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## Performance rights issued to CEO

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Nexus Energy Limited ("Nexus") announces that it has granted options (performance rights) to Richard Cottee, the company's CEO, in accordance with the offer of employment executed in May 2010. The performance rights are issued under the terms of the Executive Director and Employee Option Plan ("the Option Plan") as previously approved by shareholders.

The performance rights, with a zero exercise price, are only exercisable subject to the CEO being employed by Nexus at the end of the 3 year vesting period namely 30 June 2013, the vesting date, with the Board having the discretion to vary the vesting period in certain circumstances.

In addition, the performance rights will be subject to a performance test of Total Shareholder Return ("TSR") of Nexus ordinary shares relative to the TSR of a comparative group of other oil and gas companies and the ASX Energy Index over the vesting period; top quartile ranking is required for all the options to vest while no options would vest if Nexus ranks in the third and fourth quartile of TSR rankings at the end of the 3 year vesting period, with proportionate vesting between those levels.

The primary objective of Nexus' Remuneration Policy, as regards the issue of securities under the Option Plan, is to provide employees with long term incentives for participation in Nexus' growth, directly aligned with the creation of value for shareholders over the long term.

**Susan Robutti**  
**Company Secretary**

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Nexus Energy Limited

ABN

64 058 818 278

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued                                                                                                                                                                                                 | Employee options (performance rights)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued                                                                                                                                                | 2,250,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Unlisted employee options issued pursuant to the Nexus Energy Limited Executive Director and Employee Option Plan with zero exercise price and expiry date of 30 June 2013. Exercise of the options (performance rights) will be subject to a performance test. A proportion (between nil and 100%) of the options as determined by the performance test, will vest at the end of a vesting period expiring on 30 June 2013 (the Vesting Date) with the Board having the discretion to vary the vesting conditions in certain circumstances. |

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Shares issued as a result of the exercise of the options will rank equally in all respects with all shares on issue and Nexus will apply for quotation of those shares on ASX.</p>				
<p>5 Issue price or consideration</p>	<p>Issued in accordance with employment contract</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issue of employee options</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>7 July 2010</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1220 997 1265">Number</th> <th data-bbox="997 1220 1281 1265">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1265 997 1400">958,061,849</td> <td data-bbox="997 1265 1281 1400">Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	958,061,849	Fully paid ordinary shares
Number	+Class				
958,061,849	Fully paid ordinary shares				

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+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	
	31,884,058	Warrants expiring 15 January 2013, exercisable at 204 cents each
	90,000	Options expiring 28 April 2011, exercisable at 225 cents each
	148,000	Options expiring 23 May 2011 exercisable at 219 cents each
	359,800	Options expiring 23 May 2011, exercisable at 225 cents each
	2,590,700	Options expiring 24 December 2012, exercisable at 147 cents each
	3,863,800	Options expiring 30 June 2012, zero exercise price
2,250,000	Options expiring 30 June 2013, zero exercise price	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
	N/A	

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	

**Appendix 3B**  
**New issue announcement**

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|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 17 | Policy for deciding entitlements in relation to fractions                                                                                                                                                                                               |  |
| 18 | Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>Cross reference: rule 7.7.</small> |  |
| 19 | Closing date for receipt of acceptances or renunciations                                                                                                                                                                                                |  |
| 20 | Names of any underwriters                                                                                                                                                                                                                               |  |
| 21 | Amount of any underwriting fee or commission                                                                                                                                                                                                            |  |
| 22 | Names of any brokers to the issue                                                                                                                                                                                                                       |  |
| 23 | Fee or commission payable to the broker to the issue                                                                                                                                                                                                    |  |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders                                                                                                                         |  |
| 25 | If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting                                                                                                                                                          |  |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled                                                                                                                                    |  |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders                                                                                             |  |
| 28 | Date rights trading will begin (if applicable)                                                                                                                                                                                                          |  |
| 29 | Date rights trading will end (if applicable)                                                                                                                                                                                                            |  |

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<sup>+</sup> See chapter 19 for defined terms.

- |    |                                                                                                              |  |
|----|--------------------------------------------------------------------------------------------------------------|--|
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?                            |  |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? |  |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)?                    |  |
| 33 | +Despatch date                                                                                               |  |

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
  - 1,001 - 5,000
  - 5,001 - 10,000
  - 10,001 - 100,000
  - 100,001 and over
- 37  A copy of any trust deed for the additional +securities

**Appendix 3B**  
**New issue announcement**

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**Entities that have ticked box 34(b)**

38 Number of securities for which  
 +quotation is sought

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39 Class of +securities for which  
 quotation is sought

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40 Do the +securities rank equally in all  
 respects from the date of allotment  
 with an existing +class of quoted  
 +securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next dividend,  
 (in the case of a trust,  
 distribution) or interest payment
- the extent to which they do not  
 rank equally, other than in  
 relation to the next dividend,  
 distribution or interest payment

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41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end of  
 restriction period

(if issued upon conversion of  
 another security, clearly identify that  
 other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38)		

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
  
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  
  - There is no reason why those +securities should not be granted +quotation.
  
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
  
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
  
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ..... Date: 7 July 2010  
Company Secretary

Print name: Susan Robutti