



**Nexus Energy Limited**

**ABN 64 058 818 278**

## **Prospectus**

**Prospectus for a fully underwritten pro-rata non-renounceable Rights Issue of  
1 New Share for every 3.75 Existing Shares at an Issue Price of  
A\$0.22 per New Share to raise approximately A\$43.5 million (before costs and expenses)**

**Underwriter**

**Southern Cross Equities Limited**

**ABN 87 071 935 441**

### **Important Notice**

This document is important and requires your immediate attention. Eligible Shareholders should read this Prospectus in its entirety before deciding whether to apply for New Shares. The New Shares offered by this Prospectus should be considered speculative.

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## Important information

This Prospectus is dated 11 September 2009 and was lodged with ASIC on that day.

Nexus will apply to ASX for quotation of the New Shares within 7 days of the date of this Prospectus. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be allotted, issued or sold on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This is a Prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) of Nexus and has been prepared in accordance with section 713 of the Corporations Act. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

In preparing this Prospectus, regard has been had to the fact that Nexus is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers whom investors may consult. Investors should therefore have regard to the other publicly available information in relation to Nexus before deciding whether or not to invest.

The information contained in this Prospectus has been prepared by Nexus and is the responsibility of Nexus. None of Nexus, its associates or its advisers assumes any responsibility for the accuracy or completeness of that information.

### Disclaimer

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. It is important that you read this Prospectus carefully and in full, as well as the instructions on the accompanying Entitlement and Acceptance Form, before deciding whether or not to invest.

In particular, you should consider the risk factors described in section 5 of this Prospectus, that could affect the financial and operating performance of Nexus before deciding what course you should follow. You should carefully consider these factors in light of your personal circumstances, including financial and taxation issues, and consult your financial adviser or other professional adviser before deciding whether to invest.

Except as required by law, and only then to the extent so required, neither Nexus nor any other person warrants the future performance of Nexus, or any return on any investment made pursuant to this Prospectus. An investment in the New Shares offered by this Prospectus should be considered speculative.

No person is authorised to give any information or make any representation in connection with the Rights Issue described in this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Nexus in connection with the Rights Issue.

### Forward looking statements

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in the forward looking statements.

### Prospectus availability

Shareholders with registered addresses in Australia, New Zealand, Singapore, the United Kingdom and the British Virgin Islands can obtain a copy of this Prospectus during the period of the Rights Issue on Nexus' website at [www.nxs.com.au](http://www.nxs.com.au) or by calling the Nexus Investor Information Line on 1300 025 653 (toll free within Australia) or on +61 3 9946 4434 (from outside Australia) at any time from 8.30 am (EST or AEDT, as applicable) to 5.30 pm (EST or AEDT, as applicable) Monday to Friday during the Offer Period. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic version of this Prospectus on Nexus' website will not include a personalised Entitlement and Acceptance Form. You will only be entitled to accept the Rights Issue by completing your personalised Entitlement and Acceptance Form, which accompanies this Prospectus, or by making a payment using BPAY® (refer to section 2.6 of this Prospectus for further information).

The Corporations Act prohibits any person from passing the Entitlement and Acceptance Form on to another person unless it is attached to a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

### Foreign jurisdictions

This Prospectus has been prepared to comply with the requirements of the laws of Australia.

The distribution of this Prospectus outside Australia may be restricted by law. If you come into possession of this Prospectus, you should observe any such restrictions and should seek your own advice on those restrictions. Any non-compliance with the restrictions may contravene applicable securities laws. This Prospectus does not constitute an offer in any place 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 the New Shares or otherwise permit an offering of New Shares in any jurisdiction outside of Australia. See section 1.9 of this Prospectus for further details in relation to persons in other jurisdictions.

The New Shares have not been, nor will they be, registered under the United States Securities Act of 1933 or the securities laws of any other state in the United States and may not be offered or sold to, or for the account or benefit of, US Persons.

### Glossary

Terms and abbreviations used in this Prospectus are explained in the Glossary at section 7 of this Prospectus.

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Dear Shareholder

On behalf of the Board of Nexus, I have pleasure in presenting this Prospectus to you.

