



Despatch of Retail Entitlement Offer Material

Please find attached the following offer material for the Nexus Energy Limited Retail Entitlement Offer, details of which were announced on 11 April 2011:

1. Retail Entitlement Offer booklet; and
2. Sample Entitlement and Acceptance Form.

Shareholders should note the timetable, which includes dates for the receipt for acceptances, issuing of new shares and the despatch of holding statements, under the Retail Entitlement Offer.

The Retail Entitlement Offer booklet and personalised Entitlement and Acceptance Form are being despatched today to eligible retail shareholders.

Susan Robutti
Company Secretary

For further information contact:
Richard Cottee – Managing Director
Ph: +61 3 9660 2500



ABN 64 058 818 278

RETAIL ENTITLEMENT OFFER

DETAILS OF A 3 FOR 10 ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER
OF NEXUS ENERGY LIMITED ORDINARY SHARES AT AN OFFER PRICE OF
A\$0.40 PER NEW SHARE

THIS RETAIL ENTITLEMENT OFFER CLOSES AT 5.00 PM (AEST) ON
WEDNESDAY 11 MAY 2011

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form for you to subscribe for new ordinary shares in Nexus Energy Limited. Please read this document carefully and call your professional adviser or the Nexus Offer Information Line if you have any queries. If you have any doubt about whether you should invest in the Retail Entitlement Offer, you should seek professional advice before making any investment decision.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

Corporate directory

Nexus Energy Limited ABN 64 058 818 278

Nexus Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street,
Abbotsford VIC 3067

Underwriters and Lead Managers

Deutsche Bank
Level 16
Cnr Hunter & Phillip Streets
Sydney NSW 2000

RBS Morgans Corporate Limited
Level 27, 367 Collins Street
Melbourne VIC 3000

Ph: 134226

Broker to the Offer

Southern Cross Equities Limited
Level 32
88 Phillip St
Sydney, NSW 2000

Nexus Registered office

Level 23, 530 Collins St
Melbourne, Victoria, 3000

Website

www.nexusenergy.com.au

Nexus Offer Information Line

1300 568 402 (local call cost from within Australia)

+61 3 9415 4322 (from outside Australia)

Open between 8.30am and 5.00pm (AEST), Monday to Friday during the Retail Entitlement Offer period.

Contents

1	Chairman's letter	4
2	Key dates for the Retail Entitlement Offer	7
3	How to Apply	8
4	ASX Offer Announcements	
	– ASX Offer Announcement dated 11 April 2011	13
	– Equity Raising Investor Presentation dated 11 April 2011	16
	– ASX Institutional Offer Completion Announcement dated 14 April 2011	36
5	Important Information	38

1 Chairman's letter

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS.

19 April 2011

Dear Shareholder,

On behalf of Nexus Energy Limited (**Nexus**), I am pleased invite you to participate in a 3 for 10 fully underwritten accelerated renounceable entitlement offer of new ordinary shares in Nexus (**New Shares**) at an issue price of A\$0.40 per New Share (**Entitlement Offer**). This means that you have the opportunity to purchase 3 New Share at this price per share for every 10 existing Nexus ordinary shares you owned at 7.00pm Australian eastern standard time(**AEST**) on Thursday 14 April 2011.

The proceeds of this capital raising will be applied to restructure the existing Longtom debt facility, fund the Crux liquids project through to final investment decision this year and pursue a targeted drilling strategy at Longtom South. The capital raising will strengthen the balance sheet and provide the necessary financial flexibility to allow us to pursue the opportunities before us.

Details of the Entitlement Offer

On Monday, 11 April 2011, Nexus announced its intention to raise approximately A\$122 million through an Entitlement Offer, comprising an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

The Institutional Entitlement Offer was completed on Tuesday, 12 April 2011. A bookbuild for the Institutional Entitlement Offer (**Institutional Entitlement Bookbuild**), through which institutional entitlements not taken up by eligible institutional investors (and those which would have been offered to ineligible institutional shareholders) were offered and sold to institutional investors, was completed on Wednesday, 13 April 2011. The Institutional Entitlement Offer and Institutional Entitlement Bookbuild together raised A\$57 million. The Institutional Entitlement Offer was conducted at an offer price of A\$0.40 and the price determined for the Institutional Entitlement Bookbuild was A\$0.44.

This offer booklet (**Retail Offer Booklet**) is in relation to the Retail Entitlement Offer.

The offer price represents an 18.4% discount to the closing price of Nexus shares on Friday, 8 April 2011 and a 14.8% discount to the theoretical ex-entitlements price¹. New Shares will rank equally with existing Nexus shares in all respects.

Under the Retail Entitlement Offer, you have 3 choices:

1. You may subscribe for your full entitlement of 3 New Shares for every 10 existing Nexus ordinary shares that you hold on the Record Date (**Entitlement**) at an issue price of A\$0.40 per New Share; or
2. You may subscribe for some of your Entitlement and renounce the balance; or
3. You may renounce all of your Entitlement.

If you take no action or your application is not supported by cleared funds you will be deemed to have renounced your Entitlement. You should note that if you renounce all or part of your Entitlement, then your percentage shareholding in Nexus will be diluted by your non-participation in the Retail Entitlement Offer.

¹ The theoretical ex-rights price ("TERP") is a theoretical price at which Nexus shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. The theoretical ex-entitlement price is a theoretical calculation only and the actual price at which Nexus shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-entitlement price.

The renounceable nature of the Entitlement Offer allows all Eligible Retail Shareholders (as defined in section 5.1 below) who do not take up some or all of their Entitlement (together with those retail shareholders who do not satisfy the eligibility criteria required to participate in the Retail Entitlement Offer) (**Renouncing Shareholders**), to have their Entitlement (or, in the case of shareholders who are ineligible to participate, the Entitlement which would otherwise have been available to them) sold on their behalf by a nominee through a bookbuild process after the close of the Retail Entitlement Offer (**Retail Bookbuild**). It is expected that the Retail Bookbuild will be completed on Monday, 16 May 2011.

Any premium in excess of the Offer Price of A\$0.40 per New Share that may be achieved under the Retail Bookbuild will be remitted to Renouncing Shareholders (net of any applicable withholding tax – see Section 5.7 below under “Taxation” - and any other withholdings required by law) in proportion to the number of New Shares represented by their renounced Entitlement. However, as set out in further detail in the attached information, no assurance can be given as to the price that will be achieved under the Retail Bookbuild for the sale of New Shares. There is also no guarantee that Renouncing Shareholders will receive any proceeds from the sale of Entitlements that they do not take up.

Entitlements will not be able to be traded on ASX or any other exchange or privately transferred.

Other information

This Retail Offer Booklet contains important information about the Retail Entitlement Offer under the following headings:

- Key dates for the Retail Entitlement Offer;
- How to Apply
- ASX Offer Announcements; and
- Important Information.

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which details your entitlement and is to be completed in accordance with the instructions provided on the form and the instructions in this Retail Offer Booklet on “How to Apply”.

It is important to note that the Retail Entitlement Offer closes at 5.00pm (AEST) on Wednesday, 11 May 2011. To participate, you need to ensure that you have completed your application by paying application monies by BPAY^{®1}, or by lodging your personalised Entitlement and Acceptance Form with your cheque, bank draft or money order, before this time and date. Please refer to the instructions on “How to Apply” set out in this Retail Offer Booklet for further information.

If you have any questions regarding the Retail Entitlement Offer, please call the Nexus Offer Information Line on 1300 568 402 (local call cost from within Australia) or +61 3 9415 4322 (from outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday, or visit our website at <http://www.nexusenergy.com.au>

You should also consult your stockbroker, accountant, solicitor, financial adviser or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer. You should also carefully review the “Key Risks” section of the Nexus Equity Raising Investor Presentation released to ASX on Monday, 11 April 2011, which is included in this Retail Offer Booklet.

On behalf of the Board of Nexus, I invite you to consider this opportunity and thank you for your ongoing support.

Yours sincerely,

Michael Fowler
Chairman

¹ ® registered to Bpay Pty Limited ABN 69 079 137 518.

Important Information

This Retail Offer Booklet, including the ASX announcements and investor presentations reproduced in it and the Entitlement and Acceptance Form, does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this booklet nor anything contained in it shall form the basis of any contract or commitment. In particular, this Retail Offer Booklet and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (the **U.S. Securities Act**)) (**U.S. Person**). None of this Retail Offer Booklet, the ASX announcements and investor presentations reproduced in it nor the Entitlement and Acceptance Form may be distributed to or released in the United States or to any U.S. Persons. Neither the Entitlements nor New Shares offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of, a U.S. Person. The New Shares may not be offered, or sold, or resold, in the United States or to, or for the account or benefit of, a U.S. Person except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States. The New Shares may not be deposited in any existing unrestricted American Depositary Receipt Facility or future such program with respect to the securities of Nexus that has been or may be established until 40 days following the completion of the Entitlement Offer.

2 Key dates for the Retail Entitlement Offer

Event	Date
Announcement of the Entitlement Offer	Monday, 11 April 2011
Record Date for the Entitlement Offer	7.00pm (AEST) on Thursday, 14 April 2011
Retail Entitlement Offer opens	Tuesday, 19 April 2011
Retail Entitlement Offer closes	5.00pm (AEST) on Wednesday, 11 May 2011
Retail Bookbuild	Monday, 16 May 2011
Settlement of Retail Entitlement Offer	Thursday, 19 May 2011
Allotment of New Shares under the Retail Entitlement Offer	Friday, 20 May 2011
New Shares issued under the Retail Entitlement Offer commence trading on ASX	Monday, 23 May 2011
Despatch of holding statements and Retail Premium proceeds (if any) to shareholders	Wednesday, 25 May 2011

Note: Dates and times are indicative only and subject to change. All times and dates refer to Australian Eastern Standard Time (**AEST**). The commencement of quotation of New Shares is subject to confirmation from ASX.

Nexus and the Underwriters, as defined in section 5.16 below, reserve the right, subject to the Corporations Act 2001 (Cth) (**Corporations Act**), ASX Listing Rules and other applicable laws to vary the dates of the Entitlement Offer, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, without notice. You cannot, in most circumstances, withdraw the application once it has been accepted. No cooling off rights apply to the Retail Entitlement Offer.

Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer (as defined under the heading "Important Information") are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

As the entitlement offer is renounceable, if you take no action, your Entitlement will be sold through a bookbuild process (See section 3.1 "The Retail Entitlement Offer").

Enquiries

If you have any questions, please call the Nexus Offer Information Line on 1300 568 402 (local call cost from within Australia) or +61 3 9415 4322 (from outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday during the Retail Entitlement Offer period. We recommend you consult your stockbroker, accountant, solicitor, financial adviser or other independent professional adviser if you are in any doubt as to whether to participate in the Retail Entitlement Offer.

Website

www.nexusenergy.com.au

3 How to Apply

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS.

3.1 The Retail Entitlement Offer

Eligible Retail Shareholders (as defined under the heading “Important Information”) are being offered the opportunity to subscribe for 3 New Shares for every 10 existing Nexus ordinary shares (**Shares**) held at 7.00pm (AEST) on Thursday 14 April 2011 (**Entitlement**), at the offer price of A\$0.40 per New Share (**Offer Price**).

As the Entitlement Offer is renounceable, Entitlements will be offered for subscription by a nominee to certain institutional investors on behalf of Renouncing Shareholders through a bookbuild process (**Retail Bookbuild**). See section 3.4 below.

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered by providing certain confirmations to the market without the need for a prospectus. This Retail Offer Booklet does not contain all of the information which may be required to make an informed investment decision regarding the New Shares offered under the Retail Entitlement Offer. As a result, it is important for Eligible Retail Shareholders to carefully read and understand the information on Nexus and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement.

