexus Energy Limited</b>
64 058 818 278
31 December 2009
31 December 2008

**2. Results for announcement to the market**

	\$A'000		\$A'000
Revenues	up 9,264	100%	to 9,264
Profit / (loss) after tax attributable to members	up 89,003	131%	to 21,195
Net Profit / (loss) after tax attributable to members	up 89,003	131%	to 21,195

**Dividends**

	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding	Nil	Nil

No dividends have been declared or proposed.

Record date for determining entitlement to the dividends

N/A
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**3. Net tangible asset per security<sup>1</sup>**

Net tangible asset backing per ordinary security

<sup>1</sup> Net assets excludes exploration expenditure and intangibles

	31 December 2009	30 June 2009
	\$0.55	\$0.65

**4. Brief explanation of reported figures**

A review of the consolidated entities operations during the half year ended 31 December 2009 and the results of those operations are included in the Nexus Energy Limited 31 December 2009 interim financial report Directors Report on pages 3 to 5.

**6. Control gained over entities having material effect**

No control over entities occurred during the reporting period. There was no loss of control of entities during the reporting period.

**7. Details of associates and joint venture entities**

Name of entity	Percentage of ownership interest held at end of period		Contribution to net profit (loss) after income tax expense	
	Current Period	Previous Period	Current Period	Previous Period
<b>Associate entity</b> Original IT Investments Pty Ltd	Nil	33.3%	Nil	Nil
<b>Joint venture entities</b>	N/A	N/A	N/A	N/A
<b>Total</b>			Nil	Nil

**8. Compliance statement**

The information in this report has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards and other mandatory professional reporting requirements.

The Nexus Energy Limited financial report for the half year ended 31 December 2009 has been subject to review. A copy of the independent review report to members of Nexus Energy Limited is attached.

NEXUS ENERGY LIMITED AND SUBSIDIARIES  
(ABN 64 058 818 278)

09

31 DECEMBER

Interim financial report for  
the half-year ended 31 December 2009

nexus  
ENERGY

## Directors' report

Nexus Energy Limited ("Nexus") is pleased to submit its Directors' report for the half-year ended 31 December 2009.

### Directors

The names of the Directors who held office during or since the end of the half-year:

<b>Michael Fowler</b>	<i>(Executive Chairman)</i>
<b>Ian Tchacos</b>	<i>(Managing Director)</i>
<b>Alastair Haydock</b>	<i>(Non-Executive Director)</i>
<b>Neil Ferguson</b>	<i>(Non-Executive Director)</i>
<b>Michael Arnett</b>	<i>(Non-Executive Director)</i>
<b>Steven Lowden</b>	<i>(Non-Executive Director)</i>
<b>Ian Boserio</b>	<i>(Non-Executive Director)</i>
<b>Symon Drake-Brockman</b>	<i>(Non-Executive Director)</i>

All Directors held office for the whole of the half-year except as follows: Steven Lowden, Ian Boserio and Symon Drake-Brockman were appointed Non-executive Directors on 18 November 2009; Ian Tchacos ceased employment with Nexus effective 21 December 2009; Alastair Haydock resigned as a Non-executive Director effective 31 December 2009; and Neil Ferguson resigned as a Non-executive Director on 24 February 2010.

### Principal activities

The principal activities of the Company during the course of the half-year were investment in energy related projects directly or through subsidiaries. There were no other significant changes in the nature of the Group's principal activities during the half year ended.

### Operating results

The consolidated profit of the Group for the half-year ended 31 December 2009 was \$21 million (2008 loss: \$68 million).

The statement of comprehensive income for the reporting period includes the following:

- Sales revenue from the Longtom project of \$9 million and production costs of \$5 million (including one-off charges relating to start-up) resulting in a Longtom EBITDA of \$4 million (2008: nil);
- Employment costs of \$7 million including \$3 million in one-off entitlements following resignations and redundancies (2008: \$6 million);
- Minor exploration write-downs relating to permit NT/P66 was nil (2008: \$16 million);
- Income tax benefit of \$38 million (2008: \$12 million). Nexus remains in a tax loss position as at 31 December 2009; and
- Unrealised gain of \$2 million (2008: loss \$9 million) on the mark to market adjustment of the Group's interest rate swap. The unrealised loss on a mark to market basis at 31 December 2009 was \$5 million.

### **Financial position**

The net assets of the Group have increased by \$97 million from 30 June 2009 to \$548 million as at 31 December 2009. This increase has largely resulted from the \$73 million increase in equity resulting from new share issues, plus the gain for the period of \$21 million.

At the end of the half-year the Group's cash position was \$45 million with long-term borrowings of \$283 million. The long-term borrowings included the Longtom senior project facility (\$160 million) and the debt component of the senior unsecured subordinated notes (\$123 million).

Expenditure on development in the half-year was \$78 million relating to completion of the Longtom gas project (\$71 million) and ongoing expenditure on long-lead items for the proposed Crux liquids project (\$7 million).

### **Cash flow**

The net cash outflow from operating activities was \$13 million (2008: \$7 million) with accrued revenue from Longtom sales received after the reporting date.

Financing activity during the half-year included:

- issue of 96,800,000 ordinary shares via a share placement at \$0.32 per share, which raised \$31 million in September 2009;
- issue of 197,911,666 ordinary shares via a rights issue at \$0.22 per share which raised \$43 million in October 2009;
- issue of 18,000,000 ordinary shares at an issue price of \$0.22 per share as part payment for the arrangement / offer management fee for the placement and rights issue completed in September 2009 and October 2009 respectively. The shares were issued in November 2009; and
- repayment of \$35 million deposit to AED Oil Limited.

### **Significant changes in state of affairs**

During the half year the Group initiated production of hydrocarbons from the Longtom gas project.