Over the past year, Nexus' Board and Management have been focused on managing our company through difficult economic times. We are now witnessing the benefits of a general improvement in market conditions and a renewed interest in our assets. It is also worth noting the recent improved upward trend of the oil price. The pursuit of high quality energy assets around the globe in politically sound regions remains a growing trend by independents, national oil companies and financial investors alike.

The direction of Nexus changed in response to poor global economic conditions during Q4 2008. We recognised the need to take decisive action to protect shareholder value in an unprecedented global market downturn. The decision was made, where possible, to cut costs and defer expenditure on service and equipment contracts for Crux. Our focus has been to complete the Longtom gas project and bring our first asset into production, whilst maintaining Nexus' favourable asset position. Our asset position inclusive of substantial proven and probable reserves, has been accumulated over many years of hard work and we believe will yield long term value for our shareholders.

Our appraisal and development programs have been largely successful to date, however due to unforeseen contractor circumstances, the development of our Longtom gas project has been delayed. An alternative diving support and installation vessel has now been sourced and deployed in the field, pushing back first gas to Q4 2009 and resulting in an increase in total project capital costs. Accordingly, additional funding is required in the short term due to the delay in revenue and the cost increase to complete the project.

In May 2009, we announced a conditional sale of a 50% interest in the Longtom gas project and adjoining exploration permit VIC/P54 for A\$155 million, including a A\$35 million deposit. The conditional sale combined with the sale of our interest in our non-core exploration permit AC/P41 for US\$64 million in cash, provided the Company with additional financial resources at a critical time.

However, due to the delay to the completion of the Longtom gas project, certain conditions under the conditional sale of Longtom cannot be satisfied by 15 September 2009 and as result the sale to AED will not proceed, in the absence of further agreement with AED. We are in discussions with AED in relation to the timing for repayment of the deposit and payment of the interest.

We believe that it remains an appropriate corporate objective to crystallise value from the Longtom assets via a partial sell down, although our immediate focus is on the completion of the Longtom offshore installation work and we look forward to the benefits of cash flow from the project.

The Board believes that a non-renounceable, fully underwritten Rights Issue, following the recent Placement, is the most effective way to raise funds and recapitalise our Company in order to take advantage of improved market conditions. This will enable Nexus to maintain our strong asset position within Australia. Our intention is to position Nexus as a financially stable and robust producer with a pipeline of exploration, appraisal and development opportunities.

Proceeds from the Rights Issue will be primarily used for the completion of the Longtom gas project, purchase of long lead items associated with the Crux liquids project (in anticipation of a part asset sale in the near future and project sanction), contribution towards repayment of the A\$35 million deposit to AED and allowance for potential legal and related costs associated with defending any claim in respect of the termination of the Transocean drilling contract, general corporate and working capital expenses.

Our longer term strategy of retaining a significant interest in a major production asset, being Longtom, combined with the development of Crux, following the addition of a new partner, with further appraisal and exploration opportunities, remains intact due to our ability to avoid a fire sale of Nexus' key assets.

Participation in the Rights Issue will provide Shareholders with further exposure to:

- Near-term long life production from the Longtom gas project, providing stable cash flow with first production expected in Q4 2009;
- The Crux liquids project which is technically ready for project sanction after the introduction of an additional suitable partner;
- The gas/condensate resource at Echuca Shoals for which Nexus is considering a further appraisal well; and
- A portfolio of exploration assets in offshore Australian waters, a politically stable environment.

If you have any doubt as to what to do with respect to this Offer to Shareholders, you should consult your professional advisor.

Yours faithfully



**Michael Fowler**  
**Executive Chairman**

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## 1. The Offer

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### 1.1 Details of the Offer

This Prospectus contains details of a Rights Issue of New Shares in Nexus to raise approximately A\$43.5 million (before costs and expenses).

The Rights Issue is a pro rata non-renounceable offer to Eligible Shareholders at an Issue Price of A\$0.22 per New Share. Under the Rights Issue, Eligible Shareholders will be entitled to 1 New Share for every 3.75 Existing Shares held on the Record Date.

Southern Cross Equities Limited (**Southern Cross**) has underwritten any Shortfall that may occur under the Rights Issue on and subject to the terms of the Underwriting Agreement. See section 1.3 and section 6.3 for more details.

