



Thursday, 28 June 2007

The Manager, Companies  
Australian Stock Exchange

## **Nexus Energy Limited Investor Update – June 2007**

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Please find attached an Investor Update for June 2007.

**Susan Robutti**  
Company Secretary

A silhouette of a person wearing a hard hat and safety glasses, standing on a metal walkway or platform in an industrial setting. The background is a bright, glowing orange and yellow light, possibly from a furnace or a large industrial process. The scene is framed by dark metal railings and pipes.

**Nexus Energy Limited**  
**Investor Update**  
**June 2007**

by  
**Ian Tchacos**  
**Managing Director**

## **Presentation disclaimer**

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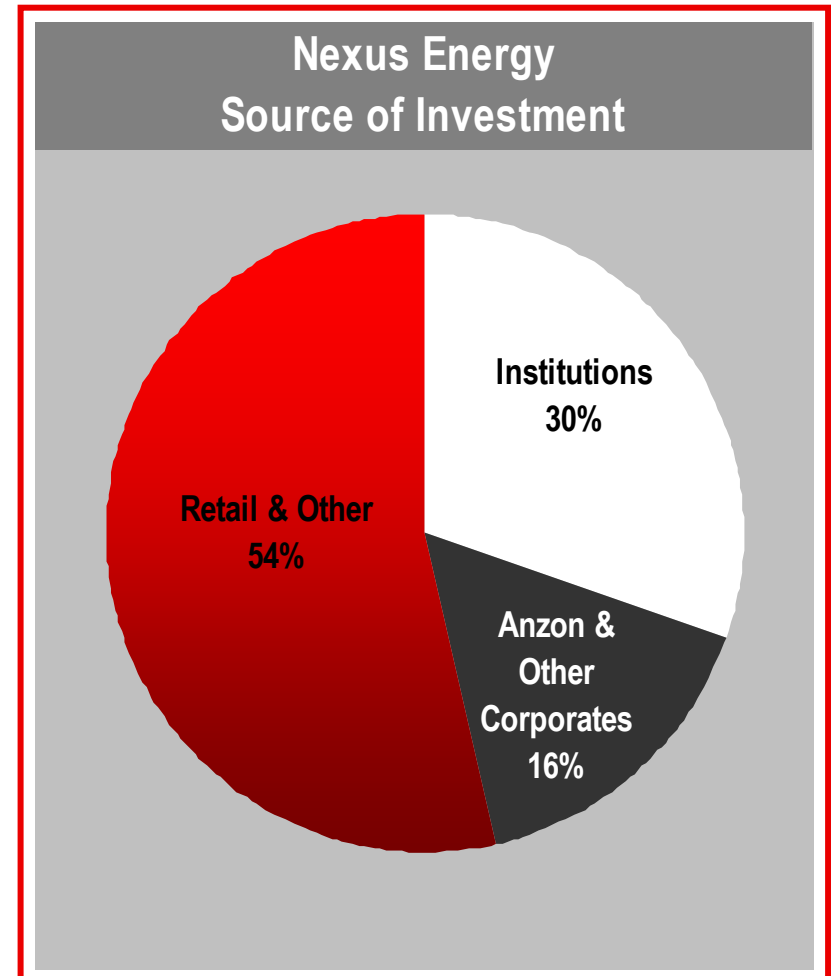
# **Corporate Summary**

## **Appraisal and Development Assets**

## **Exploration Assets**

## Corporate summary

- ❖ Shares on issue – 458 million
- ❖ Market capitalisation at \$1.30 per share – \$595 million
- ❖ Options on issue – 14.5 million (with an average exercise price of \$0.93)
- ❖ Debt – \$30 million (through BOS International – Longtom facility)
- ❖ Cash – balance as at 31 May 2007 \$35.2 million
- ❖ Index inclusion – entered the S&P/ASX 300 index in Q1 2007



# Key Corporate Attributes

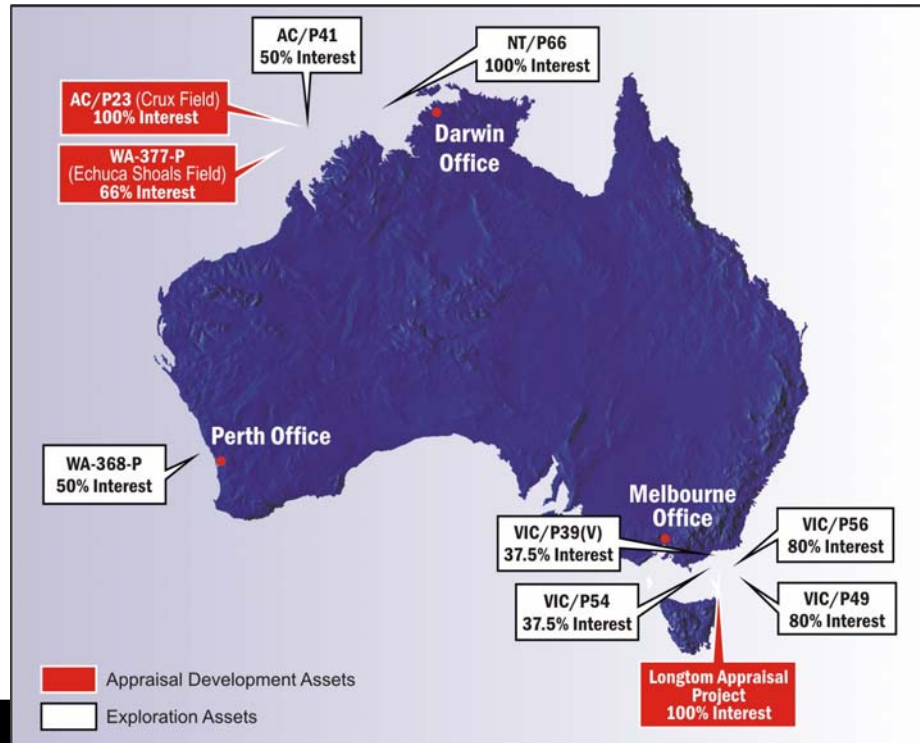
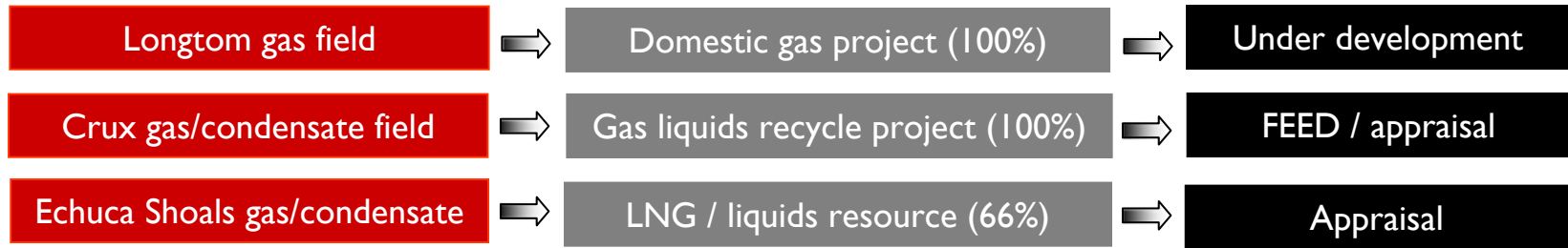
## Strategy

- ❖ Convert a significant reserves and resource base to material long life production profile
- ❖ Secure early entry to significant assets positions with large equity interests
- ❖ Gain leverage through resource appraisal and project definition
- ❖ Continue to develop operator capability >> achieve asset objectives
- ❖ Accelerate portfolio growth and maturity via prudent acquisitions or mergers
- ❖ Enabling industry relationships providing access to capital skills, markets and rigs

## People

- ❖ Respected and experienced team
- ❖ A significant skill base concentrating on resource evaluation and project definition
- ❖ Successful in deal origination and execution (6 farmouts, 1 Gas Sale, 1 asset sale)
- ❖ Focus on unlocking value through project implementation

## Three projects at different phases of development



## Appraisal and development assets

### Longtom

- ❖ All contracts for equipment and services in place
- ❖ Production license submitted
- ❖ Debt finance in place for \$160 million of \$ 195 million project capex

### Crux

- ❖ Facility FEED and BOD finalised in February >> Indicative Bids from FPSO contractors
- ❖ Revised Nexus resource estimates post Crux 2 and Crux 2 St1
- ❖ Independent resource estimates by August 2007 >> bank Finance >> FID as soon as possible
- ❖ Increased liquids rates forecast due to higher liquids
- ❖ Rig sourced for further drilling in Q1 2007