### **Future developments, prospects and business strategies**

Likely developments, future prospects and business strategies for the operations of the economic entity 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 consolidated Group.

**Review of operations - production segment**

**Longtom gas project (Nexus 100%)**

**VIC/L29 – Gippsland Basin, Victoria**

Development of the Longtom gas project was completed during the period. The Longtom gas project is expected to provide Nexus with stable cash flow over the next ten plus years on the back of a Gas Sales Agreement to supply Santos Limited (Santos) 350 PJ of gas.

Gas production commenced on 21 October 2009 with continuous export from 24 October 2009. From the production date gas sales averaged 30 TJ/d over the production period and were in accordance with Nexus' gas off-take sales agreement with Santos. During the half-year Nexus produced 2.16 PJ of gas with sales volumes of 2.07 PJ marginally lower to account for gas use for fuel and flare. The Company has met all nominations set by Santos from the production start up date. Condensate production totalled around 27,300 bbl with sales of approximately 25,400 bbl. The difference between condensate production and sales relates solely to the timing of individual trucks liftings and sales to the Geelong refinery.

During the half-year, results from the Garfish-1 exploration well and Longtom-4 development well were incorporated into the Longtom field reservoir model resulting in a reserves update. The Longtom field Reserves and Contingent Resources have been audited by Gaffney, Cline and Associates (GCA). A summary of movements is shown in the following table.

**Summary of movements in the Longtom field gas reserves**

<b>Sales gas (PJ)</b>	<b>Proved (1P)</b>	<b>Proved + Probable (2P)</b>
1 October 2009	282	350
26 April 2007	173	350
<i>Change</i>	+63%	0%

For the Proved plus Probable (2P) case the gas volume was limited to the contracted quantity of 350 PJ. The additional gas volumes have been assigned to the Contingent Resources category until such time as a firm sales contract for the additional volume is secured. In addition to the field Reserves, GCA has provided a summary of the Contingent Resources for the Longtom field of up to 71 PJ. The revised 1P gas reserve includes production from the planned Longtom-5 well.

On 28 May 2009, Nexus announced the conditional sale of a 50% interest in Longtom and exploration permit VIC/P54 to AED for \$155 million. As part of the transaction, Nexus received a \$35 million cash deposit with the remaining \$120 million to be paid once completion conditions were met. The parties executed an agreement that set out the conditions to be satisfied or waived.

On 11 September 2009 Nexus advised that, due to the delay to the completion of the Longtom gas project, certain conditions which were required to be satisfied by 15 September 2009 would not be satisfied for the conditional sale to AED. As a result the sale could not proceed in the absence of a further agreement with AED. In November 2009 Nexus refunded the \$35 million deposit to AED and retained 100% interest in the Longtom gas project and exploration permit VIC/P54.

## **Review of operations - development segment**

### **Crux asset (Nexus 85%)**

#### **AC/L9 – Browse Basin, Western Australia**

Nexus holds an 85% interest in the liquids in AC/L9 which may be recovered via a liquids project prior to 2021 or alternatively, in circumstances where the liquids joint-venture unanimously decides not to progress with a liquids stripping project and notifies Shell of the same prior to 31 December 2020, via a possible Shell operated gas and liquids project in which case the 2021 end date does not apply.

During the half-year Nexus pursued both the liquids development option and the potential for participation in a Shell Development (Australia) Pty Ltd operated gas and liquids project. Following changes to the board in November 2009 a strategy review for the commercialisation of the Crux asset commenced.

Whilst it was recognised that the Crux liquids project would generate earliest cash flow for Nexus, announcements during the half regarding floating LNG (FLNG) technology in Australia highlighted the potential for FLNG to accelerate a gas development at Crux.

Reserves for the Crux project liquid were reviewed internally during the half-year assuming a modified first production date of 2013. Given this shorter life for the proposed liquids project initial indications are that a development based on only the Crux field would provide recoverable reserves of approximately 65 MMbbl assuming an eight year production life. However, should appraisal drilling prove successful at Auriga, Nexus expects to recover in excess of the 75 MMbbl 2P reserve base currently carried for the Crux liquids project. During the period, work continued to attract a suitable joint venture partner to progress the liquids development.

Two near field appraisal opportunities at Auriga and Caelum have been identified as possible additions to the Crux field. Drilling activity within AC/L9 is on hold until a new partner is identified.

## **Review of operations - exploration segment**

### **Echuca Shoals gas discovery (Nexus 66%\*)**

#### **WA-377-P – Browse Basin, Western Australia**

The Echuca Shoals gas discovery in WA-377-P has the potential to contain up to 2 Tcf of gas in place with associated condensate within Tithonian aged sands. Geological studies also indicate the presence of a deeper exploration target which has the potential to add another 2 Tcf of gas in place. During the half year two additional leads in a deeper and older reservoir section were identified on 3D seismic in the north-east of the permit. Nexus is actively working to farm-out equity in the permit to fund drilling activity and is currently in discussions with interested parties.

\*After the reporting date, Shell formally withdrew from WA-377-P leaving Nexus with a 100% interest.

### **WA-424-P (Nexus 100%)**

#### **Browse Basin, Western Australia**

Technical evaluation of WA-424-P continued during the half-year with the intention of farming out an interest before a commitment well is drilled in late 2010. The oil potential of the permit is confirmed by the small Gwydion oil field which was discovered in 1995. A review of the potential commerciality of this field and an adjacent structure is underway. In addition, several large stratigraphic leads have been identified and work is underway to define drill ready prospects.

**VIC/P54 (Nexus 100%)**

**Gippsland Basin, Victoria**

Reprocessing of 3D seismic data over the Longtom field and the eastern part of VIC/P54 is complete and interpretation of this data is underway to determine the potential for the Longtom trend to extend further east. A gas discovery here could be tied into the nearby Longtom production facilities.