In particular, please refer to this Retail Offer Booklet, Nexus’s interim and annual reports and other announcements made available to the ASX at its website, www.asx.com.au.

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 3 New Shares for every 10 Shares you held as at 7.00pm (AEST) on Thursday 14 April 2011 (**Record Date**), rounded up to the nearest whole share. If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares issued under the Retail Entitlement Offer will rank equally in all respects with Shares on issue, including as to dividend/distribution entitlements.

3.2 Consider the Retail Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant, solicitor, financial adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer. You should also carefully review the “Key Risks” section of the Nexus Equity Raising Presentation released to ASX on Monday 11 April 2011 which is included in this Retail Offer Booklet from pages 16 to 35.

3.3 Complete and return the accompanying personalised Entitlement and Acceptance Form with your Application Monies or make a payment by BPAY

If you decide to take up all or part of your Entitlement please complete and return the personalised Entitlement and Acceptance Form with the requisite application monies (with payment by cheque, bank draft or money order) (**Application Monies**) OR pay your Application Monies via BPAY by following the instructions set out on the personalised Entitlement and Acceptance Form.

Nexus will treat you as applying for as many New Shares as your payment will pay for in full up to your entitlement. Any application monies received for more than your Entitlement of New Shares (only where the amount is A\$1.00 or greater) will be refunded. No interest will be paid to applicants on any application monies received or refunded. If your application is not supported by cleared funds, you will have been deemed to have renounced your Entitlement and you will not be issued New Shares.

If you are paying by BPAY, please make sure to use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that Entitlement and Acceptance Form. If you inadvertently use the same CRN for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which that CRN applies.

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer you will be allotted your New Shares on Friday 20 May 2011. Nexus's decision on the number of New Shares to be allocated to you will be final.

Nexus also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated (or any Retail Premium payment – see below) to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

3.4 Selling your Entitlement

If you choose not to take up your Entitlement, you still have the potential opportunity to receive payment for those renounced Entitlements. Those retail shareholders who do not satisfy the Eligible Retail Shareholders criteria (**Ineligible Retail Shareholders**), may also have the potential opportunity to receive payment for Entitlements they would otherwise have received had they been eligible to participate in the Retail Entitlement Offer. Nexus will arrange for Renouncing Shareholders to have their Entitlements offered for subscription to certain institutional investors on their behalf through the Retail Bookbuild and any proceeds in excess of the Offer Price (**Retail Premium**) will be remitted to Renouncing Shareholders in proportion to the number of New Shares represented by their renounced Entitlements (net of any applicable withholding tax – see below under section 5.7 “Taxation” - and any other withholdings required by law).

No assurance or guarantee can be given as to the price that will be achieved under the Retail Bookbuild for the sale of New Shares. The Retail Premium may be zero, in which case no distribution will be made to Renouncing Shareholders. To avoid doubt, any excess between the price at which Entitlements are sold under the Institutional Bookbuild and the Offer Price (**Institutional Premium**), which will be distributed as a premium pro-rata to each eligible institutional shareholder (to the extent they did not take up their full entitlement), is not an indication that there will be a Retail Premium or what the Retail Premium may be. The ability to sell Entitlements under the Retail Bookbuild and the ability to obtain any Retail Premium will be dependent on various factors, including market conditions. Similarly, the Retail Bookbuild price may not be the highest price offered but will be determined by agreement between Nexus and the Underwriters having regard to a number of matters, such as having binding and bona fide offers which, in the reasonable opinion of Nexus and the Underwriters, will (if accepted) result in allocations to dispose of all, or as many as possible, New Shares offered for sale through the Retail Bookbuild. The Retail Premium may be less than, more than, or equal to the Institutional Premium.

To the maximum extent permitted by law, Nexus, the Underwriters (as defined in section 5.16 below), and their respective related bodies corporate, agents or affiliates, or the directors, officers, employees or advisers of any of them, disclaim all liability, including for negligence, for any failure to procure applications under the Retail Bookbuild at a price in excess of the offer price of A\$0.40 per New Share and for any difference between the Retail Premium and the Institutional Premium.

Retail Premium amounts, if any, will be paid in Australian dollars. You will be paid by cheque sent by ordinary post to your address as recorded on the share register.

Any proceeds you may receive as a result of the Retail Bookbuild may have Australian and/or overseas tax consequences for you, depending on your individual circumstances. You should seek professional tax advice regarding the taxation of any proceeds

received.

Eligible Retail Shareholders should note that if you choose to renounce all or part of your Entitlement, then your percentage shareholding in Nexus will be diluted by your non-participation in the Retail Entitlement Offer.

3.5 Acceptance of the Retail Entitlement Offer

The method of acceptance of the Retail Entitlement Offer will depend on your method of payment being:

- by BPAY; or
- by cheque, bank draft or money order.

By completing, and Nexus receiving, your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you:

- (a) agree to be bound by the terms of this Retail Offer Booklet and the provisions of Nexus's constitution;
- (b) authorise Nexus to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;
- (e) acknowledge that once Nexus receives the personalised Entitlement and Acceptance Form or your payment by BPAY, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that you apply for at the Offer Price of A\$0.40 per New Share;
- (g) authorise Nexus and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on the instructions of the Nexus Share Registry upon using the contact details set out in the personalised Entitlement and Acceptance Form;
- (h) agree that the allotment of New Shares to you constitutes acceptance of your application;
- (i) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledge that the information contained in this Retail Offer Booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (k) represent and warrant that you are a resident of Australia or New Zealand;
- (l) represent and warrant that the law of any place (other than Australia and New Zealand) does not prohibit you from being given this booklet or making an application for New Shares; and
- (m) represent and warrant that you are an Eligible Retail Shareholder and have read and understood this Retail Offer Booklet and the personalised Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this Retail Offer Booklet and the personalised Entitlement and Acceptance Form.

By completing, and Nexus receiving, your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also

be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are not in the United States and are not a "U.S. Person" (as defined in Rule 902(k) under the U.S. Securities Act of 1933 (**U.S. Securities Act**)) (**U.S. Person**), and are not acting for the account or benefit of a U.S. Person;
- (b) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States and, accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws; and
- (c) you have not and will not send any materials relating to the Retail Entitlement Offer to any person (i) in the United States or that is a U.S. Person or is acting for the account or benefit of a U.S. Person or (ii) in any other country outside Australia and New Zealand (except Australian nominees may send this Retail Offer Booklet to beneficial shareholders who are institutional investors in other countries listed in, and to the extent permitted under, the section captioned "Foreign Jurisdictions Disclaimers" in the attached investor presentation, provided such institutional investors are not in the United States and are not U.S. Persons and are not acting for the account or benefit of U.S. Persons.)

Payment by BPAY

For payment by BPAY please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please note that should you choose to pay by BPAY:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the declarations on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY payment is received by the Nexus Share Registry by no later than 5.00pm on Wednesday 11 May 2011. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of New Shares (only where the amount is A\$1.00 or greater) will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to Eligible Retail Shareholders on any Application Monies received or refunded.

Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the Form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "Nexus Energy Entitlement Offer" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- in respect of the full application monies (being for an amount equal to A\$0.40 multiplied by the number of New Shares that you are applying for); and
- in Australian currency drawn on an Australian branch of a financial institution.

The completed personalised Entitlement and Acceptance Form together with Application Monies should be mailed using the reply paid envelope provided with this Retail Offer Booklet or otherwise mailed to the Nexus Share Registry at the following address:

Nexus Energy Entitlement Offer
Computershare Investor Services Pty Limited
GPO Box 505, Melbourne Vic 3001

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheques will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

Any Application Monies received for more than your final allocation of New Shares (only where the amount is A\$1.00 or greater) will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to Eligible Retail Shareholders on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

3.6 Confirmation of your application and managing your holding

You may access information on your holding, including your Record Date balance and the issue of New Shares from this Retail Entitlement Offer, and manage the standing instructions the Nexus Share Registry records on your holding on the Investor Centre website www.investorcentre.com. To access the Investor Centre you will need your SRN or HIN and you will need to register as a member to access your details.

4 ASX Offer Announcements



Nexus announces A\$122 million pro rata renounceable entitlement offer – provides Nexus with solid foundation to further its core value realisation strategy

Nexus Energy Limited (Nexus) today announces a fully underwritten 3 for 10 accelerated renounceable entitlement offer (Offer) to all eligible shareholders to raise approximately A\$122 million.

The capital raising is an important step in the achievement of Nexus' stated corporate objectives, put in place in May 2010:

- de-risking the Company; and
- de-risking the Crux asset thereby unlocking its inherent value

The raising will enable Nexus to:

- restructure the existing Longtom debt facility;
- fund the Crux liquids project through to final investment decision (FID) this calendar year; and
- pursue a targeted drilling strategy at Longtom South – a 100% owned major gas development prospect with mean unrisks prospective resources of approximately 200bcf, which provides the potential for a foundation domestic gas / electricity exposure.

Nexus Managing Director Richard Cottee said:

“Today's announced raising will ensure a solid foundation upon which Nexus can further its core strategy of growth and unlocking value, in particular via the commercialisation of the Crux liquids project on which we intend to make a FID this calendar year. Post the raising, Nexus will be a stronger company with greater value potential.”

The offer price of A\$0.40 per share represents a 18.4% discount to the closing price of Nexus shares on Friday 8 April 2011 and a 14.8% discount to the theoretical ex-rights price (TERP).

Nexus' largest institutional shareholder M&G Investment Management has committed to take up its entitlement in full.

New shares issued under the Offer will rank equally with existing Nexus shares. Renounced entitlements will be sold via the institutional and retail bookbuilds, with any proceeds in excess of the issue price returned to renouncing shareholders.

Deutsche Bank AG, Sydney Branch and RBS Morgans Corporate Limited are Joint Lead Managers, Joint Bookrunners and Joint Underwriters of the Offer. Southern Cross Equities Limited is Broker to the Offer.