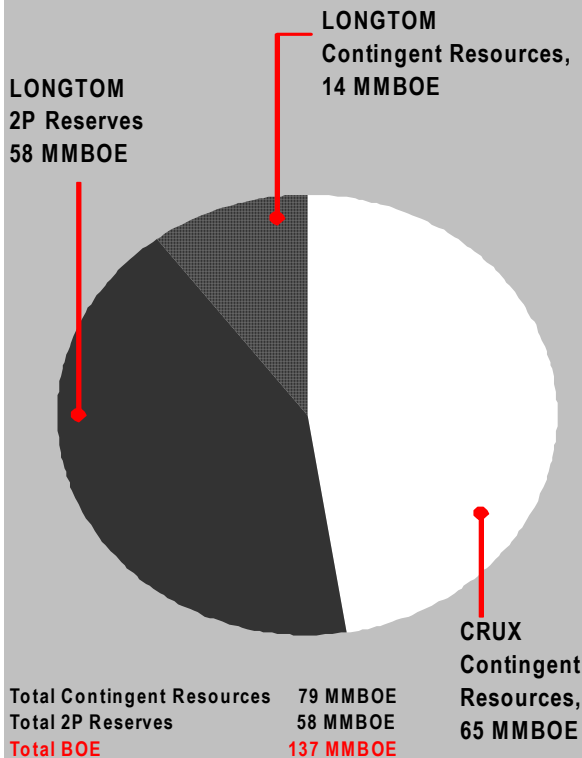
### Echuca Shoals

- ❖ Farmin agreement finalised, all approvals in place & JOA's being finalised
- ❖ Settlement expected shortly >> US\$ 5 million cash payment
- ❖ Expect to commence drilling in July 2007 with Ocean Epoch

# Nexus Key Assets and Resources

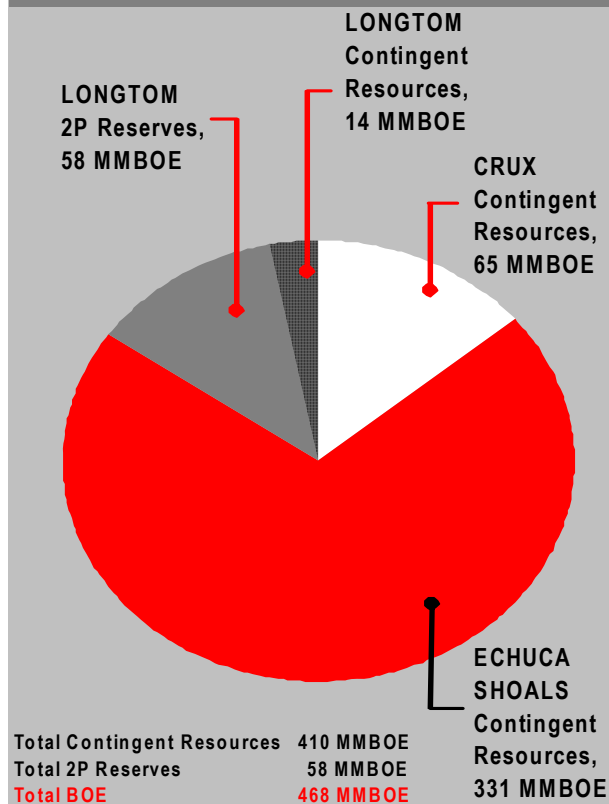
## Three projects with large reserves and resource potential

### Longtom + Crux Projects



Nexus Best Estimate Contingent Resources for Crux liquids. Nexus booked Proven & Probable Reserves & Best Estimate Contingent Resources for Longtom gas & liquids.

### Longtom + Crux Projects + Echuca Shoals



Nexus Best Estimate Contingent Resources for Crux liquids. Nexus booked Proven & Probable Reserves & Best Estimate Contingent Resources for Longtom gas & liquids. Nexus Best Estimate Contingent Resources for Echuca Shoals gas & liquids.