<b>Key Statistics</b>	
<b>Issue Price per New Share under the Rights Issue</b>	A\$0.22
<b>Eligible Shareholders' Rights</b>	1 New Share for every 3.75 Existing Shares held on the Record Date
<b>Approximate maximum Rights Issue Proceeds</b>	A\$43.5 million (before costs and expenses)
<b>Approximate maximum number of New Shares to be issued pursuant to the Rights Issue</b>	198 million New Shares
<b>Approximate number of Shares on issue on completion of the Rights Issue</b>	958 million Shares

### 1.2 Key dates

<b>Prospectus lodged with ASX and ASIC</b>	11 September 2009
<b>Record Date for Rights Issue</b>	22 September 2009
<b>Prospectus and Entitlement and Acceptance Forms dispatched to Eligible Shareholders</b>	28 September 2009
<b>Closing Date for acceptance and payment</b>	13 October 2009

<b>Dispatch of holding statements</b>	21 October 2009
<b>Commencement of normal trading of New Shares on ASX</b>	22 October 2009
All dates (other than the date of the Prospectus and date of lodgement of the Prospectus with ASX and ASIC) are indicative only. The Directors reserve the right, subject to the Corporations Act, the ASX Listing Rules and the approval of the Underwriter, to extend the Closing Date or to withdraw the Rights Issue without further notice. A change to the Closing Date may cause other key dates to change.	

### 1.3 Underwriting

If all Eligible Shareholders do not take up all of their Rights under the Rights Issue, there will be a Shortfall. Southern Cross has agreed to fully underwrite the Rights Issue. The Rights Issue is fully sub-underwritten by Azure Capital Pty Ltd (**Azure**) pursuant to a sub-underwriting agreement between Southern Cross and Azure (**Sub-underwriting Agreement**). Pursuant to, and subject to the terms of, the Sub-underwriting Agreement, Azure will subscribe for the entire Shortfall. Nexus understands that SDB Limited, an Associate of Symon Drake-Brockman (a Proposed Director of Nexus) and Viking Energy Holdings II Ltd, an Associate of Conrad Clauson (a Proposed Director of Nexus), have entered into sub-underwriting arrangements, pursuant to which SDB Limited will be allocated up to 55,909,090 Shortfall Shares and Viking Energy Holdings II Ltd will be allocated up to 44,090,910 Shortfall Shares.

Please see section 6.3 for more details of the Underwriting Agreement and the Sub-underwriting Agreement.

### 1.4 No Rights trading

The Rights to New Shares are non-renounceable, which means there will be no trading of these Rights. If you do not take up your Rights, your Rights will lapse and the New Shares will be dealt with by the Underwriter and Sub-underwriter.

### 1.5 Rounding and share splitting

All Rights will be rounded up to the nearest whole number of New Shares.

If the Company reasonably believes that a Shareholder has been a party to the splitting or division of a shareholding in an attempt to obtain an advantage from the rounding up of Rights, then the Company reserves the right to round the Rights of such holdings so as to provide only the number of New Shares that would have been received but for the splitting or division.

### 1.6 Ranking of New Shares

New Shares will be issued on a fully paid basis and will rank equally in all respects with Existing Shares.

### 1.7 CHES

Nexus participates in the Clearing House Electronic Subregister System (**CHES**). ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**), a wholly owned subsidiary of ASX, operates CHES in accordance with the ASX Listing Rules, ASTC Settlement Rules and ACH Clearing Rules.

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASTC will send you a CHESSE statement. The CHESSE statement will set out the number of New Shares issued to you under this Prospectus, and provide details of your holder identification number and the participant identification number of the sponsor.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESSE statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time. However, a charge may be made for additional statements.

## **1.8 ASX quotation and trading of New Shares**

Nexus will apply to ASX for the official quotation of the New Shares. Subject to approval being granted, it is expected that normal trading of New Shares issued under the Rights Issue will commence on 22 October 2009. If ASX does not permit quotation within three months from the date of this Prospectus, the Application Monies will be refunded in full without interest.

Holding statements are expected to be dispatched to Eligible Shareholders on 21 October 2009. It is the responsibility of each Applicant to confirm their holding before trading in New Shares commences. Any Applicant who sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. Nexus disclaims all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Nexus or the Share Registry.