Key dates for the Offer are:

Event	Date and time ¹
Trading halt Announcement of Entitlement Offer Institutional Entitlement Offer opens	Monday 11 April 2011
Institutional Entitlement Offer closes	Tuesday 12 April 2011
Institutional Bookbuild closes	Wednesday 13 April
Record Date	7pm Thursday 14 April 2011
Retail Entitlement Offer opens	Tuesday 19 April 2011
Settlement of Institutional Entitlement Offer and Institutional Bookbuild	Thursday 21 April 2011
Issue of New Shares under the Institutional Entitlement Offer and Institutional Bookbuild New Shares issued under the Institutional Entitlement Offer and Institutional Bookbuild commence trading on a normal settlement basis on ASX	Wednesday 27 April 2011
Retail Entitlement Offer closes	5pm Wednesday 11 May 2011
Retail Bookbuild	Monday 16 May 2011
Settlement of Retail Entitlement Offer and Retail Bookbuild	Thursday 19 May 2011
Issue of New Shares under the Retail Entitlement Offer and Retail Bookbuild	Friday 20 May 2011
New Shares issued under the Retail Entitlement Offer and Retail Bookbuild commence trading on a normal settlement basis on ASX	Monday 23 May 2011

1. Dates and times are indicative only and are subject to change. All dates are 2011 and times refer to AEST

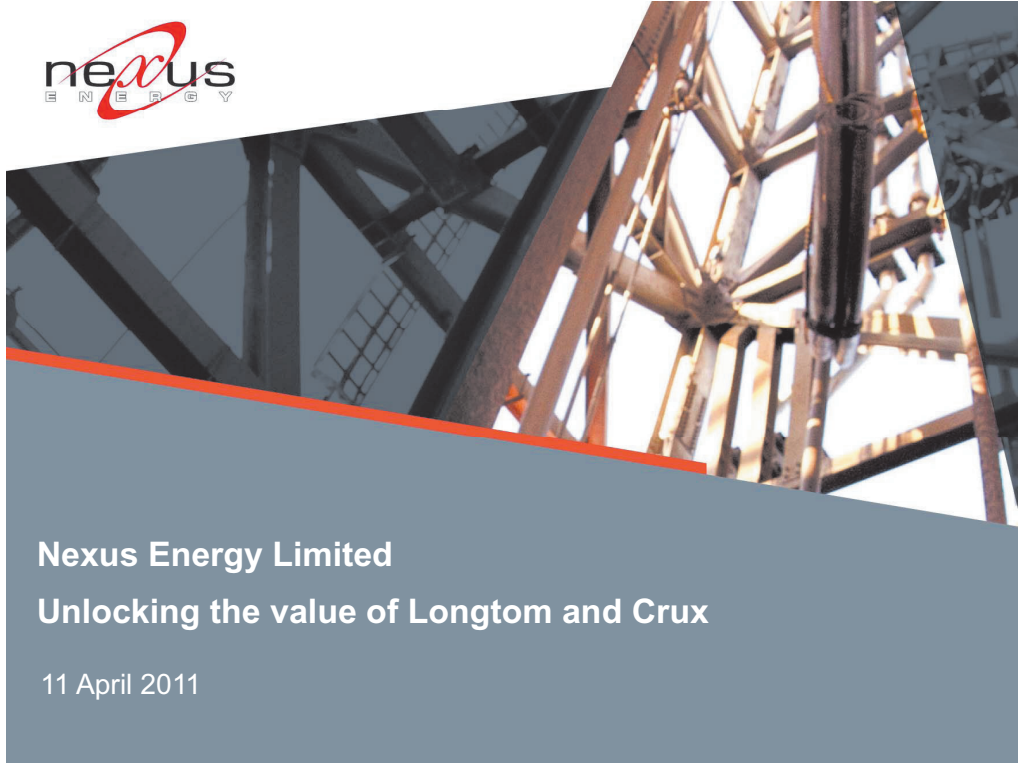
Important Information

This release, including the information contained in this disclaimer, is not a prospectus and does not form part of any offer, invitation or recommendation in respect of securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy, securities in the United States or to any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933 (Securities Act)) (U.S. Person), or in any other jurisdiction in which such an offer would be illegal. The securities referred to herein may not be offered or sold in the United States, or to or for the account or benefit of, any U.S. Person, unless the securities have been registered under the Securities Act or an exemption from the registration requirements under the Securities Act is available. The offer or sale of the securities referred to herein have not been and will not be registered under the Securities Act. The distribution of this release in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The resources information contained herein, in relation to the Longtom South, has been compiled by Keith Edwards, General Manager Business Development and Corporate Planning. Mr. Edwards' qualifications include a degree in physics from Monash University, Melbourne and more than 20 years of relevant experience. Mr. Edwards is a full time employee of Nexus and has consented in writing to the inclusion of this information.

Susan Robutti
Company Secretary

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Nexus Energy Limited Unlocking the value of Longtom and Crux

11 April 2011

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The resources and reserves information contained in this presentation in relation to the Crux liquids project and the Longtom gas project has been compiled by Keith Edwards, General Manager Business Development and Corporate Planning. Mr. Edwards' qualifications include a degree in physics from Monash University, Melbourne and more than 20 years of relevant experience. Mr. Edwards is a full time employee of Nexus and has consented in writing to the inclusion of this information in this presentation.

All dates in this presentation are for calendar years unless stated FY for financial year.

All references to \$ are in Australian currency, unless stated otherwise.



Executive summary

Slide 3

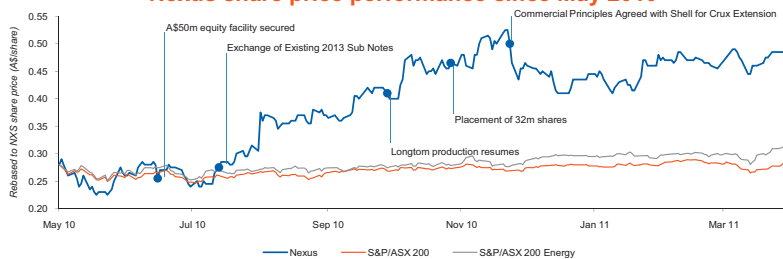
April 2011

Executive summary



- Nexus is undertaking a fully underwritten capital raising by way of a 3 for 10 accelerated renounceable entitlement offer to raise approximately \$122m
- The offer is priced at \$0.40 per share, representing a 14.8% discount to TERP (18.4% discount to last closing price)
- The capital raising is an important step in the achievement of Nexus' stated corporate objectives since May 2010:
 - De-risking the Company
 - De-risking the Crux asset thereby unlocking its inherent value

Nexus share price performance since May 2010



Slide 4

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Key de-risking strategies



Clear all hurdles (financial or otherwise) through to and post development of Crux (Production Licence requires development by 2014):

- ✓ Restructuring notes (completed July 2010)
- ✓ Restoration of Longtom gas production (completed October 2010)
 - Restructuring Longtom debt (enabled by capital raising)
 - Reaching Crux FID by Q4 (enabled by capital raising)

Thereby ensuring cash flow to 2014 from Longtom contributes towards the commercialisation of Crux



Removing impediments to the commercialisation of Crux, namely:

- Time constraints (Shell extension)
- Title risk

Slide 5

April 2011

Use of capital raising proceeds



Restructure of the existing Longtom debt facility

\$
70m



Crux costs to FID – fund the Crux liquids project through to Final Investment Decision this calendar year

20m



Longtom South – pursue targeted drilling strategy at Longtom South – a 100% owned major gas development prospect with mean unrisks prospective resources of approximately 200bcf

29m

Total uses of net proceeds

\$119m

Note: Total uses of net proceeds excludes estimated capital raising fees of \$3.3m

Slide 6

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A focused corporate strategy being delivered



- 2014 – 2015 Objective
 - Crux commercialisation clear
 - Foundation for a domestic gas/electricity exposure (Longtom South)
- Thereby having:
 - \$A income stream in excess of \$A exposure
 - \$US income stream in excess of \$US exposure
 - Exposure to international oil price
 - Exposure to domestic market in mooted post carbon tax market

... Striving to be the leading mid-tier Australian oil and gas company

Slide 7

April 2011



Nexus key projects update

Slide 8

April 2011

Strategic energy assets



Longtom (100% owned)

- Producing asset with stable cash flow to underwrite growth

Crux liquids project (85% owned)

- Equity capital raising will fund the project through to FID expected in Q4 this calendar year
- Shell has confirmed willing to sign option to extend handover date to 31 December 2023, subject to JV approval
- Estimated at approximately 1.8Tcf and 70MMbbl recoverable (Nexus share 59MMbbl)
- Exposure to future oil price

Multiple exploration options

- Further upside through potential investment in additional exploration at Longtom South, Echuca Shoals, Crux, Auriga and Caelum

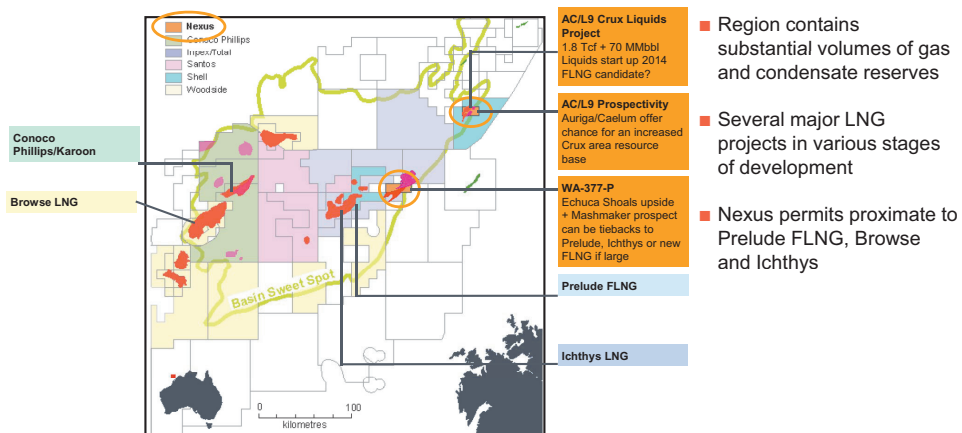
Slide 9

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Strategic Browse Basin position



Browse landscape



- Region contains substantial volumes of gas and condensate reserves
- Several major LNG projects in various stages of development
- Nexus permits proximate to Prelude FLNG, Browse and Ichthys

Slide 10

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Crux liquids project



- Nexus (85%) and Osaka Gas (15%) hold rights over liquid reserves of the field
- Shell holds rights over the gas reserves
- Production Licence requires recovery operations to have commenced by February 2014
- Nexus and Osaka Gas are able to:
 - pursue liquids stripping project until 31 December 2020; or, if extension executed, until 31 December 2023; or
 - participate in Shell operated gas and liquids project

Recent developments

- Shell has confirmed willing to sign option (to be exercised by 31 December 2011) to extend handover date to 31 December 2023
- Crux extension documentation has now been agreed between Shell and Nexus on announced terms but requires joint venture approval
- Identified preferred international Floating Production Storage Offloading (FPSO) vessel contractors

Forward plan

- Progress discussions to sell down up to 35% interest in Crux as well as buy Osaka Gas' interest if joint venture approval not achieved
- Progress financing options
- Targeting Final Investment Decision by end of calendar year 2011

Slide 11

April 2011

Crux liquids project – development strategy



Preferred development concept

- FPSO based liquids stripping project

Alternative development scenario

- Integrated gas-condensate field, subject to:
 - Government willingness to convert current Production Licence for liquids stripping to an integrated gas and liquids development with production by 2021 at the latest; and
 - Joint Venture Partner and Shell agreement

Slide 12

April 2011

- Gas sold to Santos under long-term contract
- Production commenced October 2009
- Mercury removal unit commissioned October 2010
- Longtom reservoir complexities likely to drive further infill drilling post 2014 but success at Longtom South would revise plans

Forward plan

- Multiple near-field exploration targets identified
- Longtom South matured as ready to drill prospect
- Located 3.5km from existing infrastructure
- Farm out options being considered

Domestic gas market opportunities

- Discovery of additional Longtom reserves may facilitate potential opportunities within post carbon tax electricity/gas market (post 2014)

A significant project extension

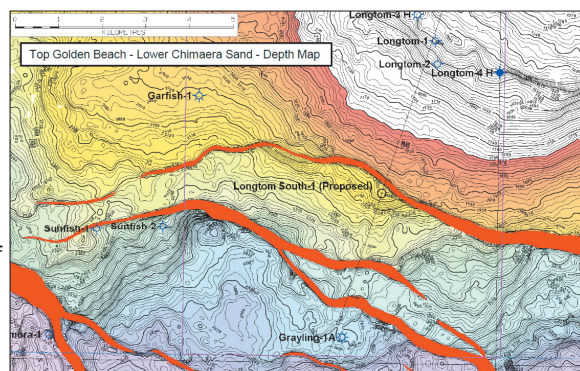
- Re-mapping of Longtom area has identified several attractive undrilled opportunities

Focus of next drilling campaign

- Three reservoir targets
- Kipper analogue
- Gas indications on seismic
- Mean unrisked prospective resources of approximately 200bcf