**VIC/P49 (Nexus 80%)**

**Gippsland Basin, Victoria**

The Dusky prospect is a possible extension of the Basker field and is mature for drilling. There is potential for Dusky-1 to be drilled utilising the Kan Tan IV rig in second half of 2010, subject to joint venture approval. Interpretation of seismic data over the deep water part of the permit has identified several large structures and further work to generate drill ready prospects is underway prior to farming out an interest in the permit.

**WA-368-P (Nexus 50%)**

**Perth Basin, Western Australia**

Activity continued during the half-year to farm-out an interest in WA-368-P to fund drilling of the Yngling exploration prospect with a mean unrisked resource of 90 MMbbl.

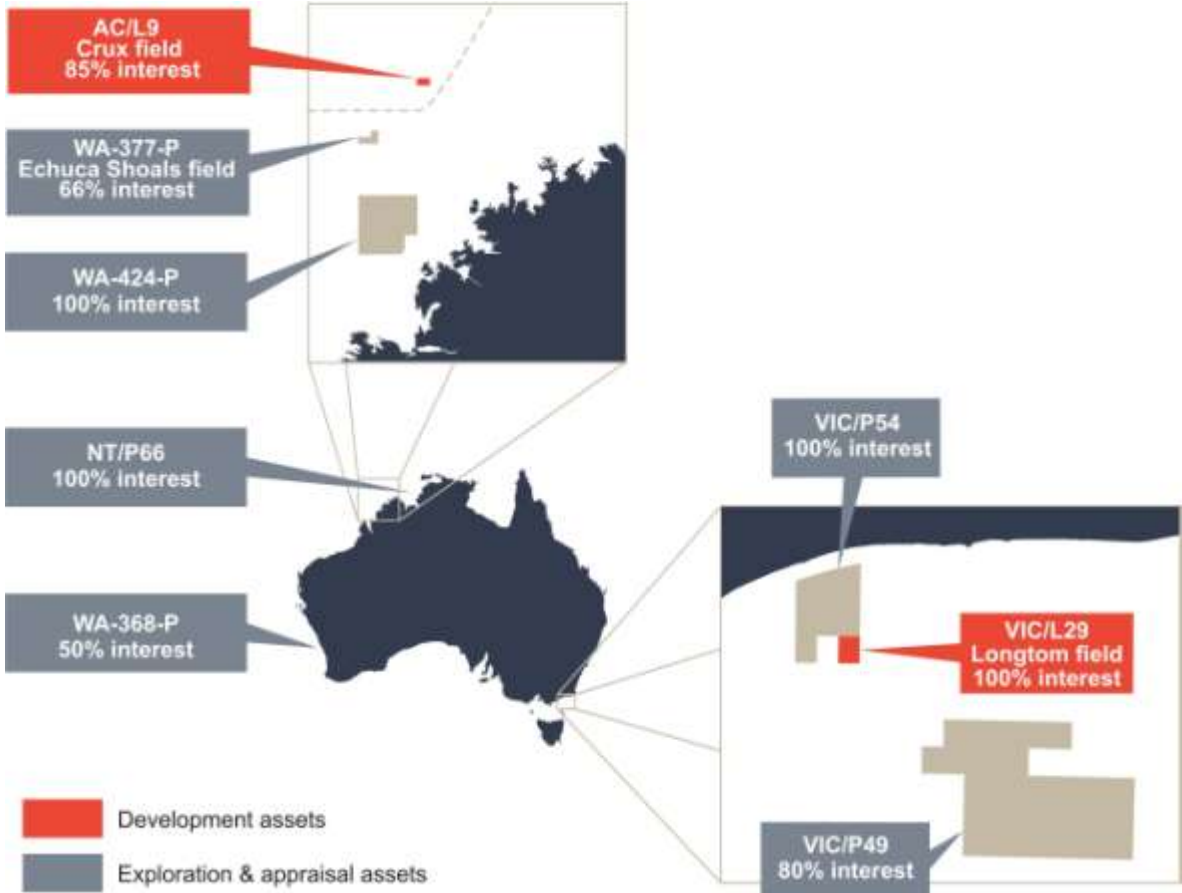
**NT/P66 (Nexus 100%)**

**Bonaparte Basin, Northern Territory**

There was no activity during the half-year and all drilling commitments for this permit have been fulfilled.

**New ventures**

The Company continued to evaluate a number of opportunities during the half-year but recognises that current capacity for new commitments is limited.



Summary of Nexus' permits as at 31 December 2009

After the reporting date, Shell formally withdrew from WA-377-P leaving Nexus with a 100% interest.

**Rounding**

The Company is a company of the kind referred to in Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

**Auditor**

The Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2009.

This report is signed in accordance with a resolution of the Board of Directors.

**Michael Fowler**  
Executive Chairman  
25 February 2010

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Nexus Energy Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2009 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the review.