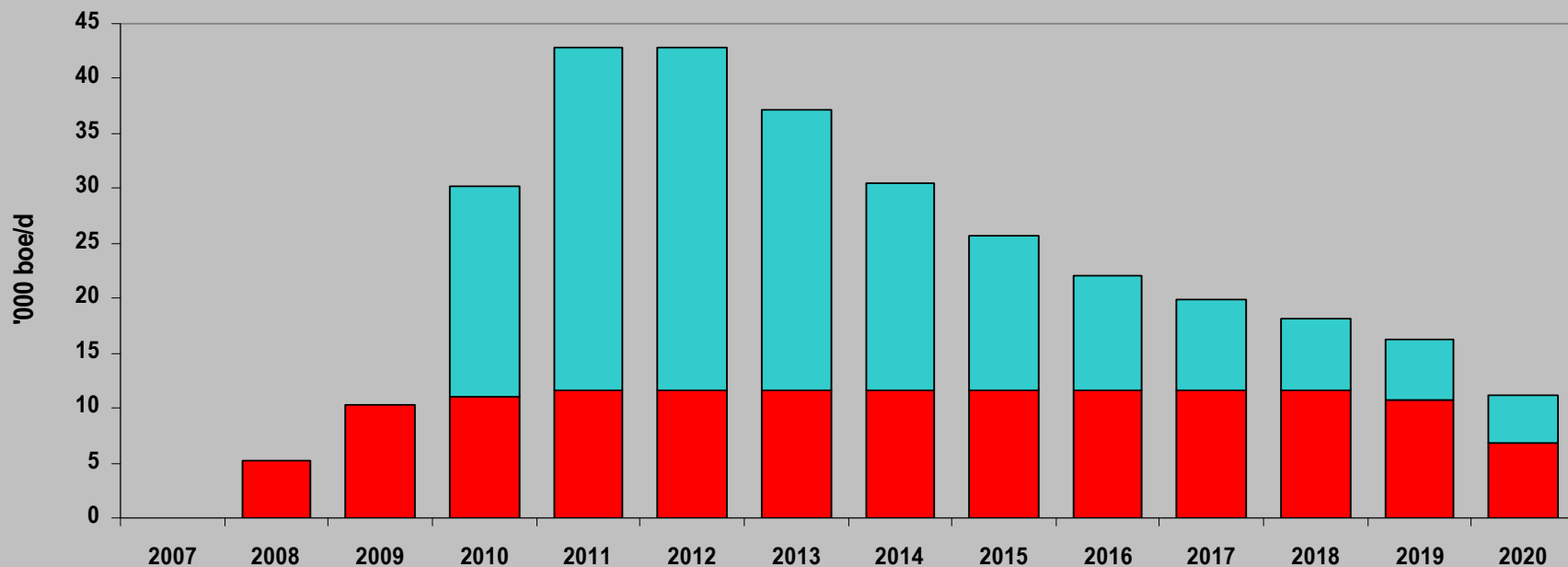


# Nexus Production Goals

**Includes Longtom and Crux projects expected production ~ excludes Echuca Shoals**

Nexus Energy 100% project most likely case production profile

Crux 65 mmbbls and Longtom 350 PJ "contract" case



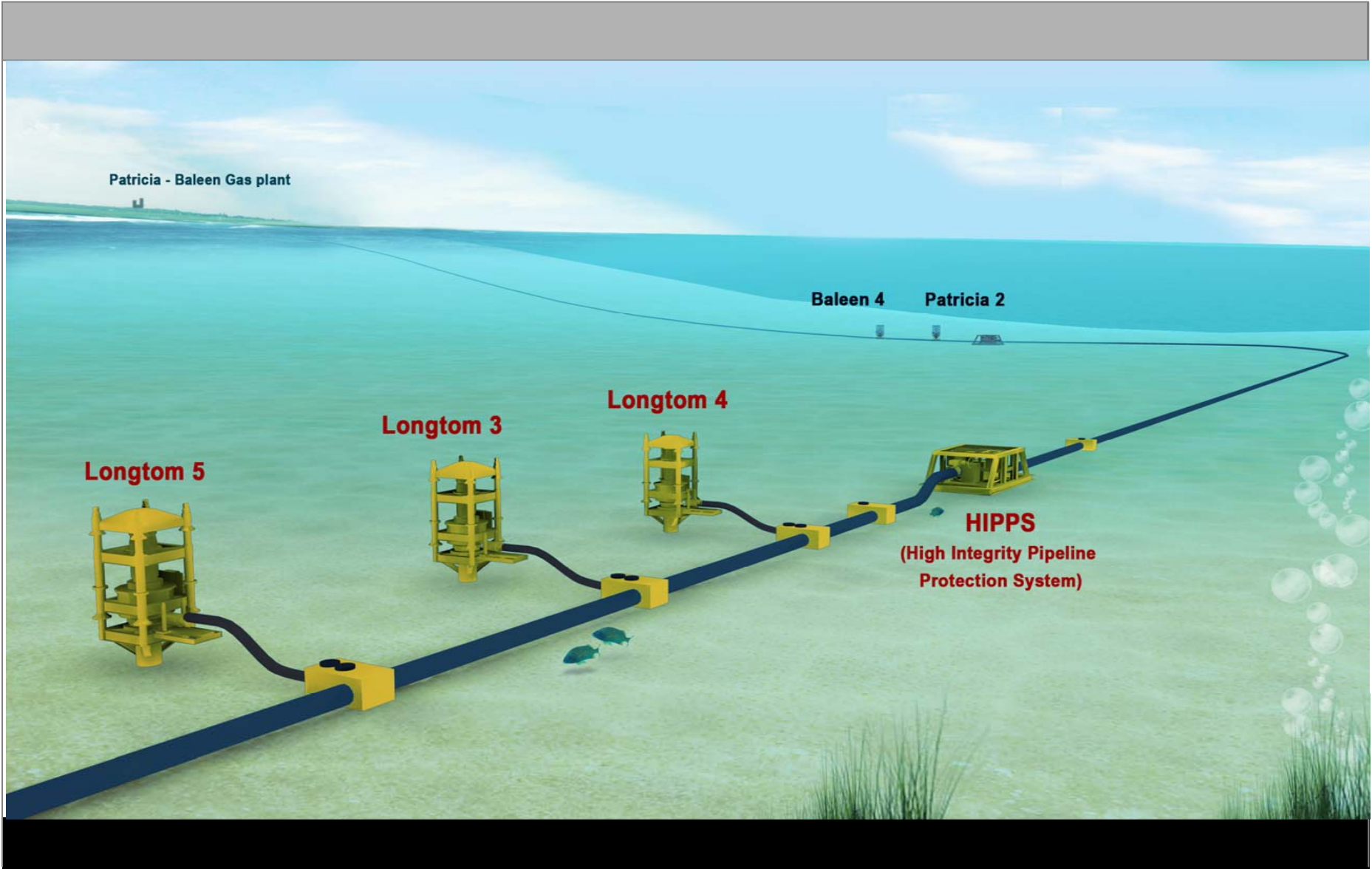
Footnotes: Based on Managements Best Estimates only Projects -

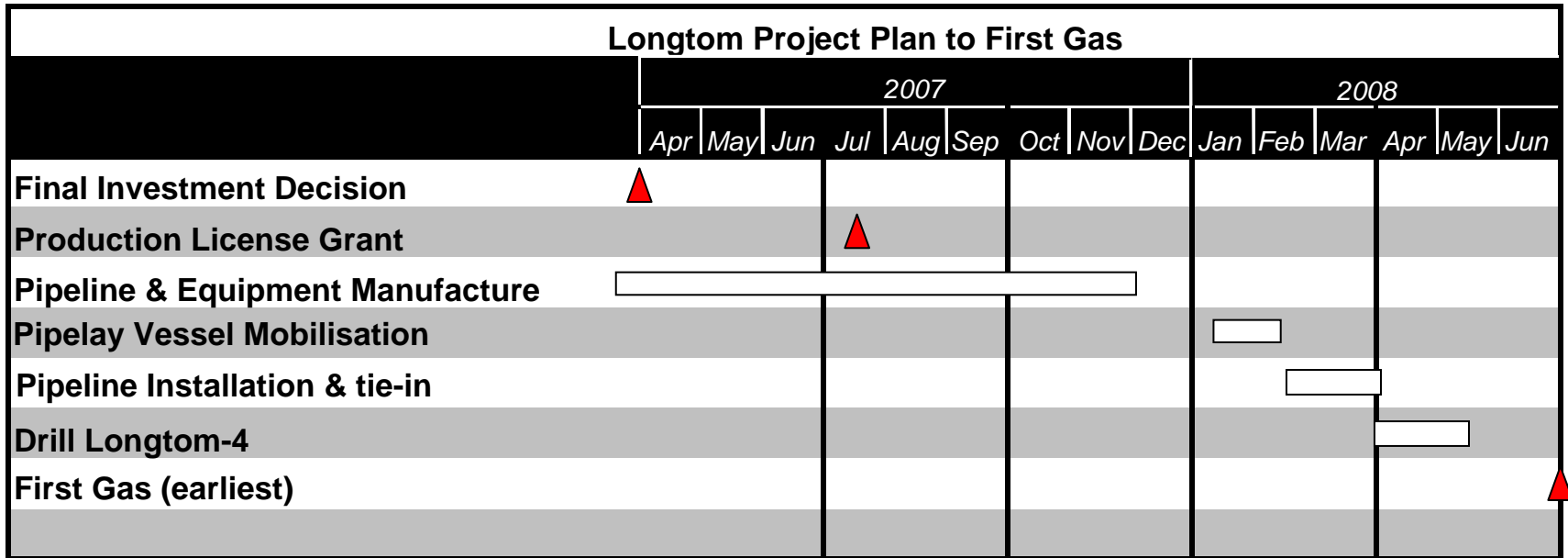
Most Likely Production Profile 100% basis Crux profile assumes production of 65 mmbbls (100%) Longtom Gas contract profile 357PJ (100%)

Conversion rates: Condensate 1 bbl = 1 boe 6.6PJ = 1 mmboe

# Appraisal and Development Assets

# Longtom Project Schematic





- ❖ Finance investment decision (“FID”) made at end of April 2007
- ❖ Contracts issued at FID for all major equipment and pipelay vessel (Feb’08 lay window)
- ❖ Jack-up rig slot secured in Q2 2008 for LT-4 (Sea Drill “West Triton”)

# Longtom Reserves and Resources

## Resource Range for Longtom based on GCA Audit

### GAS AND CONDENSATE CONTINGENT RESOURCE ESTIMATES FOR THE LONGTOM FIELD

	Low Estimate	Best Estimate	High Estimate
<b>Contingent Sales Gas Resources (PJ)</b>	173	435	842
<b>Contingent Condensate Resources (MMstb)</b>	2	5.2	12.9

- ❖ *350PJ (P50) reserves booked equivalent to contracted volume with Santos*
- ❖ *Additional reserves may be booked based on future drilling and gas contracts*

### Basis for GCA Report

- ❖ GCA report used Nexus' Development Plan as basis of assessment
- ❖ Tie-back to Patricia/Baleen on shore gas plant, Production start-up Q3 2008
- ❖ 2 wells at start-up (Longtom-4 in Q2 2008), 3<sup>rd</sup> well when required (~2012 to 2014)

# Longtom - Commercial Status

## Contracts and financing status

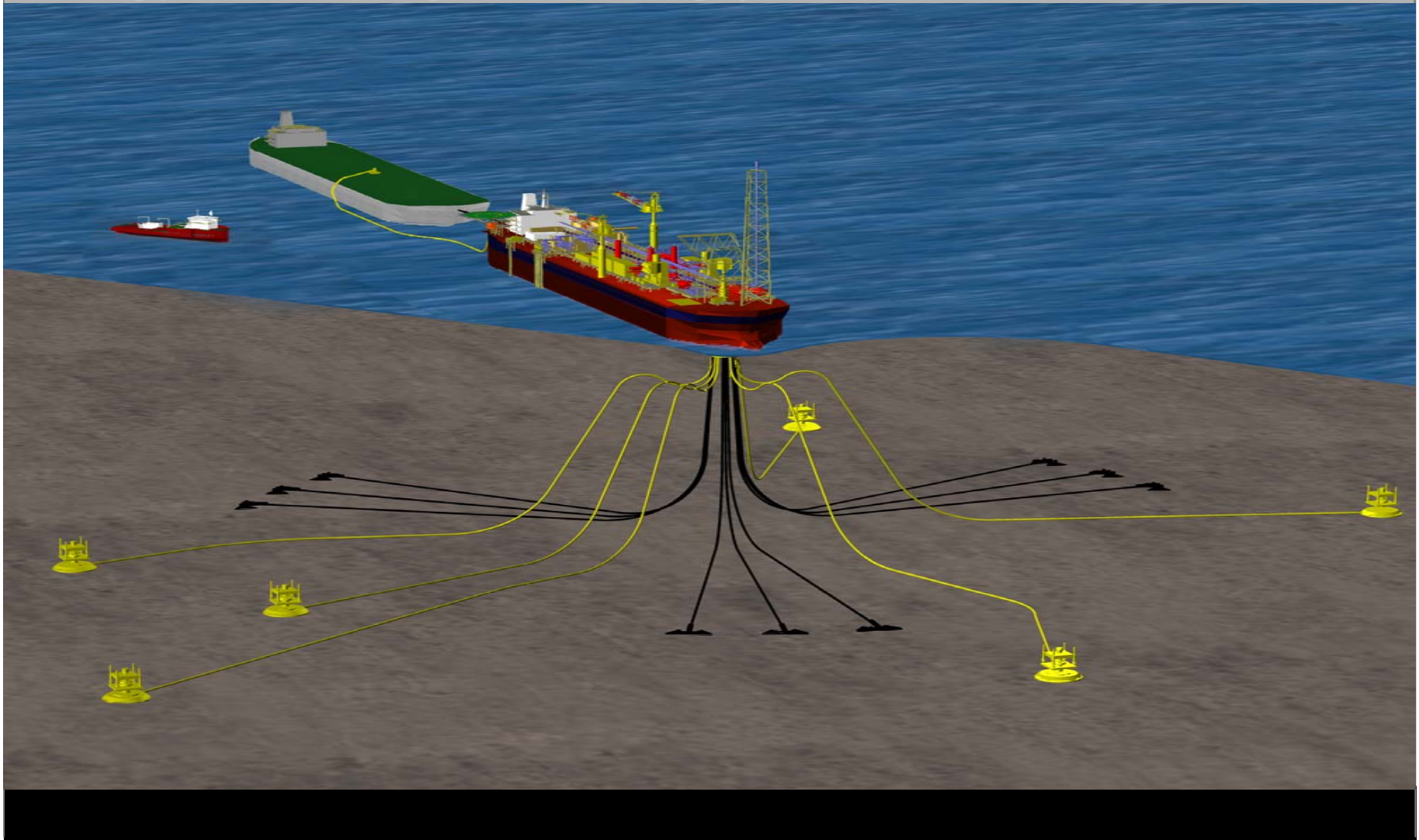
- ❖ Santos contract revisions necessary to accommodate loan and security arrangements
  - ▶ No changes to key commercial terms
- ❖ **Approximately ~ 70% of remaining capex to be funded by senior debt**
  - ▶ **Underwritten project finance – limited recourse 9 years**
- ❖ Santos have buy in option for up to 35% of project at A\$2 million per percentage point