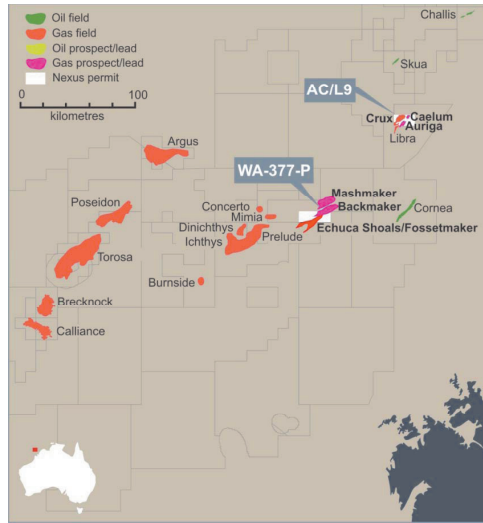
Longer term prospects

- Longtom West prospect as potential follow up



Echuca Shoals

- Farm out discussions
- Considering drilling (independent of farm out process)
 - Lower risk / low reward prospects, candidates for gas recycling or tieback to nearby developments
 - Higher risk / high reward prospects could underpin a standalone FLNG development
- WA-377-P adjacent to Prelude (Shell) / Ichthys (Inpex, TOTAL) fields
- Gas discovery at Echuca Shoals-1
- Fossetmaker-1 with gas shows and updip potential



Financial position

Longtom Facility

- Credit approved restructure helps position the company for strategic growth
- Restructure terms provide for:
 - an agreed amortisation profile and final maturity date of June 2016
 - usual covenants and undertakings for a term facility of this nature
- De-risks company debt profile as quantum reduced by \$70m to provide a remaining balance of \$90m (excluding the Letter of Credit)
- Frees up cash flow sufficient to meet corporate overhead requirements through 2014
- \$60m Letter of Credit to be cash backed over time commencing June 2014 (subject to cash-flow)
- Corporate guarantee to be released upon delivery of an acceptable reserves report after Longtom South drilling
- Balance of facility to be repaid in full on sell down of Crux interest with release of corporate guarantee to coincide with Crux financing at FID

Subordinated Notes

- Completion of exchange of notes in July 2010 was a first step in debt facility restructuring process consistent with clearing path to Crux commercialisation

Summary of financial position



Following the offer and restructure of the Longtom debt, Nexus will have a cash balance of \$69m and interest bearing liabilities of \$203m (pro forma 31 December 2010)



This will provide the Company with financial flexibility to pursue its stated strategic objectives with respect to its existing asset portfolio

Balance Sheet	31 Dec 2010	Adjustments	Proforma 31 Dec 2010
	'000	'000	'000
Cash and cash equivalents	20,315	48,645*	68,960
Other current assets	12,842		12,842
Total current assets	33,157	48,645	81,802
Other non-current assets**	945,389		945,389
Total non current assets	945,389	0	945,389
Total assets	978,546	48,645	1,027,191
Trade and other payables	12,325		12,325
Borrowings***	29,350	(23,350)	6,000
Total current liabilities	41,675	(23,350)	18,325
Borrowings***	243,385	(46,650)	196,735
Other non-current liabilities	107,677		107,677
Total non current liabilities	351,062	(46,650)	304,412
Total liabilities	392,737	(70,000)	322,737
Net assets / Equity	585,809	118,645	704,454

* Net proceeds after estimated fees and disbursements

** Includes Exploration Permit WA-368-P (\$7.5m). Notice of Cancellation of the permit was received on 21 March 2011 and the Company intends to pursue a Good Standing Agreement

*** Upon restructure, \$70m becomes current borrowings and principal repayments are restructured and will commence in September 2011



Conclusion

Slide 19

April 2011

Summary



Key takeaways

- Capital raising enables further advancement of Nexus corporate strategy:
 - De-risk Company
 - De-risk Crux and thereby unlock inherent value
- A proactive strategy to position Nexus for strategic growth
- Remove existing financial hurdles around Longtom financing and obtain greater access to project cash flows
- Advance Crux to FID this calendar year
- Drill attractive Longtom South prospect

Slide 20

April 2011



Capital raising details

Slide 21

April 2011

Offer details



Offer structure	<ul style="list-style-type: none">▪ 3 for 10 accelerated renounceable pro-rata¹ entitlement offer to raise approximately \$122 million▪ Approximately 306 million new Nexus ordinary shares to be issued (30% of issued capital)▪ The offer is fully underwritten by Deutsche Bank AG, Sydney Branch and RBS Morgans Corporate Limited
Offer price	<ul style="list-style-type: none">▪ \$0.40 per share▪ 18.4% discount to Nexus' closing price on Friday 8 April 2011▪ 14.8% discount to theoretical ex-rights price (TERP)²
Institutional Entitlement Offer	<ul style="list-style-type: none">▪ Institutional entitlement offer open from 10:00am (AEST) Monday 11 April 2011 to 11:00am (AEST) Tuesday 12 April 2011▪ Entitlements not taken up will be placed into the institutional bookbuild to be conducted from 4:30pm (AEST) Tuesday 12 April 2011 to 11:00am (AEST) Wednesday 13 April 2011▪ Nexus' largest institutional shareholder M&G Investment Management has committed to take up its entitlement in full
Retail Entitlement Offer	<ul style="list-style-type: none">▪ Retail entitlement offer open from 9:00am (AEST) Tuesday 19 April 2011 to 5:00pm (AEST) Wednesday 11 May 2011▪ Entitlements not taken up will be placed into the retail bookbuild to be conducted on Monday 16 May 2011
Record date	<ul style="list-style-type: none">▪ 7:00pm (AEST) on Thursday 14 April 2011

Notes:

1. There will not be any entitlements trading on ASX

2. The theoretical ex-rights price is the theoretical price at which Nexus shares should trade immediately after the ex-date for the entitlement offer assuming 100% take-up of the offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which Nexus shares trade immediately after the ex-date for the entitlement offer will depend on many factors and may not be equal to the theoretical ex-rights price

3. Dates are indicative only and subject to change. All times and dates refer to Australian Eastern Standard Time (AEST)

Slide 22

April 2011

Summary offer timetable



Event	Date and time ¹
Trading halt Announcement of Entitlement Offer Institutional Entitlement Offer opens	Monday 11 April 2011
Institutional Entitlement Offer closes	Tuesday 12 April 2011
Institutional Bookbuild closes	Wednesday 13 April 2011
Trading halt lifted	Thursday 14 April 2011
Record Date	7pm Thursday 14 April 2011
Retail Entitlement Offer opens	Tuesday 19 April 2011
Settlement of Institutional Entitlement Offer and Institutional Bookbuild	Thursday 21 April 2011
Issue of New Shares under the Institutional Entitlement Offer and Institutional Bookbuild New Shares issued under the Institutional Entitlement Offer and Institutional Bookbuild commence trading on a normal settlement basis on ASX	Wednesday 27 April 2011
Retail Entitlement Offer closes	5pm Wednesday 11 May 2011
Retail Bookbuild opens	Monday 16 May 2011
Settlement of Retail Entitlement Offer and Retail Bookbuild	Thursday 19 May 2011
Issue of New Shares under the Retail Entitlement Offer and Retail Bookbuild	Friday 20 May 2011
New Shares issued under the Retail Entitlement Offer and Retail Bookbuild commence trading on a normal settlement basis on ASX	Monday 23 May 2011

Note

¹ Dates and times are indicative only and are subject to change. All times and dates refer to Australian Eastern Standard Time (AEST)

Slide 23

April 2011



Key risk factors

Slide 24

April 2011

Key risks



Introduction

This section discusses some of the key risks attaching to an investment in Nexus, which may affect the future operating and financial performance of Nexus and the value of Nexus shares. The following summary risk factors, which include both general and specific risks associated with an investment in Nexus, are not intended to be an exhaustive list of all the risks to which Nexus is exposed. Additional risks and uncertainties that Nexus is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Nexus' operating and financial performance.

General investment risks

(a) Domestic and global economic conditions

Economic conditions, both domestic and global, may affect the performance of Nexus. Adverse changes in matters such as the level of inflation, interest rates, exchange rates, availability of credit, global commodity prices, government policy (including fiscal, monetary and regulatory policies), consumer spending, employment rates and industrial disruption, amongst others, are outside the control of Nexus and may result in material adverse impacts on the business and its operating results.

(b) Share market conditions

The market price of Nexus shares can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resources sector and exploration companies in particular. Nexus shares carry no guarantee in respect of profitability, dividends, the level of franking credits, return on capital, or the price at which they may be traded on ASX.

There are a number of factors (both national and international) that may affect the share market price and neither Nexus nor its Directors have control of those factors.

(c) Government policy

Industry profitability can be affected by changes in government, both within Australia and internationally, that are beyond the control of Nexus.

Credit risk

(a) Inability to meet debt and contractual obligations

Nexus has external debt and contractual obligations that need to be met. There is a risk that Nexus may be unable to meet its obligations and may also be unable to comply with other terms and conditions of these facilities, which may affect Nexus' viability.

(b) Longtom Financial Risk

The development of the Longtom project was financed via a project finance agreement (Project Finance Loan). On 7 April 2011, the Longtom financier obtained credit approval to restructure the project finance agreement into a new senior loan facility agreement (New Senior Loan) aligned to Nexus' strategy to commercialise its Crux asset. In return, Nexus has agreed that \$70 million of the proceeds of this offer will be used to part repay the existing facility in order to obtain terms Nexus considers appropriate on the New Senior Loan.

Slide 25

April 2011

Key risks - cont.



The New Senior Loan is currently being documented on agreed and credit approved terms. As is typical of a loan of this nature it contains usual and customary undertakings and events of default.

The New Senior Loan will be secured by a first ranking charge over Nexus share of the Longtom asset, a shares pledge over Nexus Energy Ltd's shares in its wholly owned Longtom operating subsidiary and by a Corporate Guarantee which can be released, conditional on the outcome of Longtom South drilling and satisfactory reserves update or on full pay-down of the New Senior Loan obligations.

A failure to maintain compliance with the terms of the New Senior Loan or a breach of other undertakings may result in an event of default under the facility that would entitle the financier to seek to recover monies owing under the facility, if the breach could not be remedied.

Should the equity raising not progress such that the \$70 million debt pay down does not occur, the existing Project Finance Loan terms would continue to apply, as amended by a waiver dated 31 March 2011. The waiver extended the date by which Nexus would be obliged to meet the conditions of the Completion Test, as defined in the agreement, to 30 June 2011. Satisfying the Completion Test would involve providing an updated reserves report satisfactory to the Project Finance Loan financier or would require a further waiver from the financier to extend the date by which the updated reserve report should be provided.

A failure to comply with the waiver terms, agreed as part of the overall restructuring (which include a reduction of debt by either a part sale of Crux or from the proceeds of an equity raising), would require, absent the pay-down, a need to obtain a further waiver. Failure to obtain a further waiver could result in an Event of Default under the Project Finance Loan. In the absence of an acceptable remedial plan being submitted by Nexus, the financier could declare all amounts due under the Project Finance Loan to be payable. Any such default under the Project Finance Loan would trigger a cross-default under the Senior Unsecured Notes due 2013 and the Senior Unsecured Notes due 2017. Under those conditions, Santos would be entitled to draw under the \$60million Letter of Credit securing Nexus obligations under the Longtom Agreements. Any drawings on the Letter of Credit would become due and payable to the Longtom financier.