MOORE STEPHENS  
Chartered Accountants



Kevin W. Neville  
Partner

Melbourne, 25 February 2010

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*The Melbourne Moore Stephens firm is not a partner or agent of any other Moore Stephens firm and is a separate partnership in Victoria*

**Consolidated statement of comprehensive income  
for the half-year ended 31 December 2009**

	Notes	31 December 2009 \$ 000	Consolidated 31 December 2008 \$ 000
Sales revenue	3	9,264	-
Operating costs	4	(10,210)	-
<b>Operating profit/(loss)</b>		<b>(946)</b>	<b>-</b>
Other revenue	3	941	66,297
Exploration expenditure expensed		(323)	(16,100)
Office costs		(805)	(1,313)
Employee benefits expense	5	(7,047)	(5,516)
Other expenses and services		(2,916)	(4,782)
Depreciation & amortisation		(440)	(502)
Inventory write-down		(857)	(5,747)
Loss on sale of inventory		(992)	-
Foreign exchange (loss)/gain		222	(3,091)
Mark to market adjustment on derivative financial instruments	9	2,370	(9,130)
Loss on available-for-sale investments		-	(89,801)
Restoration provision expense		10,868	(1,807)
Finance costs		(17,136)	(8,579)
Profit / (loss) before income tax		(17,061)	(80,071)
Income tax credit/(expense)	6	38,256	12,263
Profit / (loss) for the period		<b>21,195</b>	<b>(67,808)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive profit/(loss), net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive profit/(loss) attributable to members of the parent entity</b>		<b>21,195</b>	<b>(67,808)</b>
Basic earnings/(loss) per share (cents)		2.69	(3.88)
Diluted earnings/(loss) per share (cents)	(3.88)	2.67	(3.88)

*The accompanying notes form part of the half-year consolidated financial report.*

## Consolidated statement of financial position As at 31 December 2009

	Notes	Consolidated	
		31 December 2009 \$ 000	30 June 2009 \$ 000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	44,742	55,377
Trade and other receivables		17,899	9,328
Inventories		6,381	7,231
Other current assets		7,710	3,522
<b>TOTAL CURRENT ASSETS</b>		<b>76,732</b>	<b>75,458</b>
<b>NON-CURRENT ASSETS</b>			
Intangible assets		336	570
Exploration and evaluation expenditure		22,917	31,110
Development expenditure		733,814	655,613
Property, plant and equipment		332	502
Deferred tax assets		110,716	61,475
<b>TOTAL NON-CURRENT ASSETS</b>		<b>868,115</b>	<b>749,270</b>
<b>TOTAL ASSETS</b>		<b>944,847</b>	<b>824,728</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		25,325	55,670
Financial Liabilities	9	-	182
<b>TOTAL CURRENT LIABILITIES</b>		<b>25,325</b>	<b>55,852</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	8	282,751	224,996
Deferred tax liability		48,369	38,981
Long-term provisions	10	35,494	46,364
Financial liabilities	9	4,568	6,939
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>371,182</b>	<b>317,280</b>
<b>TOTAL LIABILITIES</b>		<b>396,507</b>	<b>373,132</b>
<b>NET ASSETS</b>		<b>548,340</b>	<b>451,596</b>
<b>EQUITY</b>			
Issued capital	11	544,506	469,757
Reserves		8,184	7,384
Retained earnings/(accumulated losses)		(4,350)	(25,545)
<b>TOTAL EQUITY</b>		<b>548,340</b>	<b>451,596</b>

*The accompanying notes form part of the half-year consolidated financial report.*

**Consolidated statement of changes in equity  
for the half-year ended 31 December 2009**

	Issued Capital \$ 000	Retained Earnings/ (Accumulated Losses) \$ 000	Reserves \$ 000	Total \$ 000
<b>Consolidated</b>				
Balance at 1 July 2008	461,552	24,875	(23,281)	463,146
Shares issued during the period	8,283	-	-	8,283
Transaction costs arising on shares issues	(112)	-	-	(112)
Revaluation – available for sale investments	-	-	30,198	30,198
Hedge reserve movement	-	-	(905)	(905)
Share based payments	-	-	167	167
Total comprehensive loss for the period	-	(67,808)	-	(67,808)
<b>Balance at 31 December 2008</b>	<b>469,723</b>	<b>(42,933)</b>	<b>6,179</b>	<b>432,969</b>
<b>Consolidated</b>				
Balance at 1 July 2009	469,757	(25,545)	7,384	451,596
Shares issued during the period	78,477	-	-	78,477
Transaction costs arising on shares issues	(5,325)	-	-	(5,325)
Deferred tax credit	1,597	-	-	1,597
Hedge reserve movement	-	-	241	241
Share based payments	-	-	559	559
Total comprehensive income for the period	-	21,195	-	21,195
<b>Balance at 31 December 2009</b>	<b>544,506</b>	<b>(4,350)</b>	<b>8,184</b>	<b>548,340</b>

*The accompanying notes form part of the half-year consolidated financial report.*

## Consolidated statement of cash flows for the half-year ended 31 December 2009

Notes	Consolidated	
	31 December 2009 \$ 000	31 December 2008 \$ 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	280	338
Payments to suppliers and employees	(10,751)	(10,082)
Interest received	661	4,060
Interest and other finance costs	(3,669)	(1,713)
Net cash provided by/(used in) operating activities	<u>(13,479)</u>	<u>(7,397)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment and intangible assets	(35)	(932)
Payments for development, exploration and evaluation	(80,657)	(200,281)
Proceeds from sale of oil and gas interests	-	70,543
Proceeds from sale of investments	-	9,565
Net cash provided by/(used in) investing activities	<u>(80,692)</u>	<u>(121,105)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	74,517	8,283
Share issue costs	(1,365)	(112)
Proceeds from borrowings	45,911	34,850
Repayment of borrowings	(35,000)	(89,500)
Finance lease repayments	-	(4)
Net cash provided by/(used in) financing activities	<u>84,063</u>	<u>(46,483)</u>
Net decrease in cash & cash equivalents	(10,108)	(174,985)
Cash & cash equivalents as at beginning of period	55,377	223,807
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(527)	2,856
<b>Cash as at end of period</b>	<u>7</u> <u>44,742</u>	<u>51,678</u>

*The accompanying notes form part of the half-year consolidated financial report*

## 1. REPORTING ENTITY

Nexus Energy Limited (the Company) is a company limited by shares, incorporated in Australia whose shares are traded on the Australian Securities Exchange. This financial report includes consolidated financial statements for the Company and its subsidiaries (the Group). The registered office of the Company and the principal place of business is L8, 28 Freshwater Place, Southbank, VIC, 3006.