## Government Approval Process

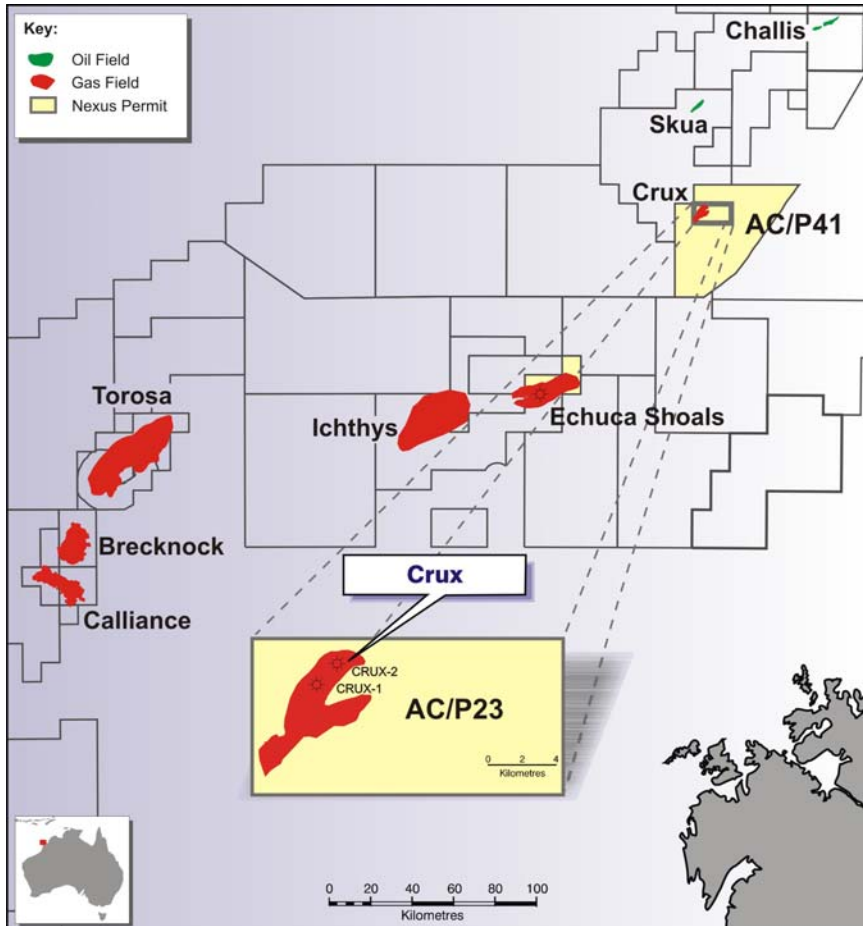
- ❖ Field development plan is complete
- ❖ **Production license application submitted** – no issues anticipated
- ❖ Production License expected during Q3 2007
- ❖ **First gas date of Q3 2008 remains achievable**

# Crux Liquids Project

## Floating production storage and off loading system



# Crux Liquids Project



## Field Location

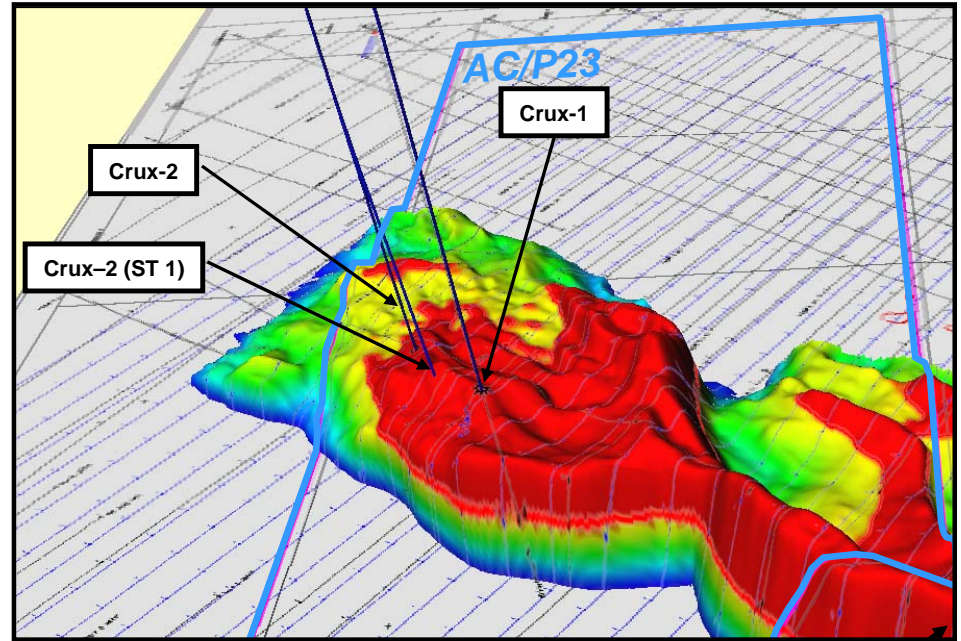
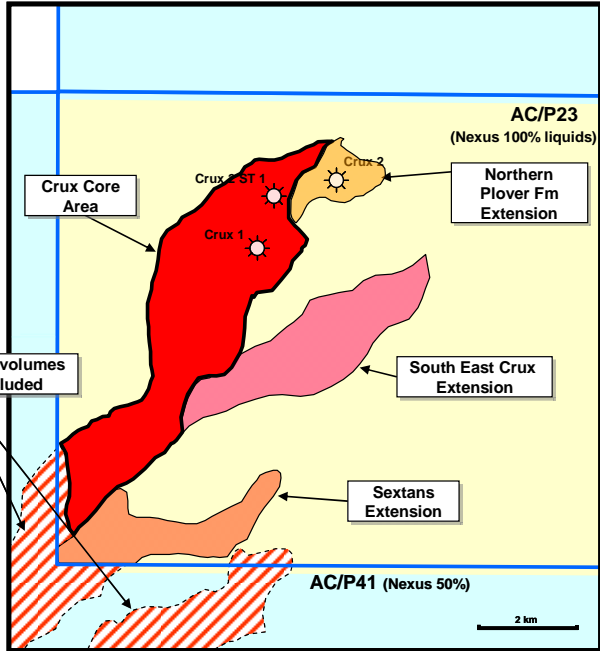
- ❖ 700 km west of Darwin
- ❖ 600 km north of Broome

## Field History

- ❖ Discovered – *April 2000*
- ❖ Nexus secured purchase option – *Oct 2004*
- ❖ Resource review & pre-feasibility – *2005*
- ❖ Nexus purchase field – *Jan 2006*
- ❖ Complete new 3D seismic – *March 2006*
- ❖ Commence FEED – *April 2006*
- ❖ Sell gas to Shell – *June 2006*
- ❖ Drill Crux-2 and Crux-2 ST1 – *April 2007*
- ❖ FEED completed and contractors pre qualified – *February 2007*