(c) General Funding

In the ordinary course of operations and development, Nexus will be required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, and to secure statutory and environmental performance undertakings and commercial arrangements. Nexus' ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

(d) Interest rate

Nexus is exposed to adverse interest rate movements that may affect the cost of borrowing, which in turn would impact on Nexus' profitability. Whilst this risk has been substantially reduced by entering into an Interest Rate Swap on the New Senior Loan, there remains a residual unhedged exposure. Movements in interest rates may affect the appropriate discount rate used to value investments.

(e) Counterparty risks

As part of its ongoing commercial activities, Nexus enters into sales contracts with various third parties for the supply of products. The ability of counterparties to meet their commitments under such arrangements may impact on Nexus' business and financial condition. Whilst this risk is substantially mitigated for Longtom operations, where Santos is the gas off-taker for all gas volumes, any future development of Crux will involve contracting with numerous third parties and the ability of Nexus to achieve its objectives may be dependent on the performance by such parties of their commitments.

Slide 26

April 2011

Key risks - cont.



Operational risks

The exploration, development and production of oil and gas involves numerous risks specific to that industry sector which even a combination of experience, knowledge and careful evaluation may be unable to protect against and which may be outside the control of Nexus. Such risks include:

(a) **Production risk**

Disruption to Nexus' expected production (due to changes in the operating factors to which it is subject, including such things as operational and technical difficulties, mechanical failure or plant breakdown, adverse weather conditions, accidents, industrial disputes, unexpected shortages of commodities and other risk factors included in this section of the presentation) may result in variations to Nexus' expected revenue and could have an adverse effect on Nexus' financial performance and ongoing operations.

(b) **Commodity price risk**

The majority of the revenue stream from the Longtom gas project is tied to contracted gas prices and not exposed to market forces, however, condensate is also produced, the price achieved on sales is linked to oil prices and is subject to commodity price risk. The demand for, and price of, oil is highly dependent on a variety of factors, including international supply and demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. International oil prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Any long-term significant fall in oil prices could impact Crux project returns or economic viability.

(c) **Currency**

Revenue from sales of gas from Nexus' Longtom producing asset is expressed in Australian dollars with lower revenues from condensate sales being denominated in US dollars. Longtom funding is in Australian dollars such that the project is largely internally hedged against foreign exchange fluctuations, however a residual foreign exchange exposure remains.

The development of the Crux project is likely to generate revenues denominated in US dollars with any debt funding likely to be denominated in US dollars. Capex costs are likely to be primarily denominated in US dollars but some contracts are expected to be Euro, GB Sterling, and Australian dollar denominated.

Nexus will look to engage some foreign exchange hedging to partly mitigate this risk, however fluctuations in the Australian dollar exchange rate relative to other currencies may result in foreign exchange gains and losses which may impact Nexus' financial performance.

(d) **Exploration risk**

There is a risk that exploration of Nexus' permits (including in respect of reservoir targets) will not result in the discovery of commercially viable hydrocarbon accumulations. Even if an apparently commercial reserve is identified, no assurances can be given that Nexus will be able to commercialise any such resources as intended. The exploration targets and costings are based on certain assumptions and estimates (including as to the method and timing of exploration) which are subject to significant uncertainties and changes to those assumptions and estimates may increase the costs from those currently projected, which may materially and adversely affect Nexus' financial performance.

Slide 27

April 2011

Key risks - cont.



(e) **Drilling risk**

Nexus may encounter hazards inherent in oil and gas drilling activities which may increase costs of those activities in a way which may materially and adversely affect Nexus' financial performance. Examples of such hazards include the risk of unusual or unexpected formations, abnormal pressures or rock properties.

(f) **Field development risk**

Nexus has a number of field development opportunities (primarily Crux) which, if progressed, may result in variations to Nexus' expected returns and cashflow as a result of, for example, increases in development costs and delays to development timetables including delays and other timing issues associated with obtaining authorisations, consents and licences. These variations could have an adverse impact on Nexus' financial performance and ongoing operations. Actual production from development opportunities may vary materially from that currently projected as such projections are based on assumptions and estimates which are subject to significant uncertainties and which may prove inaccurate.

(g) **Reserves and resources**

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, reserve and resource estimates depend on interpretations which may prove to be inaccurate. The actual reserves and resources may differ from those estimated which could have either a positive or negative effect on Nexus' financial performance.

Monitoring of the Longtom reservoir pressure during the 2010 production shutdown for the installation of the mercury removal equipment indicates that the reservoir distribution is likely to be more complex than previously modeled. Reconciliation of the reservoir pressure behavior with field mapping is ongoing. Further production data, together with the results from the Longtom South well will be used as the basis for a review of the full field development plan and an update to reserves. Risks with respect to the Longtom Area include:

- the possibility that the Longtom South or Longtom West prospects may not contain any gas (that is exploration wells drilled on one or both of these prospects may fail);
- the possibility that the reserves base for the Longtom Area may be downgraded, dependent on the results of the Longtom South well and finalization of the field development plan including the number and location of infill production wells; and
- the possibility that a large downgrade of the Longtom Area reserves base could result in breaches of the terms of the new Senior Loan (see Credit Risk section for more information on financial risks) or could result in a write-down of the Longtom Asset valuation.

(h) **Joint venture participants and contractual risks**

Nexus may be exposed to risks associated with the failure, financial or otherwise (including a failure to contribute to financing commitments), or default by a participant in any joint ventures or other contractual relationships with Nexus. While Nexus may seek contractual indemnities from any such participant, no assurance can be given that there would be sufficient coverage in the event that a particular project did not meet Nexus' expectations. As in any contractual relationship, the ability of Nexus to benefit from its joint venture arrangements and other contractual arrangements is dependent on its ability to comply with its obligations. There can be no assurance that any failure or default by Nexus in any joint venture or other contractual relationship will not adversely affect the results of operations or the financial condition of Nexus.

Slide 28

April 2011

Key risks - cont.



Further, should a dispute arise with a counterparty to a joint venture agreement or other contractual relationship, any legal action required by Nexus to enforce its rights under those relationships may be costly and there is no assurance that any legal remedy that may be sought will be obtained in the form sought by Nexus and this may have a materially adverse effect on Nexus' operating results and financial performance.

Failure of Osaka Gas to sign the option agreement prior to 31 December 2011 would mean that the Shell extension agreement could not be executed by the Crux Joint Venture and as a result Nexus and Osaka Gas would not have the benefit of the Shell extension.

If Nexus and Osaka Gas are unable to make a positive FID together with respect to the liquids project (whether with or without the benefit of the Shell extension), Nexus may take advantage of provisions in the existing JOA for sole risk developments. However, there is a risk that Osaka Gas may dispute Nexus' right to develop the project under the sole risk provisions and that the joint venturers may remain in deadlock, which could cause delays to the liquids project.

Failure to reach FID by 31 December 2011 could also be caused by a number of risk factors occurring, including a material macro-economic shock, operational, credit, funding, joint venture risk, governmental or regulatory risk as set out in this wider risk section. In the event of one or more of these material risks occurring, Nexus would need to review other alternative management/commercial strategies (including engagement with Shell), which could cause delays to the liquids project.

These strategies may include, but may not be limited to, the following:

- Seeking an integrated gas project with Shell (subject to government approval and title retention).
- Sale of all or majority of Nexus' interest in the Crux liquids project to third party.

(i) Funding risk

Additional funding will be required for further exploration, appraisal and development of Nexus' permits and licences in the form of debt or equity or, asset sales or a combination of such which cannot be predicted with significant accuracy today. There can be no assurance Nexus will be able to secure any such additional finance on commercially acceptable terms, or at all. Any failure or delay in obtaining additional finance (if required) may have a material adverse effect on the profitability of Nexus by reducing the scope of its operations or forcing it to postpone planned expansions which may have the potential to risk the good standing of Nexus' petroleum titles.

(j) Rising commodity costs

If Crux is developed, Nexus may be exposed to increasing material and labour costs due to a number of factors (such as rising oil prices, macro-economic factors such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar), as well as general global economic conditions and political trends) may lead to an increase in commodity and energy costs which may impact Nexus' financial performance.

(k) Insurance

Nexus currently maintains insurance coverage as determined appropriate by the Nexus Board and its management, but no assurance can be given that Nexus will continue to be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all claims.

Slide 29

April 2011

Key risks - cont.



(l) Contractors

Certain aspects of Nexus' business rely on contractors for whom there is no readily available alternative, in particular oil and gas processing and transport, construction and drilling contractors. If any of these contractors are unable to perform their obligations, this may have a material adverse effect on Nexus' business.

(m) Personnel

Nexus will be reliant on a number of key senior management. Loss of such personnel may have an adverse impact on Nexus' performance. However, this risk is mitigated by the fact that the oil and gas industry is international in nature and has a significant depth of suitably qualified alternative personnel. Notwithstanding this, there may be periods of time where a particular position remains vacant while a suitable replacement is identified and appointed.

(n) Capital expenditure

Nexus invests significant amounts of capital in a variety of exploration, production and development projects. The planned high level of capital expenditure over the next several years could put pressure on the balance sheet. Nexus' development projects may be delayed or unsuccessful for many reasons, including unanticipated financial, operational or political events, cost overruns, declines in oil and gas prices, equipment and labour shortages, mechanical and technical difficulties, increases in operating cost structures, misalignment of joint venture participants, industrial actions or other circumstances which may result in the delay, suspension or termination of capital projects, the total or partial loss of Nexus' investment and a material adverse effect on the results of operations and financial condition.

(o) Completion risk

Commercial development of petroleum reserves requires construction of processing facilities, storage and transportation infrastructure. Completion of these facilities on time and to budget is crucial to project economics. Delays may be caused by a number of factors beyond Nexus' control, such as weather, permitting, availability of equipment, or other unforeseen events. Such delays may negatively impact project values and rates of return.

Regulatory and environment risks

(a) General regulatory risks

The operations of Nexus are subject to various Federal, State and local laws and plans, including those relating to mining, prospecting, development, permit and licence requirements, industrial relations, environment, safety and occupational health.

Whilst all approvals are in place for Crux and Longtom, no assurance can be given that Nexus will be successful in obtaining any or all of the various approvals for future development of its other assets. To the extent such approvals are required and not retained or obtained in a timely manner or at all, Nexus may be curtailed or prohibited from continuing or proceeding with production and exploration. Further, Nexus is required to comply with its obligations pursuant to such approvals, licences and permits, including to maintain all of its tenements in good standing (which may expose Nexus to loss of such tenements).

The AC/L9 (Crux) production licence currently requires hydrocarbon recovery operations to have commenced by February 2014. While there is a risk that the Crux facilities may not be producing by February 2014, the commencement of construction of production facilities could be construed as commencing recovery operations. However, if necessary and as part of its FID process Nexus will request confirmation from the regulatory authorities that a first commercial production date later than February 2014 will not be an issue in relation to any of the licence conditions. While the Company expects such assurances to be provided the Directors cannot warrant this. There can be no assurance that a failure to comply with such approvals will not adversely affect the results of operations or the financial condition of Nexus.

Slide 30

April 2011

Key risks - cont.



(b) Environmental

Oil and gas exploration, development and production can be hazardous to the environment. If it is responsible for environmental damage, Nexus may incur substantial costs for environmental rehabilitation, damage control and losses by third parties resulting from its operations. Nexus is subject to relevant environmental laws and regulations in connection with its operations, and intends to conduct its activities in an environmentally responsible manner. However, Nexus could be subject to liability due to risks inherent in its activities, such as accidental spills, leakages or other unforeseen circumstances or increased costs due to additional legislation or regulation which may materially increase costs or impose conditions in a manner which may restrict, prevent or defer operations. Extreme environmental events such as cyclones or earthquakes may cause damage to or shut-in of facilities which may result in increased capital and operating costs.

