



Completion of Exchange of Existing 2013 Sub Notes for New 2017 Sub Notes

Nexus Energy Limited ("Nexus") has completed the exchange of 86.27% of its A\$110 million Unsecured Senior Subordinated Notes due 2013 ("Existing Notes") for new Unsecured Senior Subordinated Notes and Nexus ordinary shares in accordance with the exchange offer announced on 15 July 2010 ("Exchange Offer").

The terms of the Exchange Offer provided for the exchange of Existing Notes for (i) Tranche A New Notes which are due in 2017 and Tranche B New Notes which are due in 2013 (together "New Notes"), and (ii) Nexus ordinary shares. The noteholders who accepted the Exchange Offer have agreed to forgo the interest payment that was due in July 2010 and January 2011 in respect of the Existing Notes.

As previously announced, Nexus had entered into Commitment and Standstill Deeds with 85.82% of the holders of the Existing Notes. At financial completion, 86.27% of Existing Notes were exchanged as a result of additional holders agreeing to accept the Exchange Offer.

The key terms of the New Notes, on the basis of 86.27% acceptance of the Exchange Offer, and other material details of the Exchange Offer, are as follows:

Aggregate principal amount of New Notes issued	A\$131.7 million in two tranches:- Tranche A - A\$117.5 million due 2017 Tranche B – A\$14.2 million due 2013 Noteholders participation is pro-rata Tranches A and B.
Interest Rate	Tranche A – Zero coupon to January 2011 then 8.5% fixed rate coupon to July 2014 then 13% fixed rate coupon to Maturity. First paid coupon July 2011. Coupons paid semi-annually in arrears. Tranche B – Zero Coupon
Interest Payment Date	Each 15 January and 15 July, commencing 15 July 2011.
Repayment	Tranche A – Amortising 10% per semi annual period commencing July 2014 with 50% bullet at Maturity Tranche B – Bullet repayment 15 January 2013
Issuer Call Date	Not callable before July 2014. Nexus may call the New Notes from that point at 105% of face value, thereafter the call premium reduces by 1% at each semi-annual period to maturity.
Other	Nexus has the right to repay these New Notes on an Interest Payment Date after 15 July 2014 by giving 30 days notice based upon the maturity amount at that time, being an amount ranging from 105% of the face value of the New Notes in 2014 to 101% of face value of the New Notes on an Interest Payment Date in July 2016.

Aggregate number of new shares issued under the Exchange Offer	30,195,455. The shares issued under the Exchange Offer are subject to a 6 month escrow period during which the shares may not be traded.
Aggregate principal amount of Existing Notes outstanding at the conclusion of the Exchange Offer	A\$15,100,000

An Appendix 3B and notice under section 708A(5)(E) of the Corporations Act in respect of the shares issued under the Exchange Offer is enclosed.

Susan Robutti
Company Secretary

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



APPENDIX 3B & NOTICE UNDER SECTION 708A(5)(E) OF THE CORPORATIONS ACT 2001

Nexus Energy Limited ("Nexus") is pleased to announce that it has successfully issued 30,195,455 ordinary shares pursuant to the previously announced Exchange Offer for new notes to replace the majority of the existing Unsecured Senior Subordinated Notes.

Nexus gives this notice pursuant to Section 708A(5)(e) of the Corporations Act.

The shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act, in reliance on Section 708A(5)(e) of the Corporations Act.

Nexus, as at the date of this notice, has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act as they apply to the company; and
- (b) Section 674 of the Corporations Act.

There is no excluded information for the purposes of Sections 708A(7) and (8) of the Corporations Act.

Susan Robutti
Company Secretary

Appendix 3B

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

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

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

Name of entity

Nexus Energy Limited

ABN

64 058 818 278

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|--|----------------------------|
| 1 | +Class of +securities issued or to be issued | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 30,195,455 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>The Shares issued are subject to a 6 month voluntary escrow period. Other than in respect of the voluntary escrow, the shares issued will rank equally in all respects with all shares on issue.</p>				
<p>5 Issue price or consideration</p>	<p>The Shares are issued as part consideration for the acceptance of the exchange offer in respect of Nexus' \$110 million unsecured senior subordinated notes due 2013 as announced on 15 July 2010 (Exchange Offer).</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The issue forms part of the consideration in respect of the Exchange Offer.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>3 August 2010</p>				
<p>8 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table> <tr> <th data-bbox="711 1247 995 1314">Number</th><th data-bbox="995 1247 1265 1314">+Class</th></tr> <tr> <td data-bbox="711 1314 995 1440">988,257,304</td><td data-bbox="995 1314 1265 1440">Fully paid ordinary shares</td></tr> </table>	Number	+Class	988,257,304	Fully paid ordinary shares
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9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>31,884,058</td><td>Warrants expiring 15 January 2013, exercisable at 204 cents each</td></tr><tr><td>90,000</td><td>Options expiring 28 April 2011, exercisable at 225 cents each</td></tr><tr><td>148,000</td><td>Options expiring 23 May 2011 exercisable at 219 cents each</td></tr><tr><td>359,800</td><td>Options expiring 23 May 2011, exercisable at 225 cents each</td></tr><tr><td>2,590,700</td><td>Options expiring 24 December 2012, exercisable at 147 cents each</td></tr><tr><td>3,863,800</td><td>Options expiring 30 June 2012, zero exercise price</td></tr><tr><td>2,250,000</td><td>Options expiring 30 June 2013, zero exercise price</td></tr></table>	Number	+Class	31,884,058	Warrants expiring 15 January 2013, exercisable at 204 cents each	90,000	Options expiring 28 April 2011, exercisable at 225 cents each	148,000	Options expiring 23 May 2011 exercisable at 219 cents each	359,800	Options expiring 23 May 2011, exercisable at 225 cents each	2,590,700	Options expiring 24 December 2012, exercisable at 147 cents each	3,863,800	Options expiring 30 June 2012, zero exercise price	2,250,000	Options expiring 30 June 2013, zero exercise price
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10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	n/a																

Part 2 - Bonus issue or pro rata issue

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

Appendix 3B
New issue announcement

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

⁺ See chapter 19 for defined terms.

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

Part 3 - Quotation of securities

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

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	n/a				
39	Class of +securities for which quotation is sought	n/a				
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	n/a				
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	n/a				
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1"><thead><tr><th>Number</th><th>+Class</th></tr></thead><tbody><tr><td>n/a</td><td>n/a</td></tr></tbody></table>	Number	+Class	n/a	n/a
Number	+Class					
n/a	n/a					

Quotation agreement

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

Sign here: Date: 3 August 2010
Company Secretary

Print name: Susan Robutti