# Crux Liquids Project

## Appraisal drilling results and revised volumes

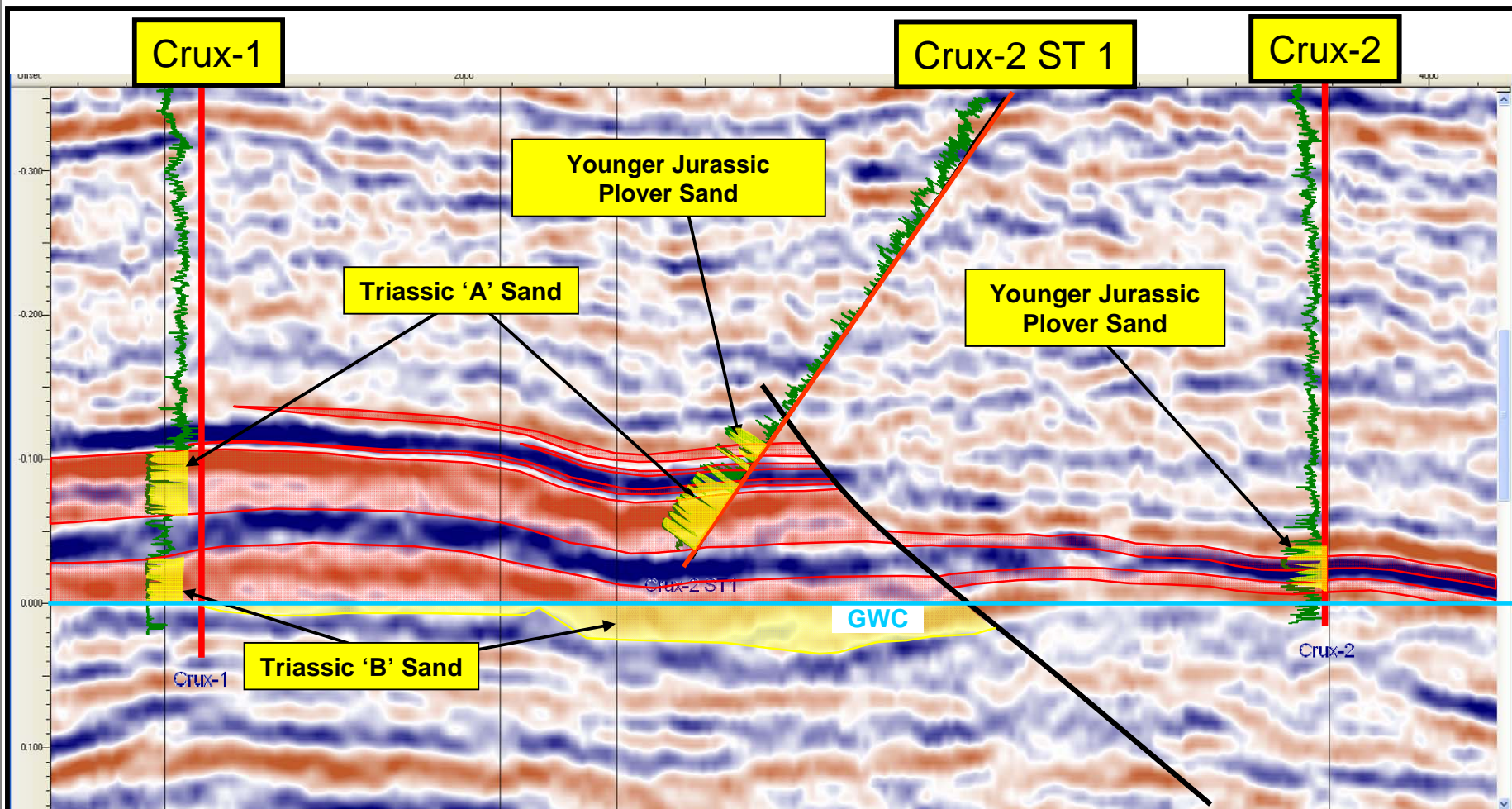


### Crux Field Liquid Volumes – Post Crux-2 and Crux-2 ST1

Contingent Resource Confidence		Low	Best	High
Condensate (MMstb)	@ 15 March 2007	40	55	71
Condensate (MMstb)	@ 7 May 2007	45	65	85

# Crux Liquids Project

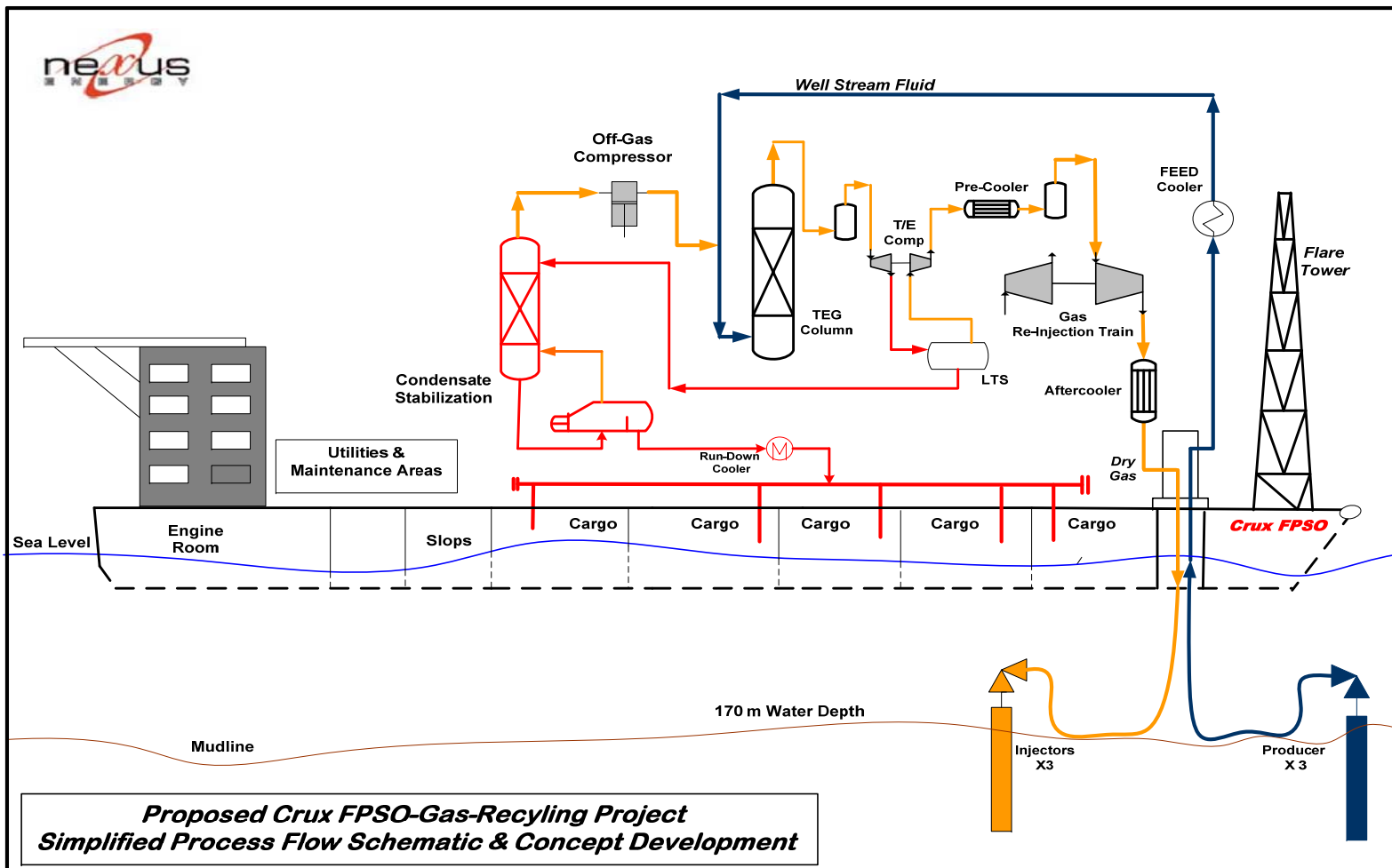
## Appraisal drilling results – seismic cross section



## Development concept – 900 mmscfd gas recycling

- ❖ Subsea development: 3 producers and 3 injectors
- ❖ Floating facilities (FPSO) permanently moored
- ❖ Suezmax tanker class – 650,000 bbls design cargo hold
- ❖ Fully leased facilities and operations – base case
- ❖ Producers (320 mmscfd) – Injectors (300 mmscfd)
- ❖ Standard process incorporating turbo-expander liquids extraction technology
- ❖ 35,000 bbl per day condensate production
- ❖ First gas/condensate – Q2 2010 >> ***If FID can be accomplished in Q2 2008***
- ❖ Field life – 10 years

