



Longtom – Interruption to Production

Nexus Energy Limited (“Nexus”) advises that over the weekend, Santos Limited and its subsidiaries (“Santos”) gave notice to Nexus of delivery to Santos' Patricia Baleen facilities (“Plant”) of off-specification gas from the Longtom field under the Longtom Toll Processing and Gas Sales Agreement (“Longtom TPGSA”). The nature of the deficiency in meeting specifications relates to low levels of mercury detected in the delivered gas.

Low levels of mercury were detected in test samples from the Longtom-4 well. Samples from Longtom-3 were taken over the weekend and test results are expected by the end of this week. In the meantime, gas production from the Longtom field has ceased. If test results confirm acceptable mercury levels in Longtom-3, it is expected that gas production would recommence later this week.

Nexus advises that the Plant design allows for the installation of mercury removal equipment. In advance of the test results, Nexus will work with Santos and commence the scope of work for the installation of a mercury guard bed at the Plant. At this early stage, it is estimated the cost of implementation of the guard beds will be approximately A\$2 million and will take at least two months to install. If the test results confirm unacceptable mercury levels in Longtom-3, gas production will be deferred during this installation period.

Nexus will work with Santos to cover any shortfall in gas supply under the Longtom TPGSA as a result of the interruption of gas production.

Susan Robutti
Company Secretary

For further information please contact:

Michael Fowler - Chairman
Ph: +61 3 9660 2500

Jodie Phillips - Investor Relations Manager
Ph: + 61 3 9660 2500