## **1.9 Treatment of foreign Shareholders**

This Prospectus is being sent to all Shareholders on the register as at 7.00 pm (EST) on the Record Date with registered addresses in Australia, New Zealand, Singapore, the United Kingdom and the British Virgin Islands.

This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Return of a duly completed Entitlement and Acceptance Form or BPAY® payment will be taken by Nexus to constitute a representation that there has been no breach of such laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how they should proceed. Eligible Shareholders who hold Shares on behalf of persons who are not resident in Australia, New Zealand, Singapore, the United Kingdom or the British Virgin Islands are responsible for ensuring that taking up New Shares under the Rights Issue does not breach the selling restrictions set out in this Prospectus or otherwise violate the securities laws in the relevant overseas jurisdictions.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and anyone who receives this Prospectus should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Shares or the Rights Issue, or otherwise permit a public offering of New Shares, in any jurisdiction outside Australia. However, as discussed above, Shareholders with a registered address in New Zealand, Singapore, the United Kingdom and the British Virgin Islands will be considered Eligible Shareholders pursuant to certain exemptions from the registration requirements in those jurisdictions.

The New Shares have not been, nor will they be, registered under the United States Securities Act of 1933 or the securities laws of any other state in the United States and may not be offered or sold to, or for the account or benefit of, US Persons.

### **Excluded Shareholders**

Nexus will not make an Offer to Shareholders with a registered address outside of Australia, New Zealand, Singapore, the United Kingdom or the British Virgin Islands (**Excluded Shareholders**). Nexus has decided that it is unreasonable to extend the Rights Issue to Excluded Shareholders having regard to:

- (a) the number of Shareholders outside Australia, New Zealand, Singapore, the United Kingdom and the British Virgin Islands;
- (b) the number and value of New Shares that would be offered to Shareholders outside of Australia, New Zealand, Singapore, the United Kingdom and the British Virgin Islands; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in those overseas jurisdictions.

The New Shares not taken up by Excluded Shareholders will form part of the Shortfall to be dealt with under the terms of the Underwriting Agreement.

### **1.10 Withdrawal of the Rights Issue**

Nexus reserves the right to withdraw the Rights Issue at any time, in which case Nexus will refund Application Monies in accordance with the Corporations Act and will do so without interest.

## 2. Action required

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### 2.1 Eligible Shareholders

You should read this section in its entirety for instructions in relation to the choices available to you as an Eligible Shareholder. You should also refer to section 1 for an overview of the Rights Issue.

### 2.2 Foreign Shareholders

Please refer to section 1.9 to determine whether you are an Eligible Shareholder.

### 2.3 Choices available

Eligible Shareholders may do either of the following:

- take up all or part of their Rights (refer to section 2.4); or
- do nothing (refer to section 2.5).

The Rights Issue is a pro rata offer to Eligible Shareholders. Eligible Shareholders who take up their Rights in full will not have their percentage shareholding in Nexus diluted by the Rights Issue. The percentage shareholding of Eligible Shareholders who do not take up all of their Rights will be diluted.

### 2.4 If you wish to take up all or part of your Rights

If you wish to take up all or part of your Rights, complete the Entitlement and Acceptance Form in respect of the number of New Shares you wish to subscribe for and arrange for payment of the Application Monies in accordance with section 2.6.

### 2.5 Allow all or part of your Rights to lapse

If you decide not to accept all or part of your Rights, or fail to accept by the Closing Date, your Rights will lapse. The New Shares not subscribed for will form part of the Shortfall.

You should note that, if you do not take up your Rights, then although you will continue to own the same number of Shares, your percentage holding in Nexus will be reduced.

### 2.6 Payment and return of Entitlement and Acceptance Form

You have two payment options in order to take up your Rights.

**Option 1: Submit your completed Entitlement and Acceptance Form together with a cheque, bank draft or money order.**

To follow Option 1, you should:

- complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on that form, and indicate the number of New Shares you wish to subscribe for; and
- return the form to the Share Registry (address details below) together with a cheque, bank draft or money order which must be:
  - in respect of the full Application Monies (being A\$0.22 multiplied by the number of New Shares comprising your Rights or, if you are subscribing for part of your Rights, the number of New Shares you wish to subscribe for);

- in Australian currency drawn on an Australian branch of a financial institution; and
- made payable to 'Nexus Rights Issue Account' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. 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 for the number of New Shares you have applied for in your Entitlement and Acceptance Form in full, you will be taken to have applied for the 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 be rejected.

