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## Longtom Gas to Resume Production

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Nexus Energy Limited ("Nexus") advises that the installation of mercury removal facilities for the Longtom gas project to remove mercury from gas have been installed and are undergoing final checks. Mechanical completion and handover of facilities to operations is expected today or tomorrow, with leak testing, pressuring up and commission of facilities to allow processing of gas to sales expected by 7 October 2010. These facilities have been designed and implemented under Santos' supervision and Nexus is appreciative of the diligent and professional manner in which the works were undertaken.

During the period of interruption to production the following cash flow initiatives were completed:

- Completion of exchange offer on the subordinated notes for the issue of New Notes that resulted in the deferral of interest payments until July 2011 and an overall projected savings in interest of \$17 million through to January 2013.
- A 23% reduction in overhead and G&A expenses in the four months subsequent to the interruption of gas production.
- Management of contractual commitments in relation to long lead items for the Crux liquids project to be reactivated in accordance with Nexus' needs.

Nexus' Managing Director Richard Cottee said "on behalf of the Board we are grateful to the dedicated staff at Nexus during this period of returning Longtom to production, coupled with the introduction of structural cash flow adjustments with the short term priority continuing to be focussed on commercialising Crux and improving the company's balance sheet."

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