The half-year consolidated financial report of the Company for the period ended 31 December 2009 was authorised for issue in accordance with a resolution of the Directors on 25 February 2010.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of Compliance

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards, including AASB 134 Interim Financial Reporting, and other mandatory professional reporting requirements. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent 2009 annual financial report.

Australian Accounting Standards (AAS) set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and balances. Compliance with AAS ensures that the financial report and notes of the Group also comply with International Financial Reporting Standards (IFRS).

It is also recommended that the half-year financial report be considered together with any public announcements made by the Group during the half year to 31 December 2009 in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

### b) Basis of Preparation

The half-year consolidated financial report have been prepared on an accruals basis and is based on historical costs modified, when relevant, by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The company is a company of the kind referred to in Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

#### i. Presentation of financial statements

The Group applies revised AASB 101 Presentation of Financial Statements, which became effective as of 1 January 2009. As a result, the Group presents in the Consolidated Statement of Changes in Equity all owner changes in equity, whereas all non-owner changes in equity are presented in the Consolidated Statement of Comprehensive Income which has replaced the Income Statement. This presentation has been applied in these interim financial statements as of and for the six month period ended on 31 December 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

During the period ending 31 December 2009 the Group initiated production of hydrocarbons from its Longtom field. The following updates to existing accounting policies have been adopted in respect of this development:

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***ii. 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.

***iii. Operating segments***

From 1 July 2009 the Group determines and presents operating segments based on the information that internally is provided to the Executive Chairman, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 Operating Segments. Consistent with AASB 8, the Group identifies its operating segments as a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of the Group's other components. Discrete financial information is available and is reviewed regularly by the Executive Chairman and Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance.

***iv. Depreciation***

Capitalised development costs are amortised from the commencement of production on a units of production basis over proved, developed reserves. Proved, developed reserves are subject to review annually. The reserves are estimates calculated from available production and reservoir data and are subject to change. A significant change in estimate could give rise to a material adjustment to the carrying amounts of assets and liabilities.

**c) Going concern**

The current economic environment, difficult conditions for asset divestments and tight credit markets present significant risks to the consolidated entity's ongoing ability to fund its capital expenditures. Whilst the Directors have undertaken a thorough review of all operations, instituted measures to defer capital projects and expenditures and reduce running costs in order to preserve cash, there are still material uncertainties over the future operating results and cash flows.

The Company has completed the construction and commissioning of the Longtom gas project and has commenced sales of hydrocarbons under long term off take contract with Santos.

In addition, during the period, the Company has successfully undertaken a share placement which raised approximately \$31 million and a rights issue which raised a further \$43 million.

The Company is currently pursuing a re-finance of its long term Longtom gas project development facility in order to optimise its capital structure. The ability of the Company to do so through refinancing or restructuring the existing debt may be affected by the inherent uncertainties in respect of hydrocarbon reserves estimations.

In addition and in line with stated corporate objectives the Company continues the process to divest interests in certain assets.

Having considered these matters, 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 there are reasonable grounds to believe that the Company and its controlled entities will have sufficient liquidity to meet their existing commitments as and when they become due and payable.

	<b>Consolidated</b>	
	<b>31 December 2009 \$ 000</b>	<b>31 December 2008 \$ 000</b>
<b>3. REVENUE</b>		
<i>Sales Revenue</i>		
Sale of gas and condensate	9,264	-
Total sales revenue	<u>9,264</u>	<u>-</u>
<i>Other Revenue</i>		
Interest and other income	661	3,094
Sale of exploration permit interest	-	62,536
Other income	280	667
Total other revenue	<u>941</u>	<u>66,297</u>
<b>4. OPERATING COSTS</b>		
Production costs	5,592	-
Amortisation of production asset	4,618	-
	<u>10,210</u>	<u>-</u>
<b>5. EMPLOYMENT COSTS</b>		
Employee salary expense	4,016	5,079
Directors fees and on-costs	3,031	437
	<u>7,047</u>	<u>5,516</u>

The Managing Director, Ian Tchacos ceased employment with Nexus effective 21 December 2009. Included in Directors fees and on costs is a total of \$1.3 million representing final salary and entitlements.

Alastair Haydock resigned as a non executive director effective 31 December 2009. Included in Directors fees and on costs is a total of \$0.3 million representing final salary and entitlements.

#### **6. INCOME TAX**

The major components of income tax expense were:

Deferred income tax	(23,964)	3,071
Deferred tax – PRRT	(14,292)	(15,334)
Income tax (credit)/expense	<u>(38,256)</u>	<u>(12,263)</u>

#### **7. CASH AND CASH EQUIVALENTS**

Included in the balance of cash and cash equivalents is \$16 million restricted (30 June 2009: \$5 million), as part of the Group's financing arrangements.

	Consolidated	
	31 December 2009 \$ 000	30 June 2009 \$ 000

## 8. LONG TERM BORROWINGS

As at 31 December 2009, the Company and its controlled entities had both secured and unsecured debt facilities in place.

Long-term:

Bank loan - secured	160,000	114,089
Senior subordinated notes - unsecured	122,751	110,907
Total long-term borrowings	282,751	224,996

### Secured Debt Facilities

The Group's secured debt facilities comprised a \$160 million senior project finance facility and a \$60 million senior letter of credit facility, both arranged for the Longtom gas project. The \$160 million senior debt facility consists of a \$145 million Development Facility and a \$15 million Cost Overrun Facility. The maximum term of the loan is eight years and six months from the date of project completion. As at 31 December 2009, all of the \$145 million development facility and \$15 million of the Cost Overrun Facility was drawn.