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

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order reaches the Share Registry at the address below by no later than 5.00 pm (AEDT) on 13 October 2009.

Your completed Entitlement and Acceptance Form should be returned to the Share Registry at the following address:

Nexus Energy Limited  
Computershare Investor Services Pty Ltd  
GPO Box 505  
Melbourne, Victoria 3001  
Australia

For the convenience of Eligible Shareholders, a reply paid envelope addressed to the Share Registry has been enclosed with this Prospectus. If mailed in Australia, no postage stamp is required.

Entitlement and Acceptance Forms (and payment of Application Monies) may not be accepted if received after 5.00 pm (AEDT) on 13 October 2009.

**Option 2: Pay via BPAY® payment**

To follow Option 2, you should pay the full Application Monies, being A\$0.22 multiplied by the number of New Shares comprising your Rights, or, if you are subscribing for part of your Rights, the number of New Shares you wish to subscribe for via BPAY® payment in accordance with the instructions set out on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique customer reference number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution.

Please note that, should you choose to pay by BPAY® payment:

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

Please ensure that you use the specific biller code and your unique customer reference number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the customer reference number specific to the Rights on that Entitlement and Acceptance Form.

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You need to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00 pm (AEDT) on 13 October 2009. 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. It is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above.

### **Entitlement and Acceptance Form**

Returning a completed Entitlement and Acceptance Form or making a BPAY® payment will be taken to constitute a representation by the Applicant that they:

- have received a printed or electronic copy of this Prospectus accompanying the Entitlement and Acceptance Form and have read it in full;
- make the representations and warranties in section 1.9 of this Prospectus;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- acknowledge that once the Entitlement and Acceptance Form is returned or a BPAY® payment made their acceptance may not be withdrawn;
- agree to being issued the number of New Shares they apply for (or a lower number issued in a way described in this Prospectus); and
- authorise Nexus and its officers or agents to do anything on their behalf necessary for New Shares to be issued to them, including to act on instructions received by the Share Registry using the contact details in the form.

## **2.7 Enquiries**

If you are in doubt as to the course you should follow, you should consult your stockbroker, accountant, solicitor or other professional adviser before deciding to invest.

If you:

- have questions in relation to the Shares upon which your Rights have been calculated; or
- have questions on how to complete the Entitlement and Acceptance Form or take up your Rights; or
- have lost your Entitlement and Acceptance Form and would like a replacement form,

please call the Nexus Investor Information Line on 1300 025 653 (toll free within Australia) or on +61 3 9946 4434 (from outside Australia) at any time from 8.30 am (EST or AEDT, as applicable) to 5.00 pm (EST or AEDT, as applicable) Monday to Friday during the Offer Period.

### 3. Overview of Nexus

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#### 3.1 Background and Business Overview

Nexus Energy Limited is a Melbourne based, Australian Stock Exchange listed oil and gas company. In 2007 Nexus entered the ASX200 following a period of exceptional growth driven by the Company's value adding asset strategy. Nexus expects that it will become a producer during 2009, with first production from the Longtom gas field, offshore Victoria, Australia, expected in Q4 of 2009.

Nexus has operated in its current form since August 2001. During that time, the Company has successfully assembled a portfolio of high quality appraisal, development and exploration assets that it believes is unique to a company of its size.

Nexus' assets are located in two key regions: the Gippsland Basin, off the south-east coast of Victoria and the Browse Basin, off the north-west coast of Western Australia.

The Company's strategy is to initially hold high equity positions in its assets, apply appropriate technical skills to identify, appraise and develop opportunities, and gain leverage and financial risk mitigation through farm-outs.

The immediate operational focus for Nexus is on:

- delivering and operating the Longtom gas project (VIC/L29, Nexus 100%) with first production expected in Q4 2009 generating sustainable and predictable cash flows;
- maintaining optionality for the commercialisation of the Crux resource (AC/L9, Nexus 85%) in order to maximise the value of this asset; and
- progressing the appraisal of the Echuca Shoals gas/condensate discovery (WA-377-P, Nexus 66%) by negotiating a favourable farm-out transaction.