## Simplified process design



## Key project goals going forward

### Resource definition

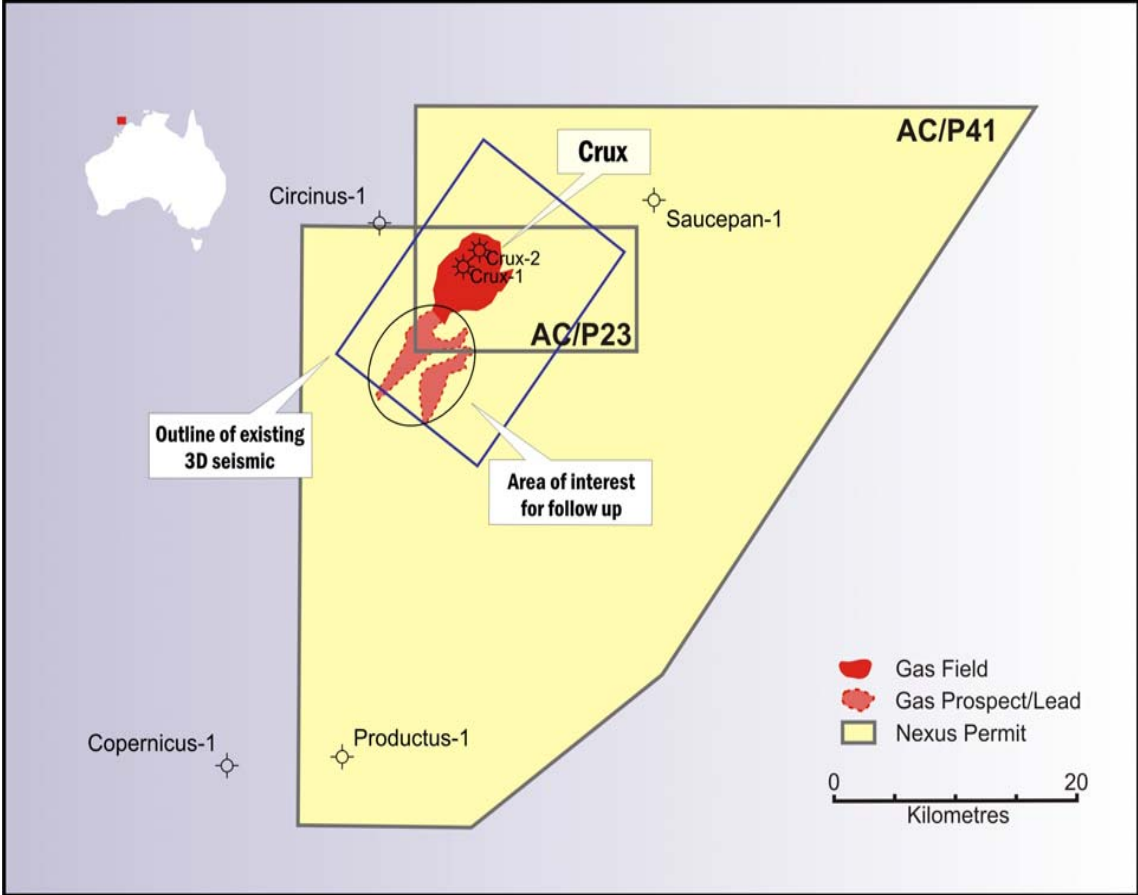
- ❖ Establish minimum commercial resource size

### Project design, implementation and procurement

- ❖ Finalise design and pricing for subsea equipment and flowlines
- ❖ Placement of order or issue letters of intent for long lead items
- ❖ Issue invitation to tender for FPSO leasing and operations
  - Based on fully defined topsides process and key equipment packages
- ❖ Establish world class operator status

# Crux - Near Field Exploration

## AC/P41 Exploration Permit (50% Nexus) - Committed work programme

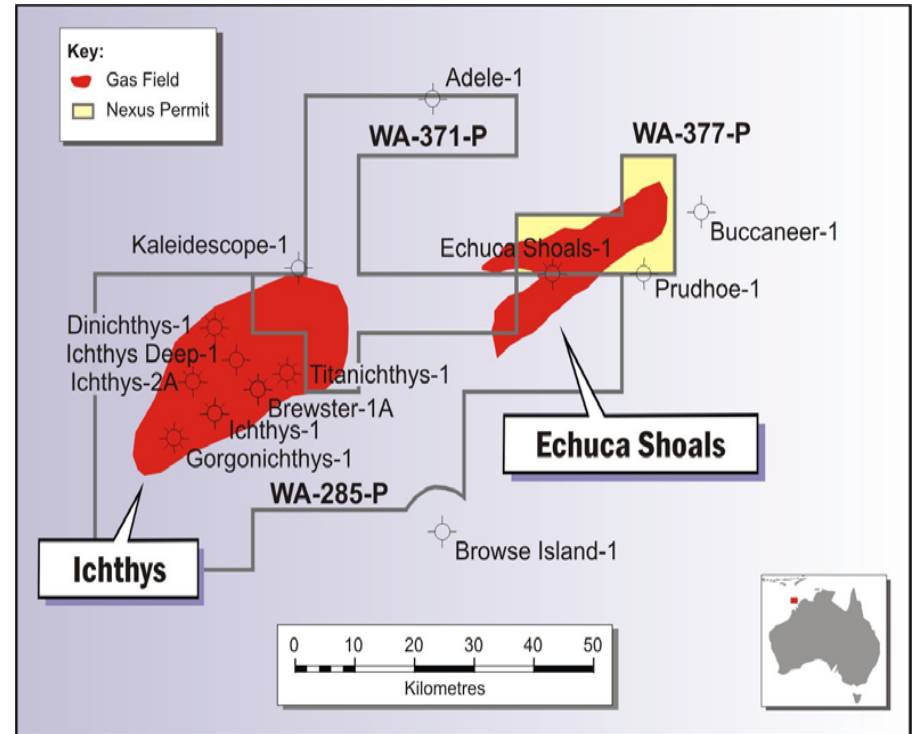


Years	Work
Year 1 (2007/8)	450 km2 3D seismic 1 well
Year 2	1 well
Year 3	1 well

# Echuca Shoals Update

## LNG scale resource / potential with high liquids content possible

- ❖ Shell farmin deal finalised
- ❖ Shell will pay US\$ 5 million Cash and the first US\$ 30 million of the cost of drilling Echuca Shoals-2 well for 34% of Area A
- ❖ Shell have the option to pay a further US\$ 25 million towards the cost of a second well in WA-377-P to earn 34% in remainder of permit
- ❖ All approvals received - Cash payment due upon completion Joint Operating Agreements
- ❖ Echuca Shoals appraisal well (Fossetmaker #1) - drilled using Shell operated Ocean Epoch drilling rig in July 2007



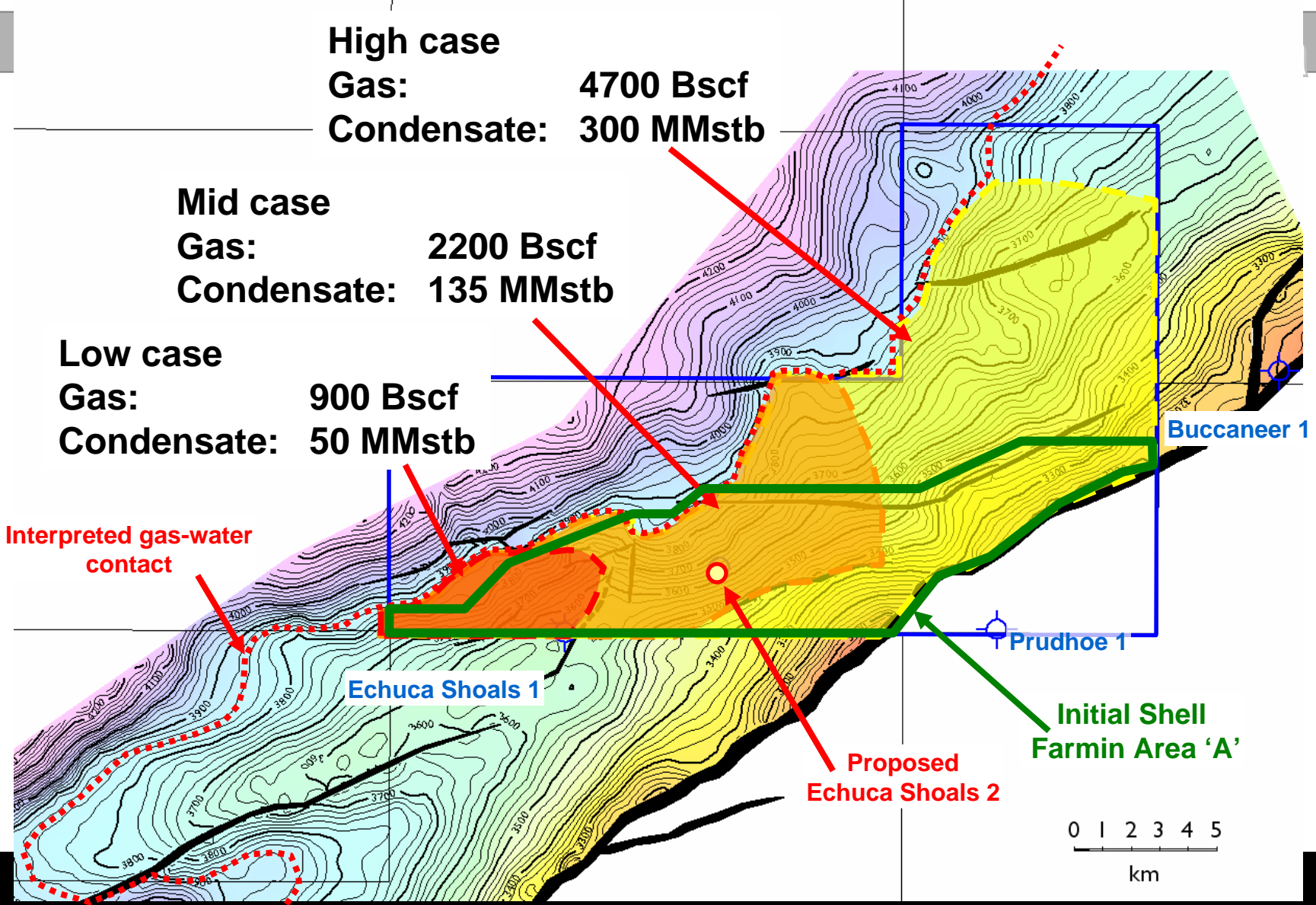
**Large gas resource potential to be defined by appraisal program. Analysis by Nexus of Echuca Shoals-1 indicates resource may have a high liquids content**