Interest is charged on advances under the Development Facility at BBSY plus a margin of 2.65%. Once the Longtom gas project is completed, outstanding advances will be re-classified as a Term Facility and interest will be charged on each drawdown at BBSY plus a margin of 2.40%. Interest is charged on advances under the Cost Overrun Facility at BBSY plus a margin of 3.05% until completion of the Longtom gas project and 2.80% thereafter. Interest is payable on the last day of each funding period, being 1, 2 or 3 months.

The \$60 million senior secured letter of credit facility has been utilised to provide a letter of credit as security for completion of certain capital works on the Longtom project and in respect of obligations to make gas deliveries. The letter of credit has two tranches: tranche A (\$30 million) attracts a fee of 2.05% until project completion and 1.80% thereafter, tranche B (\$30 million) attracts a fee of 2.90%. The secured debt facilities arranged for the Longtom gas project was provided to Nexus Energy VICP54 Pty Ltd. The Company has guaranteed the obligations of this borrower under the facilities, although the guarantee in respect of the Longtom debt facility and tranche A of the letter of credit expires at Longtom project completion and the loans become non-recourse to the Company.

The Group has provided the following as security:

- (i) fixed and floating charge over the assets of Nexus Energy Aust. NL, Nexus Energy VICP54 Pty Ltd and Nexus Energy Corporate Pty Ltd. The carrying amount of assets given as security as at 31 December 2009 was \$531 million (30 June 2009: \$453 million).
- (ii) mortgage of shares granted by the Company over all of its shares in Nexus Energy Aust. NL, Nexus Energy VICP54 Ltd, and Nexus Energy Corporate Pty Ltd.
- (iii) mortgage over a Cost Overrun Reserve Account established under the facility agreement.

The major undertakings within the Longtom facilities require the Group to:

- (i) maintain Shareholders' Funds of at least \$130 million.
- (ii) post project completion, maintain a Debt Service Reserve Account of at least three months' principal and interest payments.
- (iii) maintain certain project financing (cash flow) cover ratios and maintain project gearing below 75%.

The above covenants were satisfied during the periods ending 31 December 2009 and 31 December 2008.

## 8. LONG TERM BORROWINGS (Continued)

### Unsecured Debt

The Company had in issue throughout the period 1,100 of Unsecured Senior Subordinated Notes (Notes) with an initial principal amount of \$110 million. The Notes are due in January 2013 and carry a semi-annual coupon of six months BBSW plus a margin of 5.5%.

Interest is capitalised for the first four interest payment dates with cash payments thereafter. As at 31 December 2009 the interest rate payable on the Notes was 8.76%. The Notes can be redeemed by the Company on any interest payment date commencing January 2010 at between 102% and 100% (sliding scale over time) of the adjusted principal amount of the Notes together with accrued but unpaid interest. In connection with this debt issue in January 2008 the Company issued 31,844,058 warrants each entitling the holder to subscribe at any time prior to January 2013 for one ordinary share in the Company at an exercise price of \$2.04 per share.

The net proceeds received from the issue of the Notes and the warrants has been allocated to liability and equity components. The interest charge on the Notes for the period is calculated by applying an effective rate of 15.87%. The Notes are subordinated to the Company's guarantee in respect of the Group's senior project finance facilities. Under the terms of the Notes the Group's gearing ratio (total liabilities to total assets) must not exceed 55%. At the half year ended 31 December 2009 the groups gearing ratio was 42%.

The covenants were satisfied during the periods ending 31 December 2009 and 31 December 2008.

## 9. FINANCIAL LIABILITIES (DERIVATIVES)

The Group had an interest rate swap in place at 31 December 2009 to provide protection against interest rate fluctuations on Longtom project finance borrowings. The swap is based on a notional debt balance of \$101 million, commencing on 2 January 2009 and amortising over the term of the swap until maturity on 1 July 2014. The contract requires settlement of net interest receivable or payable quarterly based on the Group paying a fixed rate of 7.68% and receiving the floating AUD-BBR-BBSW. The contract does not satisfy the requirements for hedge accounting and have been recognised at fair value through the profit and loss. The unrealised loss on a mark to market basis at 31 December 2009 was \$5 million (30 June 2009: \$7 million).

## 10. LONG TERM PROVISIONS (RESTORATION PROVISION)

As a result of the passage of time and movements in forecast CPI and interest rates, the restoration provision has been adjusted to \$35 million (30 June 2009: \$46 million). This represents the Group's estimated present value of costs relating to future site restoration, removal and rehabilitation activities.

## 11. ISSUED CAPITAL

Details	Number of shares	Consolidated 31 December 2009 \$ 000
Balance at beginning of period	645,350,183	469,757
Issue of shares	312,711,666	78,477
Less: Transaction costs arising from share issues	-	(5,325)
Deferred tax recognised in equity	-	1,597
Balance at end of period	<b>958,061,849</b>	<b>544,506</b>

## 11. ISSUED CAPITAL (Continued)

During the half-year, the following share issues were undertaken:

- issue of 96,800,000 ordinary shares via a share placement at \$0.32 per share, which raised \$31 million in September 2009;
- issue of 197,911,666 ordinary shares via a rights issue at \$0.22 per share which raised \$43 million in October 2009; and
- issue of 18,000,000 ordinary shares at an issue price of \$0.22 per share as part payment for the arrangement / offer management fee for the placement and rights issue completed in September 2009 and October 2009 respectively. The shares were issued in November 2009.

## 12. 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 31 December 2009, 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 31 December 2009, 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.

### 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' overall proportion of revenue generation 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.