#### 3.2 Use of Funds

The funds raised from this Rights Issue will be used for (but not limited to) the following purposes:

- development and completion of the Longtom project;
- purchase of long lead items associated with the Crux liquids project;
- contribution towards repayment of the A\$35 million deposit (plus interest) to AED in accordance with the AED Sale Agreement; and
- potential legal and related costs associated with defending any claim in respect of the termination of the Transocean Legend drilling contract and general working capital.

### 3.3 Market prices of Existing Shares on ASX

The highest and lowest market sale prices of the Existing Shares on ASX (which are on the same terms and conditions as the New Shares offered under this Prospectus) during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC and the last market sale price on the date before the lodgement date of this Prospectus are set out below.

3 month high	3 month low	Last market sale price
\$0.475 on 15 June 2009	\$0.31 on 6 July 2009	\$0.355 on 10 September 2009

### 3.4 Dividend history

No dividends have been paid by Nexus since it was listed on the ASX. The Nexus dividend policy will be reviewed annually by the Nexus Board.

### 3.5 Directors

#### (a) Board Structure

Subject to successful completion of the Rights Issue, Symon Drake-Brockman and Conrad Clauson will be invited to join the Nexus Board as Non-Executive Directors.

#### (b) Current Directors

The Directors of Nexus as at the date of this Prospectus are:

**Michael Fowler** B.Bus (Acc), Finsia (Fellow)

#### **Executive Chairman**

Michael Fowler was a founding Director of Nexus and has been a Board member since the Company listed on the ASX in September 2000. Mr Fowler has over 20 years' experience in the financial services sector. He began his career working for chartered accounting firms in Melbourne before leaving to join a private family investment group in the mid 1990s, where he furthered his career by joining their board. Mr Fowler left that group to start the Treasury Group of Companies, a funds management company, with the Victor Smorgon Group in 1999. That business grew to have some \$1.2 billion of funds under management and was taken over by an ASX 200 financial services company in early 2005. Mr Fowler also established the Maximum Capital Group of Companies which specialises in property finance and related investment products and services.

**Ian Tchacos** B.Sc (Mech Eng), Grad. Dip. (Chem Eng)

#### **Managing Director**

Ian Tchacos was appointed CEO of Nexus on 15 July 2002 and was subsequently appointed Managing Director on 24 November 2004. Mr Tchacos has over 20 years' international experience in petroleum engineering, exploration and development operations, portfolio management, commercial negotiation, oil and gas marketing, new venture acquisitions, corporate development and energy finance. He has a proven management track record in a range of junior and mid sized oil companies including Amalgamated Scottish Oil Limited (Managing Director), Hardy Oil and Gas PLC (Petroleum Engineering and Business Development Manager), Emperor Bay Petroleum Pty Ltd (Business Development and Planning Director) and Bond Corporation Ltd (Energy Division – New Ventures Manager and Operations Engineer).

**Alastair Haydock** B.Sc Hons

**Non-Executive Director**

Alastair Haydock was appointed to the Nexus Board on 26 July 2001. Mr Haydock has previously held positions with Petroz NL (Exploration Manager), Santos Limited (Manager - Queensland Exploration & Development), Laurel Bay Petroleum Limited (General Manager) and Occidental Petroleum (Manager - Petroleum Joint Ventures). Currently a petroleum management consultant, Mr Haydock has provided exploration, production, commercial and marketing advice to a number of clients in a broad range of petroleum projects.

**Neil Ferguson** B.Sc Hons (Mech Eng.)

**Non-Executive Director**

Neil Ferguson was appointed to the Nexus Board on 17 May 2007. Mr Ferguson is a former BHP Billiton Petroleum Senior Executive with 35 years' experience in executing major offshore oil and gas projects. He has held senior engineering and management positions with British Petroleum, Royal Dutch Shell, Mobil, Woodside and BHP Billiton Petroleum. Mr Ferguson's last position was Vice President of BHP Petroleum's Liverpool Bay business unit in the UK. In his career at BHP Petroleum, Mr Ferguson was involved at a senior level in a number of the Timor Sea developments including the Jabiru, Challis, Skua and Elang Kakatua fields.

