



Nexus now a producer Longtom gas project complete

Nexus Energy Limited ("Nexus") is pleased to advise that following the completion of the Longtom offshore installation activities, the project has been producing gas and condensate at stable rates for over two weeks via Santos Ltd's ("Santos") onshore gas plant in Orbost.

Initial well performance which is being monitored by real time pressure measurement is in line with expectations and the subsea gathering and control systems installed by Nexus are all functioning as expected. Since 27 October 2009 Longtom has produced average daily gas volumes in excess of 30 TJ/d and average daily condensate in excess of 430 bbl/d. This level of production is expected to continue over the summer months. Gas is being delivered into the Eastern Gas Pipeline ("EGP") connecting the Melbourne and Sydney gas markets pursuant to the gas contract with Santos and condensate is trucked and sold to the Shell refinery in Geelong.

Nexus' managing director Ian Tchacos said, "Nexus is now a producer, and we are all extremely proud of this significant achievement. We would like to thank Santos for their co-operation to provide an efficient start-up of gas production and we look forward to working with them over the life of the field. I would also like to thank all of our staff and contractors for their dedication and hard work. The Longtom gas project is expected to provide Nexus with stable cash flow over the next ten plus years. This is an important asset for the company's financial stability and an attractive platform from which we will work to deliver further growth."

The Longtom gas project is located in VIC/L29 in the Gippsland Basin offshore Victoria, and is expected to produce for over ten years. Nexus has a gas sales agreement with Santos for the purchase of up to 350 PJ over the life of the field. The company forecasts that the Longtom project will generate pre-tax cash flow of around A\$70 million per annum based on 25 PJ per annum of gas sales.

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