

# NEXUS ENERGY LIMITED



**FOR QUARTER ENDED  
March 2005**

## **HIGHLIGHTS**

- Appraisal Programme of Longtom gas field underway
- Due diligence commenced on 1 producing oil asset acquisition and 1 in ground reserves acquisition
- Acquisition of 250 km seismic in Vic/P39(v)
- Successful completion of 3294 km seismic data processing in NT/P66
- Planning underway for 4 well drilling program for next 12 months



**29 April 2005**  
**(ASX code: NXS)**

## **“ACTIVITIES UPDATE”**

### **Status of Gippsland Basin Permits**

#### ***VIC/P54 (Nexus 37.5%)***

During the quarter Nexus submitted an appraisal drilling program to the VIC/P54 Joint Venture for the Longtom Gas field. Co participant Apache decided not to participate in the program and Nexus was put in the strong position of commencing a Sole Risk programme to appraise and commercialise the Longtom gas field at a potential 100% equity level. Apache retains an option to buy back into the appraisal well at a large cash penalty payable to Nexus (at cost plus a multiple of 6 times). Strong interest is being shown by energy companies interested in gaining equity participation in the asset.

A third party reserves audit undertaken by Gaffney Cline and Associates on behalf of Nexus supports a Best Estimate gas resource potential of 316 BCF for Longtom. Gas marketing discussions have commenced to secure a sale for this substantial resource that is very well positioned in relation to markets and infrastructure.

Nexus has commenced detailed well planning and pre drilling engineering work on the Longtom appraisal project which includes engineering studies for possible sub sea pipeline routes and field development engineering studies. The Longtom #3 appraisal well is expected to be drilled in the second half of 2005.

A third commitment well is required to be drilled in the permit prior to April 2006.

#### ***VIC/P56 and VIC/P49 (Nexus 100%)***

During the quarter Nexus commenced farming out as a single package permits VIC/P56 and VIC/P49. The response so far from potential farminees to these permits has been extremely encouraging with a farmout expected to be completed in the second quarter of 2005.

Nexus has commenced detailed well planning and pre drilling engineering work on possible well locations. An exploration well is expected to be drilled in the second half of 2005.

Two prospects, Culverin targeting “Top Latrobe reservoirs” and Scimitar targeting “Intra Latrobe and Golden Beach reservoirs”, overlie each other and can be tested by a single well. Culverin and Scimitar straddle the permit boundary between VIC/P56 and VIC/P49 and have the potential to contain mean oil reserves of 100 million barrels and 64 million barrels respectively.

### ***VIC/P39(v) (Nexus 100%)***

During the quarter Nexus completed the acquisition of 250 km of 2D seismic data over the Angus and Galloway Leads. These leads have the potential to contain mean oil reserves of 25 million barrels and 30 million barrels of oil respectively.

Well planning and pre drilling engineering have commenced as well as permitting for potential drilling locations. Environmental studies are continuing for the forthcoming drilling campaign.. The possibility of drilling the two prospects from onshore in order to reduce costs and time to first production is being evaluated. It is likely that the company will farmout some of its interest in the permit.

### **Status of Bonaparte Basin Permits**

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

During the quarter the processing of 3,294 km of the Fog Bay 2D seismic data that was acquired in October 2004 was completed. This seismic data is currently being interpreted in conjunction with the airborne gravity data that was acquired in June 2004.

### **New Ventures**

The company is currently conducting preliminary due diligence on 1 producing oil asset and 1 asset with undeveloped in ground liquid petroleum reserves.

**For further information, please contact:  
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Email: [itchacos@nxs.com.au](mailto:itchacos@nxs.com.au)**

Rule 5.3

## Appendix 5B

### Mining exploration entity quarterly report

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

Name of entity

Nexus Energy Ltd

ABN

64 058 818 278

Quarter ended ("current quarter")