# Echuca Shoals Appraisal

**High case**  
**Gas: 4700 Bscf**  
**Condensate: 300 MMstb**

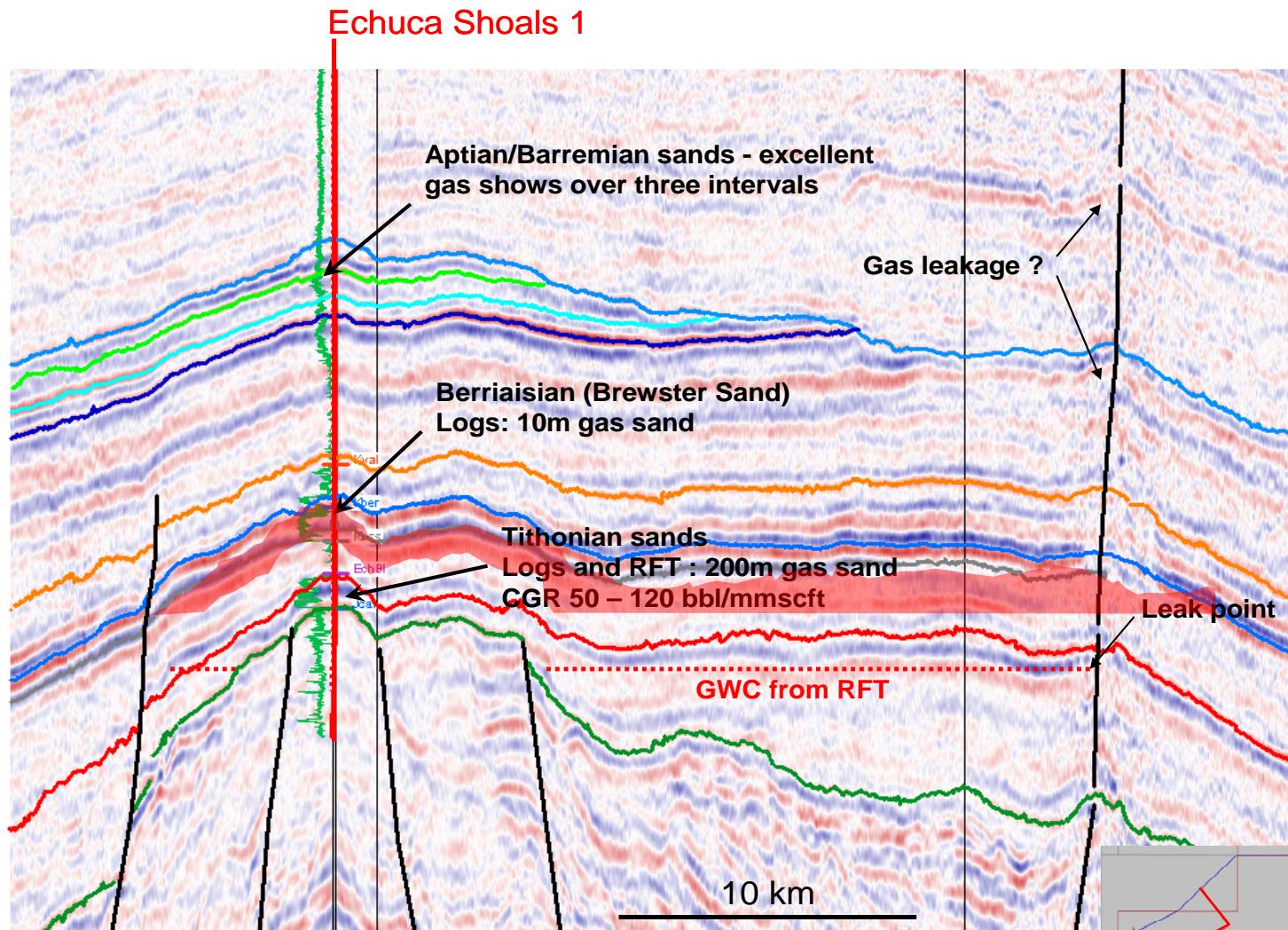
**Mid case**  
**Gas: 2200 Bscf**  
**Condensate: 135 MMstb**

