



Nexus to raise \$74 million via Placement and Rights Issue

Nexus Energy Limited ("Nexus") has successfully completed a placement to institutional and sophisticated investors, raising gross proceeds of approximately \$31 million. Further, eligible shareholders will be invited to participate in a fully underwritten non-renounceable rights issue to raise an additional \$43 million (before costs and expenses).

The placement and rights issue will strengthen Nexus' balance sheet and provide financial flexibility through to the end of 2010. Proceeds will be used to fund ongoing development of the Longtom gas project, long lead items for the Crux liquids project and general working capital.

The company's immediate priority is the start-up of the Longtom gas project, in October 2009. This capital raising avoids the requirement to consider a forced sale of assets, and provides the opportunity to deal with Nexus' interest in the Crux liquids project in a manner that maximises shareholder value.

Placement terms

The placement of approximately 96.8 million ordinary shares was completed at an issue price of A\$0.32 per share, an 18% discount to the 5 day VWAP. Southern Cross Equities Limited ("Southern Cross") and Azure Capital Pty Ltd ("Azure") were co-lead managers for the placement. It is expected that the placement shares will be issued on 8 September 2009.

Rights issue terms

Following the successful completion of the placement Nexus will be inviting eligible shareholders to participate in a fully underwritten 1 for 3.75 non-renounceable rights issue at a price of A\$0.22 per share, a 44% discount to the 5 day VWAP. Shares issued via the placement are eligible to participate in the rights issue. Southern Cross has committed to fully underwrite the rights issue. The rights issue is fully sub-underwritten by Azure.

Subsequent to the placement and rights issue Nexus will have approximately 940 million ordinary shares on issue.

Full details of the terms and conditions of the rights issue will be contained in the prospectus to be lodged with both ASIC and ASX and despatched to shareholders with a registered address in Australia, New Zealand, Singapore, the United Kingdom or the British Virgin Islands ("Eligible Shareholders"). The record date for the rights issue is 17 September 2009. Eligible Shareholders wishing to take up their rights will need to complete the application form that will accompany the prospectus. The closing date for acceptances and payment is 2 October 2009.

Board appointments

Following completion of the rights issue, Mr Symon Drake-Brockman will be invited to join the Nexus board as a non-executive director. Mr Drake-Brockman is expected to hold around 70 million shares, or 7.3% of Nexus' diluted capital, as a result of acquiring 25 million shares under the placement and taking up his entitlement under the rights issue and sub-underwriting arrangements with Azure.

In addition, Mr Conrad Clauson, Executive Chairman of Viking Oil & Gas International Limited (“Viking”) will also be invited to join the board as a non-executive director following completion of the rights issue. Viking currently has an interest in approximately 14.57% of Nexus shares and will be seeking to maintain its interest post the placement and rights issue.

Mr Drake-Brockman and Mr Clauson expand and strengthen the Nexus board and provide greater access to international opportunities and finance (refer to end of announcement for additional details of new directors).

Chairman’s comment

Nexus’ Chairman, Michael Fowler commented, “We are pleased to offer shareholders the opportunity to participate in the rights issue at an attractive discount, recognising shareholders’ ongoing support during these unprecedented economic global times. The placement and rights issue will enable Nexus to successfully complete Longtom and provides the opportunity to maximise the value of Nexus’ interest in the Crux liquids project. On behalf of the Nexus board I look forward to delivering shareholder value by further developing Nexus’ existing assets and I encourage shareholders to subscribe for their entitlement.”

“The board also welcomes the investment by Mr Symon Drake-Brockman and ongoing support from existing shareholder Viking. Furthermore, we look forward to Mr Drake-Brockman and Mr Clauson’s appointment to the Nexus board and I am confident that they will both make a valuable contribution.”

Board appointments

Mr Symon Drake-Brockman BCom

Non-executive director

Symon Drake-Brockman will be appointed to the Nexus board following successful completion of the Rights Issue. Mr Drake-Brockman has over 20 years of finance experience covering both the debt and equity markets. He was formerly CEO of RBS Global Banking and Markets in the Americas and CEO of RBS Greenwich Capital, Global Head of RBS’ Debt Markets division and board member of RBS’ Global Banking and Markets. Previously, Mr Drake-Brockman held senior positions with ING Barings, and JP Morgan in London, New York, Tokyo and Hong Kong.

Mr Conrad Clauson BA (Bus Mgt)

Non-executive director

Conrad Clauson will be invited to join the Nexus board following successful completion of the rights issue. Mr Clauson has over 10 years experience in investment banking and 10 years experience in the private equity business with investments in various sectors including oil and gas, telecom, and oil and bitumen shipping.

Susan Robutti
Company Secretary

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