## 12. SEGMENT REPORTING (Continued)

### *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 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.

### *Unallocated 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:

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

### *Comparative information*

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been restated to conform to the requirements of the Standard.

12. SEGMENT REPORTING (Continued)

Segment Performance

Six Months Ended 31 December 2009	Production \$ 000	Development \$ 000	Exploration \$ 000	Total \$ 000
<b>Revenue</b>				
Sale of gas and condensate	9,264	-	-	9,264
<b>Total segment revenue</b>	<b>9,264</b>	<b>-</b>	<b>-</b>	<b>9,264</b>
<i>Reconciliation of segment revenue to group revenue</i>				
Total group revenue	9,264	-	-	9,264
<b>Segment net profit / (loss) before tax</b>	<b>3,672</b>	<b>(913)</b>	<b>(122)</b>	<b>2,637</b>
<i>Reconciliation of segment result to group net profit / (loss) before tax</i>				
Amounts not included in segment result but reviewed by the Board:				
• Amortisation of producing asset	(4,618)	-	-	(4,618)
• Depreciation and amortisation	-	-	-	(440)
• Inventory write-downs	-	(533)	(324)	(857)
Unallocated items:				
• Interest and other revenue				661
• Mark to market adjustment on derivative financial instruments				2,370
• Employee benefits expense				(7,047)
• Finance costs				(17,079)
• Restoration provision benefit				10,868
• FX movements				222
• Other				(3,778)
<b>Net loss before tax</b>				<b>(17,061)</b>

12. SEGMENT REPORTING (Continued)

Segment Performance

Six Months Ended 31 December 2008	Production \$ 000	Development \$ 000	Exploration \$ 000	Total \$ 000
<b>Revenue</b>				
Sale of exploration permit	-	-	62,536	62,536
<b>Total segment revenue</b>	-	-	62,536	62,536
<i>Reconciliation of segment revenue to group revenue</i>				
Total group revenue	-	-	62,536	62,536
<b>Segment net profit / (loss) before tax</b>	-	(2,488)	46,689	44,201
<i>Reconciliation of segment result to group net profit / (loss) before tax</i>				
Amounts not included in segment result but reviewed by the Board:				
• Depreciation and amortisation	-	-	-	(502)
• Inventory write down	-	(5,726)	(21)	(5,747)
Unallocated items:				
• Interest and other revenue				3,094
• Mark to market adjustment on derivative financial instruments				(9,130)
• Finance costs				(8,579)
• Restoration provision expense				(1,807)
• Foreign exchange (loss)/gain				(3,091)
• Loss on available for sale investments				(89,801)
• Other				(8,709)
<b>Net loss before tax</b>				(80,071)

12. SEGMENT REPORTING (Continued)

Segment Assets

As at 31 December 2009	Production \$ 000	Development \$ 000	Exploration \$ 000	Total \$ 000
<b>Segment assets</b>	479,939	283,149	25,088	788,176
<i>Segment assets increased for the period:</i>				
• Capitalised costs	76,020	6,800	(8,193)	74,627
<i>Reconciliation of segment assets to group assets</i>				
Inter-segment eliminations				
• Other assets				45,619
• Deferred tax assets				110,716
• Intangibles				336
<b>Total group assets from continuing operations</b>				<b>944,847</b>

As at 30 June 2009	Production \$ 000	Development \$ 000	Exploration \$ 000	Total \$ 000
<b>Segment assets</b>	-	662,714	33,342	696,056
<i>Segment assets increased for the period:</i>				
• Capitalised costs	-	509,138	(223,558)	285,580
<i>Reconciliation of segment assets to group assets</i>				
Inter-segment eliminations				
• Other assets				66,627
• Deferred tax assets				61,475
• Intangibles				570
<b>Total group assets from continuing operations</b>				<b>824,728</b>

12. SEGMENT REPORTING (Continued)

Segment Liabilities

As at 31 December 2009	Production \$ 000	Development \$ 000	Exploration \$ 000	Total \$ 000
<b>Segment liabilities</b>	214,646	7,826	1,814	224,286
<i>Reconciliation of segment liabilities to group liabilities</i>				
Unallocated liabilities:				
• Deferred tax liabilities				48,369
• Other liabilities				123,852
<b>Total liabilities from continuing operations</b>				<b>396,507</b>

As at 30 June 2009	Production \$ 000	Development \$ 000	Exploration \$ 000	Total \$ 000
<b>Segment liabilities</b>	-	186,203	119	186,322
<i>Reconciliation of segment liabilities to group liabilities</i>				
Unallocated liabilities:				
• Deferred tax liabilities				38,981
• Other liabilities				147,829
<b>Total liabilities from continuing operations</b>				<b>373,132</b>

13. COMMITMENTS

(a) Capital expenditure commitments

Contracts for capital expenditure in relation to assets which are not recognised in the financial statements:

I. Exploration

	Consolidated 31 December 2009 \$ 000	30 June 2009 \$ 000
Not later than 1 year	8,474	9,367

II. Development project

Not later than 1 year	19,856	62,559
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Later than 1 year but not later than 5 years	6,109	6,209
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<b>Total capital expenditure commitments</b>	<b>34,439</b>	<b>78,135</b>
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13. COMMITMENTS (Continued)

	Consolidated	
	31 December 2009 \$ 000	30 June 2009 \$ 000
<b>(b) Operating lease rental commitments</b>		
Non-cancellable operating lease rentals not recognised in the financial statements and payable:		
Not later than 1 year	1,576	1,773
Later than 1 year but not later than 5 years	5,900	6,176
Later than 5 years	5,773	6,465
<b>Total operating lease rental commitments</b>	<b>13,249</b>	<b>14,414</b>

The Company has two office leases, being:

- an office lease with a primary 10-year term that expires during January 2019, with rent payable monthly in advance.
- an office lease with a primary 5-year term that expires during August 2011, with rent payable monthly in advance.

