



Commercial arrangements for the Crux Field expanded to include earlier development concepts

Nexus Energy Limited (**Nexus**) refers to the non-binding Heads of Agreement (**HOA**) with Shell Development (Australia) Pty Ltd (**Shell**) and Osaka Gas Crux Pty Ltd (**Osaka Gas**), announced on 19 January 2012, and advises that documentation for the alignment and consolidation of interests in AC/L9 containing the Crux Field and the Auriga and Caelum prospects are well progressed.

The scope of the transaction and the associated documentation has been expanded beyond the previously advised Prelude backfill development option to include the following options:

- an earlier standalone FLNG development; and
- an Integrated Recycle Project followed by backfill to Prelude.

Accordingly, the timeline for completion of documentation has been extended for the expanded scope with target completion by end June 2012.

The regulatory authorities have been kept informed of the expanded scope and the potential for earlier development as a result of the extended range of development options being considered. The application process to convert the existing Production Licence (AC/L9) to a Retention Lease will commence once all parties have executed binding agreements.

Final completion of the transaction will occur once the following conditions have been satisfied:

- each party receiving their respective internal approvals for this transaction,
- execution of documentation by all parties,
- FIRB approval; and
- regulatory approval and registration.

Following completion, a new Joint Venture will be formed for AC/L9 that will result in participating interests being held by Nexus holding a 17% interest, Shell holding 80% (assuming operatorship) and Osaka Gas holding 3%. The terms of the HOA also provide for Shell to grant Nexus a 12-month option to sell 2% of its participating interest in the new Joint Venture to Shell for A\$75 million.

A further update will be provided following finalisation of documentation.

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