(c) Carbon emissions

A number of governments or governmental bodies have introduced or are considering regulatory responses to the potential impacts of climate change and greenhouse gas emissions.

The Australian Government has proposed to implement an emissions trading scheme by 2011 but there is no certainty it will occur in this timeframe. The Government released its White Paper on the proposed scheme (the Carbon Pollution Reduction Scheme (CPRS)) on 15 December 2008. The White Paper outlines the proposed emissions trading scheme which requires the purchase of permits for emitters based on emission volumes, subject to certain caps.

Although the precise terms of any potential legislation are unclear, it presents both risks and opportunities for Nexus. As a gas producer, Nexus may benefit from these changes should they be implemented.

However, given the uncertainty of an emissions scheme, there may be an adverse impact on Nexus' operations or financial performance.

(d) Changes to government policy and regulatory conditions

Governmental action, including delay, inaction or policy change, particularly in relation to access to infrastructure, environmental regulation, taxation, royalties and production and exploration licensing may adversely affect Nexus' operations and financial performance.

Introduction of new legislation or regulations, amendments to existing legislation or regulations, the application of developments in existing common law or the interpretation of those laws, could also have a material adverse effect on Nexus.

Tax risks

Future changes in taxation laws in Australia, including changes in interpretation or application of existing laws by the courts or taxation authorities in Australia, may affect taxation treatment of Nexus securities or the holding or disposal of those securities. In addition to the normal level of income tax imposed on all industries, companies in the petroleum and gas industries are required to pay government royalties, direct and indirect taxes and other imposts. The profitability of companies in these industries can be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies.

Slide 31

April 2011

Key risks - cont.



The tax consequences for individual investors of an investment in Nexus will depend on the individual financial affairs of the investor and all investors should obtain independent taxation advice with respect to their personal position.

Other risks

(a) Litigation

Exposure to litigation brought by third parties such as customers, regulators, suppliers, service providers employees or business associates could negatively impact on Nexus through increased costs, payments for damages and damage to its reputation.

(b) Transocean liability

Nexus has a potential liability to Sedco Forex International Inc (Sedco) in relation to Sedco's termination of the Transocean Legend drilling rig contract between Nexus and Sedco. Nexus has disputed Sedco's entitlement to terminate the contract and Sedco has foreshadowed a damages claim in relation to the termination of the Transocean Legend drilling rig contract. Further, Sedco has claimed that Nexus has additional liability to Sedco because Sedco terminated its drilling contract with Oilex (JPDA 06-103) Limited (Oilex) as a result of termination of the Nexus drilling rig contract.

Nexus recognises that risks exist in relation to the magnitude and timing of any settlement of Sedco's claims. Nexus will vigorously defend any claims brought by Sedco in relation to the Nexus or Oilex contract.

(c) TDJV

TDJV acted as contractor to Nexus for the Longtom development.

TDJV's liquidators have invited Nexus to participate in discussions to settle TDJV's variation claims and Nexus' breach of contract claim against TDJV. The parties have agreed that prior to these discussions, Nexus will provide the liquidators with a submission setting out Nexus' position with respect to each of TDJV's claims; scheduled to be provided on 15 April 2011. In light of Nexus' counterclaim against TDJV for its abandonment of the OIC Contract, Nexus does not consider itself to have any contingent liability to TDJV.

Slide 32

April 2011



International selling restrictions

Slide 33

April 2011

Foreign jurisdictions disclaimer



International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

European Economic Area - Belgium, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- (a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- (c) to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Slide 34

April 2011

Foreign jurisdictions disclaimer - cont.



Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than:

- to "professional investors" (as defined in the SFO); or
- in other circumstances that do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Israel

The New Shares have not been approved or disapproved by the Israeli Securities Authority (the "ISA"), nor have such New Shares been registered for sale in Israel. The New Shares may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus and will only be offered and sold in Israel pursuant to applicable private placement exemptions to institutional investors (as described in Section 15A(b)(1) of the Israeli Securities Law – 1968 and to up to 35 offerees which do not so qualify.

The ISA has not issued permits, approvals or licenses in connection with the offering or publishing of this document; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the ordinary shares being offered. Any resale in Israel, directly or indirectly, to the public of the ordinary shares offered by this document is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

Furthermore, the Company is not a licensed investment advisor under the Law for the Regulation of Provision of Investment Advice, Marketing Investments and Portfolio Management – 1995 (the "Investment Advisor Law") and it does not maintain insurance as required under such law. Accordingly, the New Shares will only be offered and sold in Israel to parties which qualify as "eligible customers" for purposes of Section 3(a)(11) of the Investment Advisor Law. If any recipient of this document in Israel has reason to believe it is not an "eligible customer", such recipient should promptly return this document to the Company. Any investment advice which may be deemed provided under Israeli law in connection with an investment in the New Shares is deemed provided on a one time only basis and the Company will not provide any such ongoing investment advice.

Malaysia

This document may not be distributed or made available in Malaysia. No approval from the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered or made available for purchase in Malaysia except in an exemption from the prospectus and approval requirements of Securities Commission of Malaysia.

Slide 35

April 2011

Foreign jurisdictions disclaimer - cont.



New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The New Shares in the entitlement offer are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Other than in the entitlement offer, New Shares may be offered and sold in New Zealand only to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the Company ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except:

- to "professional investors" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876);
- any natural person who is registered as a professional investor with the Norwegian Financial Supervisory Authority (No. Finanstilsynet) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities;
- to fewer than 100 natural or legal persons (other than "professional investors", as defined in clauses (a) and (b) above); or
- in any other circumstances provided that no such offer of New Shares shall result in a requirement for the registration, or the publication by the Company or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

Slide 36

April 2011

Foreign jurisdictions disclaimer - cont.



Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined under section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

Slide 37

April 2011

Foreign jurisdictions disclaimer - cont.



United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Slide 38

April 2011



“Ambitions shaped by a passion for growth and technical innovation
with a foundation of business and operational integrity”

For further information please contact:

Richard Cottee
Managing Director

Ph: +61 (3) 9660 2500

Website: www.nexusenergy.com.au

Slide 39



Successful Completion of Institutional Entitlement Offer

- **Institutional entitlement offer successfully completed raising \$57 million**
- **Institutional bookbuild clearing price of \$0.44 achieved**
- **Institutional shareholders who did not take up their entitlement will receive \$0.04 for each share not taken up**

Nexus Energy Limited ("Nexus") is pleased to announce the successful completion of the institutional component ("Institutional Entitlement Offer") of its fully underwritten 3 for 10 accelerated renounceable entitlement offer ("Offer") to raise approximately \$122 million.

Nexus received strong support from its institutional shareholders, with eligible institutional shareholders electing to subscribe for approximately 77% of their entitlements. The Institutional Entitlement Offer will raise approximately \$57 million, with approximately 33 million shares made available under the institutional bookbuild, which attracted bids from both new and existing investors.

The clearing price under the institutional bookbuild was \$0.44 per new share. This will result in institutional shareholders who elected not to take up their entitlement and ineligible institutional shareholders receiving \$0.04 for each share not subscribed for (less applicable withholding tax, if any).

New shares from the Institutional Entitlement Offer will rank equally with existing Nexus ordinary shares and are expected to be issued on Wednesday 27 April 2011, with trading on the ASX to commence on the same day.

The retail component of the renounceable entitlement offer ("Retail Entitlement Offer") is expected to raise approximately \$65 million and has been fully underwritten. The Retail Entitlement Offer opens on Tuesday 19 April 2011 and will close at 5.00pm (AEST) on Wednesday 11 May 2011. Eligible retail shareholders will be able to subscribe for 3 new shares for every 10 Nexus ordinary shares held as at 7:00pm (AEST) on Thursday 14 April 2011 at the Offer price of \$0.40 per new share, which is the same as the Offer price for the Institutional Entitlement Offer.

Nexus Managing Director Richard Cottee said "The success of the institutional component of the entitlement offer reflects the strong support both existing shareholders and new investors have for Nexus' core growth strategy. Importantly, this raising provides Nexus with an excellent platform to achieve final investment decision at Crux by the end of the 2011 calendar year and to pursue its drilling strategy at the Longtom South target."

Commencement of the Retail Entitlement Offer

The Retail Entitlement Offer opens on Tuesday 19 April 2011 and will close at 5.00pm (AEST) on Wednesday 11 May 2011. The retail offer booklet will be sent to eligible retail shareholders on Tuesday 19 April 2011 and will also be made available on Nexus' website for eligible shareholders to view (www.nexusenergy.com.au). Eligible retail shareholders wishing to acquire new shares under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised entitlement and acceptance form that will accompany the retail offer booklet.

Eligible retail shareholders may choose to take up their entitlements in whole, in part, or not at all. A number of shares equivalent to those not taken up together with those which would otherwise have been offered to ineligible retail shareholders, will be offered for subscription to selected institutional investors through a retail bookbuild scheduled to commence after market close on Monday 16 May 2011.

Retail shareholders who do not take up their entitlements or who are ineligible to participate in the Retail Entitlement Offer will receive any premium between the clearing price under the retail bookbuild and the Offer price for new shares of \$0.40 (less applicable withholding tax, if any). No amount will be paid if the clearing price is equal to the Offer price. There can be no guarantee that the clearing price will be higher than the Offer price or that the clearing price achieved in the institutional bookbuild will be matched in the retail bookbuild.

OFFER TIMETABLE

Event	Date *
Trading recommences on an ex-entitlement basis	Thursday 14 April 2011
Record date for the Retail Entitlement Offer	Thursday 14 April 2011 at 7:00pm (AEST)
Retail Entitlement Offer opens Despatch of retail offer booklet and entitlement and acceptance form to retail shareholders	Tuesday 19 April 2011
Settlement of the Institutional Entitlement Offer	Thursday 21 April 2011
Allotment and commencement of normal trading of new shares issued under the Institutional Entitlement Offer	Wednesday 27 April 2011
Retail Entitlement Offer closes	Wednesday 11 May 2011 at 5:00pm (AEST)
Retail Entitlement Shortfall Bookbuild	Monday 16 May 2011
Retail Entitlement Offer settlement	Thursday 19 May 2011
Issue of new shares under the Retail Entitlement Offer	Friday 20 May 2011
New shares commence trading	Monday 23 May 2011
Despatch of holding statements	Wednesday 25 May 2011

* Dates and times are indicative only and subject to change without notice. All times and dates refer to AEST.

Shareholder enquiries: Retail shareholders who have questions regarding the Retail Entitlement Offer can call the Nexus Shareholder Information Line on 1300 568 402 (local call cost within Australia) or +61 3 9415 4322 (from outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday during the Retail Entitlement Offer period.

Susan Robutti
Company Secretary

For further information contact:
Richard Cottee – Managing Director
Ph: +61 3 9660 2500

Important Information

This release, including the information contained in this disclaimer, is not a prospectus and does not form part of any offer, invitation or recommendation in respect of securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy, securities in the United States or to any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933 (Securities Act)) (U.S. Person), or in any other jurisdiction in which such an offer would be illegal. The securities referred to herein may not be offered or sold in the United States, or to or for the account or benefit of, any U.S. Person, unless the securities have been registered under the Securities Act or an exemption from the registration requirements under the Securities Act is available. The offer or sale of the securities referred to herein have not been and will not be registered under the Securities Act. The distribution of this release in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

5 Important Information

This Retail Offer Booklet (including the ASX announcements and investor presentations reproduced in it) and accompanying personalised Entitlement and Acceptance Form have been prepared by Nexus. The information in this Retail Offer Booklet is dated 19 April 2011.

No party other than Nexus has authorised or caused the issue of the information in this Retail Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings regarding the information in this Retail Offer Booklet.