March 2005

#### Consolidated statement of cash flows

| Cash flows related to operating activities   | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|--|----------------------------|--|
| 1.1 Receipts from product sales and related debtors  |                            |  |
| 1.2 Payments for (a) exploration and evaluation<br>(b) development<br>(c) production<br>(d) administration | (4,403)                    | (9,279)                                |
| 1.3 Dividends received   | (597)                      | (1,781)                                |
| 1.4 Interest and other items of a similar nature received  | 204                        | 423                                    |
| 1.5 Interest and other costs of finance paid   | 0                          | (2)                                    |
| 1.6 Income taxes paid  |                            |  |
| 1.7 Other - GST refunds  | 110                        | 467                                    |
| <b>Net Operating Cash Flows</b>  | <b>(4,686)</b>             | <b>(10,172)</b>                        |
| <b>Cash flows related to investing activities</b>  |                            |  |
| 1.8 Payment for purchases of: (a)prospects<br>(b)equity investments<br>(c) other fixed assets              | (14)                       | (38)                                   |
| 1.9 Proceeds from sale of: (a)prospects<br>(b)equity investments<br>(c)other fixed assets                  |                            |  |
| 1.10 Loans to other entities   |                            |  |
| 1.11 Loans repaid by other entities  |                            |  |
| 1.12 Other (provide details if material)   |                            |  |
| <b>Net investing cash flows</b>  | <b>(14)</b>                | <b>(38)</b>                            |
| 1.13 Total operating and investing cash flows (carried forward)  | <b>(4,700)</b>             | <b>(10,210)</b>                        |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |  |                |               |
|------|--|----------------|---------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (4,700)        | (10,020)      |
|      | <b>Cash flows related to financing activities</b>          |                |               |
| 1.14 | Proceeds from issues of shares, options, etc.              | 150            | 23,282        |
| 1.15 | Proceeds from sale of forfeited shares                     |                |               |
| 1.16 | Proceeds from borrowings                                   |                |               |
| 1.17 | Repayment of borrowings                                    |                |               |
| 1.18 | Dividends paid   |                |               |
| 1.19 | Other (provide details if material)                        |                |               |
|      | <b>Net financing cash flows</b>                            | <b>150</b>     | <b>23,282</b> |
|      | <b>Net increase (decrease) in cash held</b>                | <b>(4,550)</b> | <b>13,072</b> |
| 1.20 | Cash at beginning of quarter/year to date                  | 18,417         | 795           |
| 1.21 | Exchange rate adjustments to item 1.20                     |                |               |
| 1.22 | <b>Cash at end of quarter</b>                              | <b>13,867</b>  | <b>13,867</b> |

**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<br>SA'000 |
|------|--|---------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 115                       |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | Nil                       |

1.25 Explanation necessary for an understanding of the transactions

|  |
|--|
| Non Executive Directors' Fees paid in 1.23 |
|  |

**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

|     |
|-----|
| Nil |
|-----|

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

|     |
|-----|
| Nil |
|-----|

+ See chapter 19 for defined terms.

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | Nil                         | Nil                    |
| 3.2 Credit standby arrangements | Nil                         | Nil                    |

**Estimated cash outflows for next quarter**

|                                | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | 1,500   |
| 4.2 Development                | Nil     |
| <b>Total</b>                   |         |

**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<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank  | 219                        | 280                         |
| 5.2 Deposits at call  | 13,648                     | 18,137                      |
| 5.3 Bank overdraft  |                            |                             |
| 5.4 Other (provide details)   |                            |                             |
| <b>Total: cash at end of quarter (item 1.22)</b>  | <b>13,867</b>              | <b>18,417</b>               |

**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) (cents)   | Amount paid up per security (see note 3) (cents)   |
|---|--|---------------|---|--|
| 7.1 <b>Preference <sup>+</sup>securities</b><br><i>(description)</i>  |  |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions                |  |               |   |  |
| 7.3 <b><sup>+</sup>Ordinary securities</b>  | 238,097,573  | 238,097,573   |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs<br>(c) Shares out of escrow | 4,000,000  | 4,000,000     | 14 cents  |  |
| 7.5 <b><sup>+</sup>Convertible debt securities</b> <i>(description)</i>   |  |               |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted                             |  |               |   |  |
| 7.7 <b>Options</b> <i>(description and conversion factor)</i>   | 2,000,000<br>2,000,000<br>2,000,000<br>3,000,000<br>3,250,000<br>3,000,000<br>750,000<br>1,500,000 |               | <i>Exercise price</i><br>12.5 cents<br>25 cents<br>50 cents<br>20 cents<br>30 cents<br>33 cents<br>35 cents<br>50 cents | <i>Expiry date</i><br>30 June 2005<br>30 June 2005<br>30 June 2005<br>30 June 2005<br>31 December 2005<br>31 December 2005<br>31 December 2005<br>30 June 2006 |
| 7.8 Issued during quarter   | 750,000<br>1,500,000   |               | 35 cents<br>50 cents  | 31 December 2005<br>30 June 2006   |
| 7.9 Exercised during quarter  | 4,000,000  |               | 14 cents  | 31 March 2005  |
| 7.10 Expired during quarter   |  |               |   |  |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>  |  |               |   |  |
| 7.12 <b>Unsecured notes</b><br><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 /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: ..... Date: .....29<sup>th</sup> April 2005  
(Company secretary)

Print name: ..Edward Munks.....

## 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* 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.

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+ See chapter 19 for defined terms.

**Note 1**

**Schedule of Exploration Permits**

**Held by the Consolidated Entity**

**At 27 January 2005**

| <b><u>Exploration Permits</u></b> | <b><u>Basin</u></b> | <b><u>Interest %</u></b> |
|-----------------------------------|---------------------|--------------------------|
| VIC/P54                           | Gippsland           | 37.5                     |
| VIC/P56                           | Gippsland           | 100                      |
| VIC/P39(v)                        | Gippsland           | 100                      |
| VIC/P49                           | Gippsland           | 100                      |
| NT/P66                            | Bonaparte           | 100                      |