**Low case**  
**Gas: 900 Bscf**  
**Condensate: 50 MMstb**



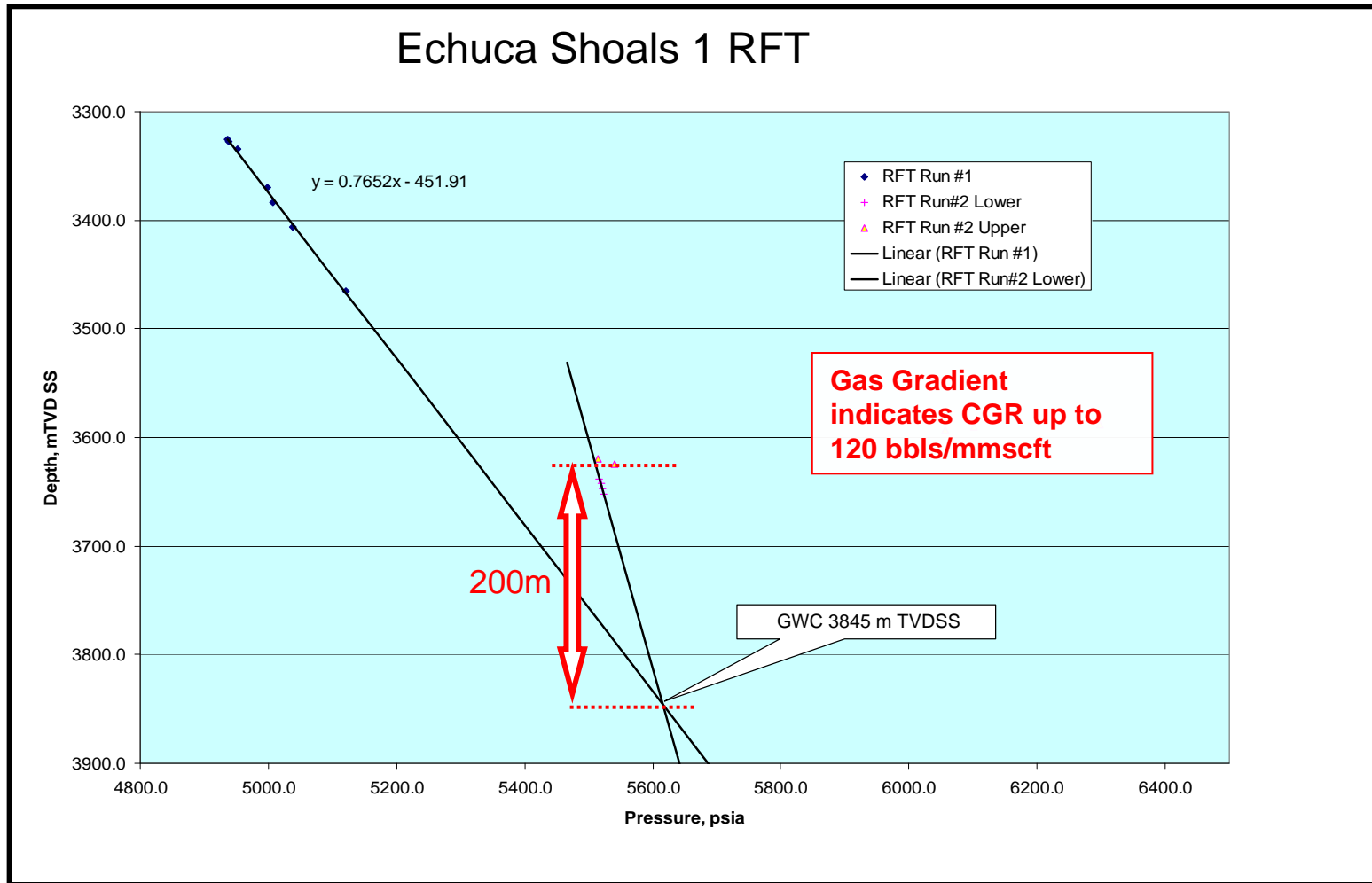
# Echuca Shoals Appraisal

## Echuca Shoals-1 well results – “multiple plays”



# Echuca Shoals 1 – Pressure Data

**Pressure data indicating liquids gas column – supported by Crux experience**



# Exploration Assets

# Near Term Exploration Activities

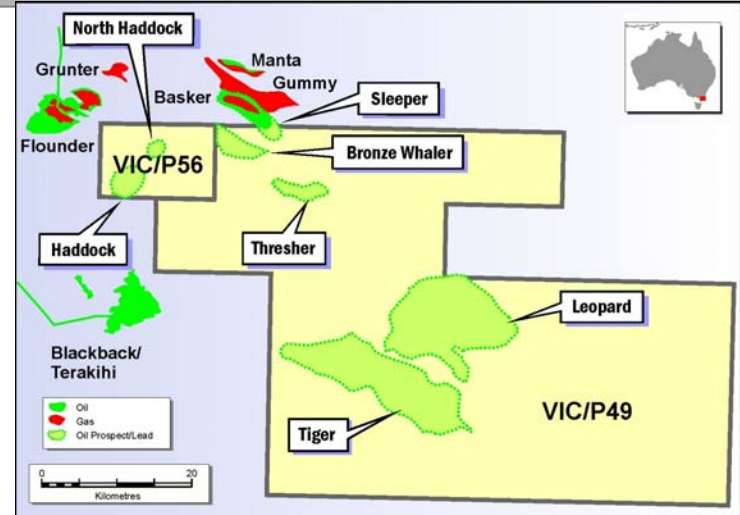
## Up to six exploration wells in the next two years

### VIC/P49 & VIC/P56

– Gippsland Basin (Nexus 80% working interest)

- ❖ 2D seismic has commenced June 2007
- ❖ Wells on Basker Trend in late 2008

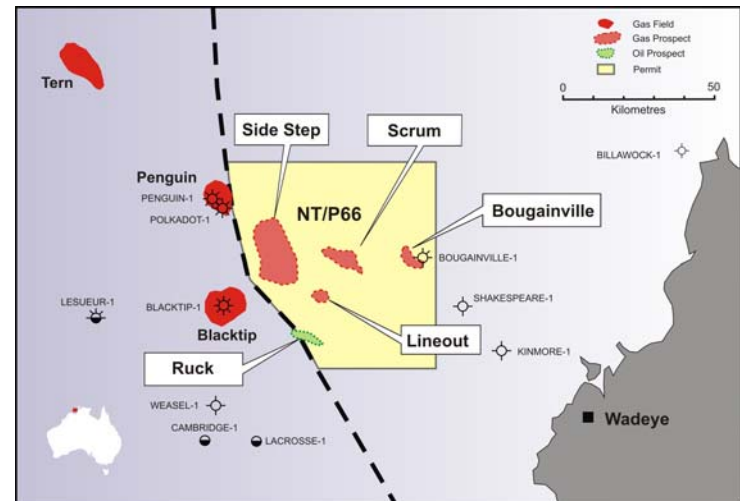
*Potential Basker extension plus follow up prospects as well as large deep water leads*



### NTP/66

– Bonaparte Gulf (Nexus 100% working interest)

- ❖ Drill 30 mmbbl Ruck prospect in Q2 2008



# Near Term Exploration Activities

## Up to six exploration wells in the next two years

### WA 368 P

– Vlaming Sub Basin (Nexus 50% working interest)

- ❖ 3D seismic acquired in Q3 2006
- ❖ Drill >100 mmbbl Yngling prospect in mid 2008

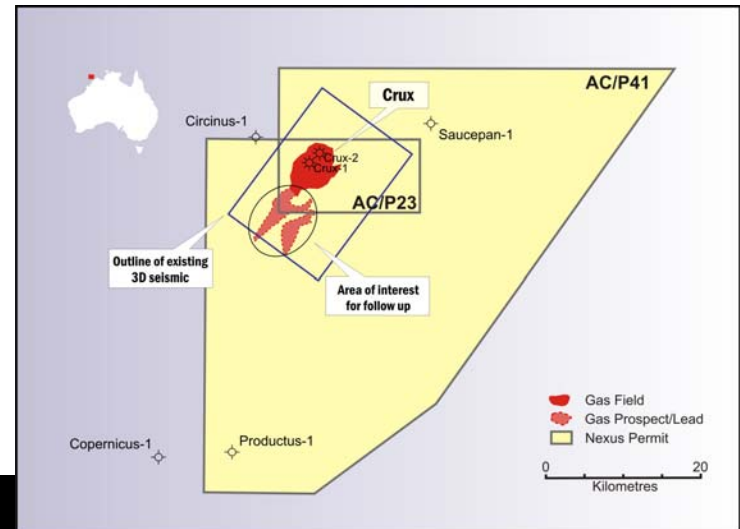
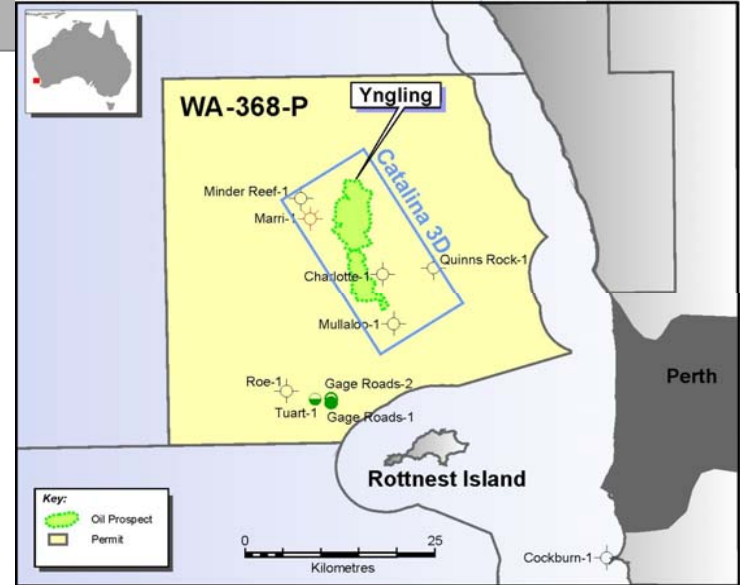


### AC/P41

– Browse Basin (Nexus 50% working interest)

- ❖ 3D seismic scheduled for June 2007
- ❖ Drill first of 3 wells by Q2 2008

*Crux extension plus additional prospects already identified on Crucis 3D, Shell to source rig*





# Summary of Drilling Activity

## Firm and contingent rig slots

Nexus Rig Schedule																			
				2007				2008											
Permit	Well/Prospect	Type of Well	Rig	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
WA-377-P	Fosset Maker-1	Appraisal	Epoch	█															
AC/P23	Crux-3 & 4	Appraisal	TBA					█	█										
VIC/P54	Longtom-4	Development	West Trident								█	█	█						
VIP/P49	Sleeper/Bronze Whaler	Exploration	Kan Tan IV															█	
NT/P66	Ruck/Side Step	Exploration	Wilcraft											█					
WA-368-P	Yngling-1 <sup>1</sup>	Exploration	TBA															█	
VIC/P54	Longtom Upper <sup>2</sup>	Expln/App	West Trident										□						

Notes:

- 1 Commitment well for Nov-07 permit year
- 2 Contingent well

# Key Appraisal Development Milestones

- ❖ Finalisation of Longtom Finance → June 2007
- ❖ Echuca Shoals-2 Appraisal → Q3 2007
- ❖ Crux Project Decision → Q1 2008
- ❖ Longtom Drilling and Pipe lay → Q1 and Q2 2008
- ❖ Longtom First Gas → Q3 2008



▶ Large Resource Base

▶ Pipeline of Projects

▶ Long Lived Production



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