You should read the information in this Retail Offer Booklet carefully and in its entirety before deciding whether to invest in New Shares. You should also consult your stockbroker, accountant, solicitor, financial adviser or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer. If you have any doubt about whether you should invest in the Retail Entitlement Offer, you should seek professional advice before making any investment decision. In particular, you should carefully consider the risk factors outlined in “Key Risks” section of the Nexus Limited Equity Raising Presentation released to ASX on Monday, 11 April 2011, any of which could affect the operating and financial performance of Nexus or the value of an investment in Nexus.

Nexus has applied for the grant by ASX of official quotation of the New Shares. It is expected that trading will commence in relation to New Shares issued under the Retail Entitlement Offer on Monday, 23 May 2011. Nexus will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on the official list of ASX or before they receive their confirmation of issue, whether on the basis of confirmation of the allocation provided by Nexus or the Nexus Share Registry or otherwise.

5.1 Eligible Retail Shareholders

The information in this Retail Offer Booklet contains an offer of New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by Australian Securities and Investments Commission (**ASIC**) Class Order [CO 08/35].

Those holders of Shares who:

- are registered as a holder of Shares as at 7.00pm (AEST) on Thursday, 14 April 2011;
- have an address on the share register in Australia or New Zealand;
- are not in the United States and are neither a U.S. Person nor acting for the account or benefit of a U.S. Person;
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as ineligible institutional investors under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer,

are eligible retail shareholders (**Eligible Retail Shareholders**).

For the avoidance of doubt, Nexus may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder who was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with applicable laws).

Nexus also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

5.2 Ineligible Retail Shareholders

Nexus has decided that it is unreasonable to make offers under the Retail Entitlement Offer to holders of Shares who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those jurisdictions and the number and value of the New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those jurisdictions.

Ineligible Retail Shareholders are not eligible to participate in the Retail Entitlement Offer due to securities laws restrictions on the offer of New Shares in certain jurisdictions. As detailed in section 3.4 of “How to Apply”, Nexus will arrange for the Entitlements that would otherwise have been offered to those Ineligible Retail Shareholders had they been eligible to participate in the Retail Entitlement Offer (**Ineligible Entitlements**) to be offered on their behalf by a nominee for subscription to selected institutional investors. Any proceeds of sale with respect to these entitlements realised through the Retail Bookbuild in excess of the Offer Price of A\$0.40 per New Share will be remitted to the Ineligible Retail Shareholders in proportion to the number of New Shares represented by those Ineligible Entitlements. However, as detailed in section 3.4 of “How to Apply”, no assurance can be given as to the price that will be achieved under the Shortfall Bookbuild for the sale of New Shares. There is also no guarantee that any proceeds will be realised from the sale of entitlements that would otherwise have been offered to ineligible Shareholders.

5.3 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your application once it has been accepted.

5.4 No Entitlements trading

Entitlements are renounceable but cannot be traded on ASX or any other exchange, nor can they be privately transferred.

5.5 Notice of nominees and custodians

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to eligible institutional shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their entitlement or not) and institutional shareholders who were treated as ineligible institutional investors under the Institutional Entitlement Offer.

5.6 Not investment advice

The information in this Retail Offer Booklet is not a prospectus, disclosure document or other offering document under the Corporations Act (or any other Australian or foreign law) and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances, taxation circumstances or particular needs. Nexus is not licensed to provide financial product advice in respect of the New Shares. The information in this Retail Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. You should make your own assessment of what information is relevant to your decision to participate in the Entitlement Offer.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives, taxation circumstances and financial circumstances and having regard to the merits or risks involved. If, after reading the information in this Retail Offer Booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant, solicitor, financial adviser or other independent professional adviser. You should obtain any professional advice you require to evaluate the merits and risks of an investment in Nexus before making any investment decision based on your investment objectives.

5.7 Taxation

Set out below is a summary of the Australian income tax implications of the Retail Entitlement Offer for Eligible Retail Shareholders who are residents of Australia for tax purposes and who hold their Shares on capital account.

The summary below does not deal with the Australian income tax implications for Eligible Retail Shareholders who are not residents of Australia for tax purposes, or who hold their Shares as revenue assets or trading stock such as banks, insurance companies and taxpayers carrying on a business of share trading or whose Shares were acquired under an employee share plan. It is intended as a general guide only and is not an authoritative or complete statement of all potential tax implications for each Eligible Retail Shareholder.

The summary below also does not take account of any individual circumstances of any particular Eligible Retail Shareholder. Taxation is a complex area of law and the taxation consequences for each Eligible Retail Shareholder may differ depending on their own particular circumstances. Accordingly, Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

The summary below is based on the taxation laws and administrative practices in effect as at the date of this Retail Offer Booklet.

Issue of Entitlements

The issue of the Entitlements should not itself result in any amount being included in the assessable income of an Eligible Retail Shareholder.

Sale of Entitlements

The Entitlements are renounceable but will not be able to be traded on ASX or privately transferred. Renouncing Shareholders may, however, receive proceeds on sale of their Entitlements under the Retail Bookbuild. The taxation treatment of an amount received in these circumstances is unclear. As such, any Eligible Retail Shareholder who does not take up their Entitlement or Ineligible Retail Shareholder who receives proceeds as a result of the Retail Bookbuild is strongly advised to obtain professional advice as to the taxation treatment of those proceeds.

The Commissioner of Taxation (**Commissioner**) has expressed his preliminary views in Draft Taxation Ruling TR 2010/D8 (**TR 2010/D8**) that any proceeds received by Eligible Retail Shareholders from the Retail Bookbuild are to be treated as an unfranked dividend or, to the extent that the proceeds is not a dividend, as ordinary income. This is consistent with the previously expressed view of the Commissioner as set out in Taxpayer Alert TA 2009/11 and the accompanying Fact Sheet released in May 2009.

If the position adopted by the Commissioner is accepted as being correct, the receipt of the proceeds should not be treated as a capital gain and hence will not be eligible for the capital gains tax (**CGT**) discount.

It is doubtful that the position adopted by the Commissioner is correct at law. Submissions have been made by professional bodies to the Commissioner encouraging him to reconsider his position outlined in TR 2010/D8. It is possible that the final Taxation Ruling (when issued) may differ from TR 2010/D8. Nevertheless, at present, the

description above is a summary of the manner in which the Commissioner is likely to apply the law, and the Commissioner has indicated that taxpayers in receipt of such proceeds should return the proceeds as an unfranked dividend or, to the extent that the proceeds are not a dividend, as ordinary assessable income.

The law requires that tax be withheld by Australian resident companies from dividends paid to certain shareholders (for example, subject to certain exceptions, Australian tax resident shareholders who have not provided their Tax File Number (TFN) or shareholders who are not Australian residents for tax purposes). Given the Commissioner's position, Nexus considers that it may be obliged to withhold tax in relation to any proceeds on sale of their entitlement under the Retail Bookbuild. Therefore, an amount may be withheld from any proceeds paid to certain Eligible Retail Shareholders such that the ultimate receipt may be net of any withholdings.

If you are an Australian tax resident shareholder, and you have not previously provided your TFN to the Company, you may wish to do so prior to the close of the Retail Entitlement Offer to ensure that withholding tax is not deducted from any proceeds payable to you. If you do not provide your TFN, withholding tax may be deducted from such payment at the rate of 46.5%.

You are able to provide your TFN online with the Nexus Share Registry at www.investorcentre.com. You must register to provide your details online.

Exercise of Entitlements

Eligible Retail Shareholders who exercise their Entitlements and are allocated New Shares will acquire those shares with a cost base for CGT purposes equal to:

- where the Eligible Retail Shareholder's existing shares in Nexus were acquired (or are taken to be acquired) on or after 20 September 1985, the Offer Price payable by them for those New Shares plus certain non-deductible incidental costs they incur in acquiring them; or
- where the Eligible Retail Shareholder's existing shares in Nexus were acquired (or are taken to be acquired) before 20 September 1985, the sum of the market value of the Entitlements when they were exercised and the Offer Price payable by them for those New Shares plus certain non-deductible incidental costs they incur in acquiring them.

Eligible Retail Shareholders should not make any capital gain or loss, or assessable income, from exercising the Entitlements or subscribing for the New Shares.

New Shares

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares. Any future dividends or other distributions made in respect of those New Shares will be subject to the same taxation treatment as dividends or other distributions made on Shares held in the same circumstances.

On any future disposal of New Shares, Eligible Retail Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Shares. The cost base of those New Shares is described above.

New Shares will be treated for the purposes of the CGT discount as having been acquired when the Eligible Retail Shareholder exercised the Entitlement to subscribe for them. Accordingly, in order to benefit from the CGT discount in respect of a disposal of those New Shares, they must have been held for at least 12 months after those dates before the disposal occurs.

Taxation of Financial Arrangements (TOFA)

The Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009 (**TOFA Amendments**) made amendments to the Australian income tax law that operate to make assessable or deductible gains or losses arising from certain "financial arrangements".

The TOFA Amendments will apply for income tax years commencing on or after 1 July 2010. However, a taxpayer can elect to apply the TOFA Amendments to income tax years commencing on or after 1 July 2009 and may also elect to apply the TOFA Amendments to existing financial arrangements held at the relevant start date.

An Entitlement or right to receive a share is a “financial arrangement”. However, depending on the circumstances of the particular taxpayer the TOFA Amendments may be effectively excluded from applying. Further, certain taxpayers may be excluded from the application of the TOFA Amendments unless they make an election for them to apply.

As the application of the TOFA Amendments is dependent on the particular facts and circumstances of the taxpayer, Eligible Retail Shareholders should obtain their own advice in relation to the potential applicability of the amendments contained in the TOFA Amendments in light of their own individual facts and circumstances.

Other Australian taxes

No Australian Goods and Services Tax or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of New Shares.

5.8 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

5.9 Information availability

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of this Retail Offer Booklet during the Retail Entitlement Offer period on our website, www.nexusenergy.com.au, or by calling the Nexus Offer Information Line. Persons who access the electronic version of this Retail Offer Booklet should ensure that they download and read the entire Retail Offer Booklet. The electronic version of this Retail Offer Booklet on the ASX website will not include a personalised Entitlement and Acceptance Form. A replacement personalised Entitlement and Acceptance Form can be requested by calling the Nexus Offer Information Line on 1300 568 402 (local call cost from within Australia) or +61 3 9415 4322 (from outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period. Alternatively, your personalised form is available online at www.computershare.com.au/investor.

5.10 Future performance and forward-looking statements

Neither Nexus nor any other person warrants, represents or guarantees (expressly or by implication) the future performance of the New Shares or any particular rate of return on any investment made pursuant to the Entitlement Offer, or any particular tax treatment.

This Retail Offer Booklet contains certain “forward-looking statements”. Forward looking words such as, “expect”, “should”, “could”, “may”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target”, “likely”, “anticipate”, “project”, “opinion”, “outlook”, “guidance”, “intend”, “could”, “should” and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Forward-looking statements, opinions and estimates provided in the information in this Retail Offer Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. No representation or warranty (express or implied) is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Retail Offer Booklet. The information provided in this Retail Offer Booklet includes information derived from third party sources that has not been independently verified.

Forward-looking statements including forecasts, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. While due care and attention have been used in the preparation of forward-looking statements, you are cautioned not to place undue reliance on such statements. Forward-looking statements only speak as to the date of this Retail Offer Booklet. To the maximum extent permitted by law, Nexus disclaims any obligation or undertaking to release any updates or revisions to such information to reflect any change in expectations or assumptions.

