



Nexus improves working capital and builds for future Exchange of Existing 2013 Sub Notes for New 2017 Sub Notes

Nexus Energy Limited ("Nexus") has today entered into Commitment and Standstill Deeds ("Binding Commitments") with 85.82% of the holders ("Committed Noteholders") of the A\$110 million Unsecured Senior Subordinated Notes due 2013 ("Existing Notes"). As at the date of receiving Binding Commitments and under the terms of the Existing Notes, the principal amount outstanding had capitalised to A\$136.3 million.

Nexus has agreed to make an offer to all holders of Existing Notes ("Exchange Offer") to exchange their Existing Notes for (i) new Unsecured Senior Subordinated Notes, Tranche A of which are due in 2017 and Tranche B of which are due in 2013 ("New Notes"), and (ii) Nexus ordinary shares (up to an aggregate of 35 million shares assuming 100% acceptance). Shares issued to Noteholders accepting the Exchange Offer will be subject to a 6 month escrow.

Under the Binding Commitments, the Committed Noteholders have agreed to accept the Exchange Offer when made, and to forgo the interest payment which would have been due on 15 July 2010. The 15 July 2010 interest payment otherwise payable to Committed Noteholders will be paid into escrow pending financial completion of the Exchange Offer, expected within 1 month.

The key terms of the New Notes (on the basis of 100% acceptance of the Exchange Offer) are:

Issue Size	A\$152.7million in two tranches:- Tranche A - A\$136.3million due 2017 Tranche B – A\$16.5million due 2013 Noteholders participation is pro-rata Tranches A and B.
Interest Rate	Tranche A – Zero coupon to January 2011 then 8.5% fixed rate coupon to July 2014 then 13% fixed rate coupon to Maturity. First paid coupon July 2011. Coupons paid semi-annually in arrears. Tranche B – Zero Coupon
Interest Payment Date	Each 15 January and 15 July, commencing 15 July 2011.
Repayment	Tranche A – Amortising 10% per semi annual period commencing July 2014 with 50% bullet at Maturity Tranche B – Bullet repayment 2013
Issuer Call Date	Not callable before July 2014. Nexus may call the New Notes from that point at 105% of face value, thereafter the call premium reduces by 1% at each semi-annual period to maturity.
Other	Nexus has the right to repay these New Notes on an Interest Payment Date after 15 July 2014 by giving 30 days notice based upon the maturity amount at that time, being an amount ranging from 105% of the face value of the New Notes in 2014 to 101% of face value of the New Notes on an Interest Payment Date in July 2016.

The Exchange Offer will be made to all holders of Existing Notes, not just the Committed Noteholders.

CEO Richard Cottee stated that “The issuance of the New Notes was aimed firstly at removing the financial impediments to the early development of Crux by postponing the maturity until after the date on which Crux needs to be developed under its existing production licence (being 2014), secondly, ensuring that Nexus maximises its near-term cashflows to counter the effect of the interruption of production at Longtom, and lastly, providing interest rate relief until 2013 to enable the company to focus on its growth strategy.

The present value of the New Notes terms compared to the Existing Notes exceeds the value of the shares being issued, though the value created in terms of our growth strategy adequately compensates the Noteholders in this regard”.

Susan Robutti
Company Secretary

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