**(c) Exploration work commitments**

Exploration work commitments arise pursuant to the award of petroleum exploration permits including VIC/P49, VIC/P54, NT/P66, WA-368-P, WA-377-P, and WA-424-P.

Not later than 1 year	46,175	32,291
Later than 1 year but not later than 5 years	400	21,010
<b>Total exploration expenditure commitments</b>	<b>46,575</b>	<b>53,301</b>

The above commitments include exploration relating to joint venture operations:

Not later than 1 year	31,325	31,576
Later than 1 year but not later than 5 years	-	160
<b>Total joint venture operation exploration commitments (Nexus share)</b>	<b>31,325</b>	<b>31,736</b>

14. SHARE BASED PAYMENTS

During the half year ending 31 December 2009 no options were issued, 197,100 options expired and a further 348,900 options were extinguished as a result of employee resignations. During the half year ending 31 December 2009 a total of \$0.6 million was expensed (2008: \$0.2 million)

## 15. CONTINGENT LIABILITIES

### Contractual Obligations

As disclosed in the 30 June 2009 Financial Report, Nexus has a potential liability to Sedco Forex International Inc (Sedco) in relation to Sedco's termination of the Transocean Legend drilling rig contract between Nexus and Sedco. Nexus has disputed Sedco's entitlement to terminate the contract and Sedco has foreshadowed a damages claim in relation to termination of the Transocean Legend drilling rig contract. Further, Sedco has claimed that Nexus has additional liability to Sedco because Sedco terminated its drilling contract with Oilex (JPDA 06-103) Limited (Oilex) as a result of termination of the Nexus drilling rig contract. This matter is still in progress with no change from 30 June 2009.

Nexus recognises that risks exists in relation to the magnitude and timing of Sedco's claims. Nexus will vigorously defend any claims brought by Sedco in relation to either the Nexus contract or the Oilex contract.

## 16. EVENTS SUBSEQUENT TO REPORTING DATE

Mr Neil Ferguson resigned as a Non-executive director on 24 February 2010 due to personal and health reasons.

### Schedule of Interests in Permits as at 31 December 2009

Permit	Basin	Interest %
VIC/P54	Gippsland	100
VIC/L29 (Longtom)	Gippsland	100
VIC/P49	Gippsland	80
NT/P66	Bonaparte	100
WA-368-P	Perth	50
AC/L9 (Crux)	Browse	85
WA-377-P (Echuca Shoals)	Browse	66*
WA-424-P	Browse	100

\* After the reporting date, Shell formally withdrew from WA-377-P leaving Nexus with a 100% interest.

## Directors' declaration

In the opinion of the directors of Nexus Energy Limited ("the Company"):

1. The financial statements and notes, as set out on pages 8 to 24 are in accordance with the Corporations Act 2001 including:
  - a) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and
  - b) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001.
2. In the Directors opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



**Michael Fowler**

Executive Chairman

25 February 2010

**INDEPENDENT AUDITOR'S REVIEW REPORT****TO THE MEMBERS OF NEXUS ENERGY LIMITED AND SUBSIDIARIES****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Nexus Energy Limited and Subsidiaries (the consolidated entity), which comprises the Statement of Financial Position as at 31 December 2009, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Nexus Energy Limited and Subsidiaries, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Matters Relating to the Electronic Presentation of the Audited Financial Report*

This review report relates to the financial report of the consolidated entity for the half-year ended 31 December 2009 included on the website of Nexus Energy Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this financial report are concerned about the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

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*Independence*

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

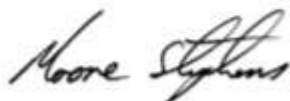
*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nexus Energy Limited and Subsidiaries is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

*Material Uncertainty Regarding Continuation as a Going Concern*

Without qualification to the opinion expressed above, we draw attention to Note 2c in the financial report which indicates that the consolidated entity has significant risks for its ongoing ability to fund its capital expenditures. The Directors of Nexus Energy Limited are of the opinion that the consolidated entity has the ability to institute measures to defer capital projects and expenditures, reduce running costs, refinance long term funding facilities and dispose of assets to provide the consolidated entity with sufficient funding in the near term. These conditions, along with the other matters as set forth in Note 2c, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, whether the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts disclosed in the financial report.



MOORE STEPHENS  
Chartered Accountants



Kevin W. Neville  
Partner

Melbourne, 25 February 2010

## Glossary of terms

2D	two-dimensional (seismic)
2P	proved and probable reserves
3D	three-dimensional (seismic)
\$ or cents	units of Australian currency
AIFRS	Australian International Financial Reporting Standards
appraisal well	a well drilled to evaluate the size or quality of a hydrocarbon discovery
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
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
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
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
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
FPSO	floating production storage and offloading vessel
gas in place (“GIP”)/oil in place (“OIP”)	an estimated measure of the total amount of gas (or oil) contained in a reservoir and, as such, a higher figure than recoverable gas (or oil)
Group or Consolidation	Nexus Energy Limited and its subsidiaries
GSA	Gas Sales Agreement
GST	Australian Goods and Services Tax
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 <sup>2</sup>	square kilometres
KPI	key performance indicator
lead	a potential petroleum trap which has been identified but has not been adequately defined
LNG	liquefied natural gas
LOI	Letter of Intent
MM	million

Nexus, Nexus Energy and company operator	Nexus Energy Limited 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
permit	a hydrocarbon tenement, lease, licence or block
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% 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% 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 senseback 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.
spud	to start drilling a well
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	terrajoules per day
tpa	tonnes per annum
US\$	United States dollars
WTI	West Texas Intermediate, a type of crude oil used as a benchmark in oil pricing