An investment in Nexus is subject to investment and other known and unknown risks, uncertainties and assumptions, many of which are outside the control of Nexus and the Board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Retail Offer Booklet.

You should also carefully review to the “Key Risks” section of the Nexus Limited Equity Raising Presentation released to ASX on Monday, 11 April 2011 which is included in this Retail Offer Booklet.

5.11 Past performance

Investors should note that the past share price performance of Nexus shares provides no guarantee or guidance as to future share price performance. Past performance information given in this Retail Offer Booklet is provided for illustrative purposes only and should not be relied upon as, and is not to be considered, an indication of future performance. The historical information in this Retail Offer Booklet is, or is based upon information that has been released to the market. For further information, please see past announcements released to the ASX.

5.12 Governing law

This Retail Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the personalised Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each Eligible Retail Shareholder who applies for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

5.13 Financial data

All dollar values in this Retail Offer Booklet, other than as specified, are in Australian dollars (A\$).

5.14 Foreign jurisdictions

The information in this Retail Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

The New Shares being offered under the information in this Retail Offer Booklet are also being offered to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). The information in this booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The information in this Retail Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand. Return of the Entitlement and Acceptance Form or your BPAY payment shall be taken by Nexus to constitute a representation by you that there has been no breach of any such laws.

The distribution of the information in this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this Retail Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

(a) New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of Nexus with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Retail Offer Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(b) United States

This Retail Offer Booklet and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. Person. None of this Retail Offer Booklet, the ASX announcements reproduced in it nor the Entitlement and Acceptance Form may be distributed to or released in the United States or to any U.S. Person.

The Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of a U.S. Person, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a U.S. Person, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares offered in the Retail Entitlement Offer may only be offered and sold outside the United States to persons that are not U.S. Persons and are not acting for the account or benefit of U.S. Persons in “offshore transactions” (as defined in Regulation S under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

In addition, the New Shares may not be deposited in any existing unrestricted American Depositary Receipt Facility or future such program with respect to the securities of Nexus that has been or may be established until 40 days following the completion of the Retail Entitlement Offer.

See the “Disclaimers – Foreign Jurisdictions” section of the Nexus Limited Equity Raising Presentation released to ASX on Monday, 11 April 2011 which is included in this Retail Offer Booklet for more information.

5.15 Nominees

Nexus is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

5.16 Underwriting

Nexus has entered into an underwriting agreement with RBS Morgans Corporate Limited and Deutsche Bank AG, Sydney Branch (the **Underwriters**) who have agreed to jointly manage and severally fully underwrite the Entitlement Offer.

As is customary with these types of arrangements:

- Nexus has agreed to indemnify each Underwriter, its affiliates and related bodies corporate and the respective officers, employees, agents and legal advisers against losses they may suffer in connection with the Entitlement Offer;
- each Underwriter may (in certain circumstances, including in some cases having regard to the materiality of the relevant event) terminate the underwriting agreement and be released from its obligations under it on the occurrence of certain events, including (but not limited to) where:
 - Nexus shares are suspended for a period or Nexus is delisted;
 - Nexus withdraws the Entitlement Offer (or any part of it);
 - there is a delay in the timetable for the Entitlement Offer without the prior written approval of the Underwriters;
 - there is a change in the senior management of Nexus or a change to the Nexus board (except in a manner expressly contemplated by any announcements in connection with the Offer or as disclosed to the Underwriters prior to the date of the underwriting agreement);
 - there is a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Nexus;
 - any of the offer documents is or becomes misleading or deceptive, or omits information required to be contained in it;
 - there are certain major disruptions to financial markets;
 - at any time up to 3.00pm on the retail settlement date, the S&P/ASX 200 Index is at a level that is 10% or more below the level of the S&P/ASX 200 Index as at the close of trading on Friday 7 April 2011; or
 - at any time up to 3.00pm on the retail settlement date, the benchmark oil price as measured by the West Texas Intermediate is at a level that is 10% or more below the level of benchmark price as at 6.00pm on Friday 7 April 2011.

The Underwriters will be remunerated by Nexus for providing these services at market rates and may be reimbursed for certain expenses.

The Underwriters have not authorised or caused the issue of this Retail Offer Booklet and take no responsibility for any information in this Retail Offer Booklet or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriters exclude and disclaim all liability, for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and the information in this Retail Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. The Underwriters make no recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning this Entitlement Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of its affiliates in relation to the New Shares or the Entitlement Offer generally.

Nexus will arrange for Entitlements to be sold on behalf of Renouncing Shareholders. It will engage the Underwriters to assist in selling such Entitlements through the Retail Bookbuild. However, it is important to note that Underwriters will be acting for and providing services to Nexus in this process and will not be acting for or providing services to Shareholders. The engagement of the Underwriters by Nexus is not intended to create any agency or other relationship between the Underwriters and the Shareholders.

5.17 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Retail Offer Booklet.

Any information or representation that is not in this Retail Offer Booklet may not be relied on as having been authorised by Nexus, or its related bodies corporate in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of Nexus, or any other person, warrants or guarantees the future performance of Nexus or any return on any investment made pursuant to the information in this Retail Offer Booklet.



Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box 505 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 586 402
(outside Australia) 61 3 9415 4322
www.investorcentre.com/contact



000001
000
SAM
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 I N D

Use a black pen.
Print in CAPITAL letters
inside the grey areas.

Form with boxes for letters A, B, C and numbers 1, 2, 3

For your security keep your SRN/HIN confidential.

Entitlement and Acceptance Form ("Form") for New Shares

This personalised form can only be used in relation to the securityholding represented by the SRN or HIN printed above. This is an important document and requires your immediate attention.

Retail Entitlement Offer closing 5.00pm (AEST) on Wednesday 11 May 2011

- The offer is an accelerated renounceable pro rata entitlement offer of 3 New Shares for every 10 Shares registered and entitled to participate at the Record Date at an issue price of A\$0.40 per New Share.
Terms used in this Form have the meanings given in this Form and the Retail Offer Booklet (collectively, the "Offer Documents") dated Tuesday 19 April 2011.
If you choose to pay by BPAY, you do not need to return this Form.
If you are paying by cheque(s), bank draft(s) or money order(s), receipt of your payment by 5.00pm (AEST) on Wednesday 11 May 2011 (together with this Form) will constitute acceptance of the terms of the Offer Documents.
You may not apply for additional New Shares in excess of your Entitlement.
If the amount you pay is insufficient to pay for the number of New Shares you apply for, you will be taken to have applied for such lower number of New Shares as that amount will pay for, or your application will be rejected.
Any Application Monies received for more than your Entitlement (where the amount is A\$1.00 or greater) will be refunded.

I/We enclose my/our payment for the amount shown below being payment of A\$0.40 per New Share. I/We hereby authorise you to register me/us as the holder(s) of the Shares allotted to me/us, and I/we agree to be bound by the Constitution of the Company.

Shareholder Entitlement details table with fields for Subregister, Existing Shares, Entitlement to New Shares, Amount payable, and Entitlement Number.

See back of form for completion guidelines

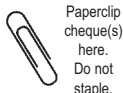
Registered to BPAY Pty Ltd ABN 69 079 137 518

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N X S

N R R B

PLEASE DETACH HERE



Please see overleaf for Payment Options

Ent: X,XXX Pay: X,XXX



Biller Code: 123456
CRN: 1234 5678 9012 3456 78

B Number of New Shares applied for

C Amount enclosed at A\$0.40 per New Share (total in box B multiplied by A\$0.40)
A\$

D Payment Details - Please note that funds are unable to be directly debited from your bank account
Drawer, Cheque Number, BSB Number, Account Number, Cheque amount

Make your cheque or bank draft payable to "Nexus Energy Entitlement Offer" and crossed "Not Negotiable".

E Contact Details
Please provide your contact details in case we need to speak to you about this slip
Name of contact person

Contact person's daytime telephone number

How to complete the Entitlement and Acceptance Form

Note that photocopies will not be accepted. These instructions are cross-referenced to each section of the Entitlement and Acceptance Form. This Form should only be used by/for the Eligible Retail Shareholder(s) whose details appear on the front of this Form. Please complete all relevant sections of this Form using BLOCK LETTERS in black ink.

A Shareholder Entitlement Details

Details of your Entitlement based on your Shareholding at 7.00pm (AEST) on Thursday 14 April 2011 are shown in box A on the front of this Form.

B New Shares Applied For

You can apply to accept either all or part of your Entitlement. Enter in box B the number of New Shares you wish to accept from your Entitlement.

- To apply for your Entitlement in full write in Box B the number of New Shares shown in Box A as your Entitlement to New Shares.
- To apply for part of your Entitlement only, write in Box B the number of New Shares for which you wish to apply.

Please ensure you complete Section B on the bottom of this Form.

C Application Monies

Enter the amount of Acceptance Monies. To calculate the amount payable, multiply the number of New Shares applied for by A\$0.40.

Please ensure you complete Section C on the bottom of this Form.

D Payment Details

You can apply for New Shares utilising the payment options detailed below. Please note that funds are unable to be directly debited from your bank account.

By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you agree to all of the terms and conditions as detailed in the Offer Documents. For all payment options, payment must be received by no later than 5.00pm (AEST) on Wednesday 11 May 2011.

1) Payment by BPAY

You can pay by BPAY using the details set out at the bottom left of this page (under "Payment Options"). If you pay by BPAY you are not required to return this Form

2) Payment by cheque(s), bank draft(s) or money order(s)

If you choose this payment method, payment must be made in Australian currency and drawn on an Australian branch of a financial institution. Such payment must be made payable to "Nexus Energy Entitlement Offer" and crossed "Not Negotiable". Payments not properly drawn may be rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Form being rejected. Paperclip (do not staple) your cheque(s) to the form where indicated. Cash will not be accepted. Receipt of payment will not be forwarded.

E Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this Form.

The directors reserve the right to make amendments to this Form where appropriate.

Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the slip below. Your payment must be received by no later than 5.00pm (AEST) on Wednesday 11 May 2011. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Ensure you have read and accurately followed your banking institution's BPAY FAQ or other instructions prior to making multiple payments for multiple holdings under this offer. Neither CIS nor Nexus Energy Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the slip below must be received by Computershare Investor Services Pty Limited (CIS) Melbourne by no later than 5.00pm (AEST) on Wednesday 11 May 2011. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. New Zealand holders will need to affix the appropriate postage. Return the slip below with cheque attached.

Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.

Privacy Statement

Personal information is collected on this Form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of shareholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this Form or e-mail privacy@computershare.com.au

If you have any enquiries concerning this Form or your Entitlement, please contact the Nexus Offer Information Line on 1300 568 402 (within Australia) or +61 3 9415 4322 (outside Australia) between 8.30am and 5.30pm (AEST) Monday to Friday during the Retail Entitlement Offer period.

This Form may not be used to notify your change of address. For information please contact CIS on 1300 367 570 or visit the share registry at www.computershare.com (Issuer Sponsored Holders only).

CHES holders must contact their Controlling Participant to notify a change of address.

Payment Options:



Billers Code: 123456

CRN: 1234 5678 9012 3456 78

Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or savings account. For more info please refer to www.bpay.com.au. You must check the processing cut off time for BPAY transactions with your bank, credit union or building society as it may be earlier than the close of the Retail Entitlement Offer. It is the responsibility of the applicant to ensure funds submitted through BPAY are received by the close of the Retail Entitlement Offer being 5.00pm (AEST) on Wednesday 11 May 2011



**Nexus Entitlement Offer
Computershare Investor
Services Pty Limited
GPO Box 505
Melbourne, VIC 3001**



Entitlement Number: <xxxxxxxxxx>

**SAMPLE CUSTOMER
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN TAS 7000**

N R R B

N X S

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