**Michael Arnett** B.Comm (Acc & Fin), Bachelor of Laws

**Non-Executive Director**

Michael Arnett was appointed to the Nexus Board on 28 May 2009. Mr Arnett has more than 20 years' experience in the areas of capital raising, corporate, commercial, banking and finance, mergers and acquisitions and securities. Mr Arnett is a consultant to, and former partner of, international law firm Deacons, predominantly consulting on mining, resources and oil and gas law. Mr Arnett is also a director of Archipelago Resources Plc, Archipelago Metals Limited, Cloncurry Metals Limited, New Guinea Energy Limited, NRW Holdings Limited and Queensland Energy Resources Limited. Previously, Mr Arnett held the position of Chairman for Anzon Energy Limited and Director of Anzon Australia Limited.

(c)

**Proposed Directors**

**Symon Drake-Brockman** B.Comm

**Non-Executive Director**

Symon Drake-Brockman will be invited to join the Nexus Board, subject to successful completion of the Rights Issue, including Mr Drake-Brockman fulfilling his obligations to subscribe for Shortfall Shares in accordance with his sub-underwriting arrangements. Mr Drake-Brockman has over 20 years of finance experience covering both the debt and equity markets. He was formerly CEO of RBS Global Banking and Markets in the Americas and CEO of RBS Greenwich Capital, Global Head of RBS' Debt Markets division and board member of RBS' Global Banking and Markets. Previously, Mr Drake-Brockman held senior positions with ING Barings and JP Morgan in London, New York, Tokyo and Hong Kong.

**Conrad Clauson** BA (Bus Mgt)

**Non-Executive Director**

Conrad Clauson will be invited to join the Nexus Board, subject to successful completion of the Rights Issue, including Mr Clauson fulfilling his obligations to subscribe for Shortfall Shares in accordance with his sub-underwriting arrangements. Mr Clauson has over 10 years experience in investment banking and 10 years experience in the private equity business with investments in various sectors including oil and gas, telecom, oil and bitumen shipping. Mr Clauson is the Executive Chairman of Viking Oil & Gas International Ltd (**Viking**). Viking and Mr Clauson's other Associates, including Delek International Energy Ltd and Thor Investment Group, currently hold 12.55% of the Shares in Nexus.

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## 4. Effects of the Offer on the Company

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### 4.1 Financial position

#### (a) Introduction

This section provides relevant financial information for Shareholders to consider when assessing whether to participate in the Rights Issue, including details of the potential financial impact of the Rights Issue.

All information in this section assumes that the Rights Issue took place on 31 December 2008. To the extent that the actual date varies, information presented may vary considerably.

The pro forma financial information should be read in conjunction with the limitations explained in the Important Information section of this Prospectus.

All financial information is presented in accordance with the measurement and recognition principles under AIFRS unless otherwise noted.

The impact of the Rights Issue and Underwriting is an increase in cash of approximately A\$43.5 million. The use of funds from the Rights Issue is discussed in section 3.2 of this Prospectus.

#### (b) Pro forma balance sheet

To illustrate the expected effect of the Rights Issue on Nexus, a pro forma balance sheet has been prepared as at 31 December 2008. The financial information presented below has been extracted from the 31 December 2008 half year reviewed financial statements and the unaudited management accounts of Nexus as at 30 June 2009.

The financial information has been prepared in accordance with the recognition and measurement principles of AIFRS. The accounting policies applied in the preparation of this financial information are consistent with those accounting policies disclosed in the interim audited financial report for the half year ended 31 December 2008.

The pro forma balance sheet has been prepared to provide Shareholders with information on the pro forma assets and liabilities of the Company. The pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting standards applicable to annual financial statements.

The pro forma balance sheet has been adjusted to reflect the material, one-off transactions that occurred post 31 December 2008 as set out in the Notes to the pro forma balance sheet.

The consolidated 31 December 2008 balance sheet was reviewed by Moore Stephens and lodged with the ASX on 17 March 2009. No other adjustments (apart from the transactions noted) have been reflected in the pro forma balance sheet.

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	Consolidated Balance Sheet 31-Dec-2008 \$,000	Transactions Post 31-Dec-2008 \$,000	Note	Placement \$,000	Rights Issue \$,000	Note	Pro forma Balance Sheet 31-Dec-08 \$,000
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	51,678	86,066	(1, 2,3)	30,976	43,539	(4)	212,259
Investments	20,458	(20,458)	(1)				-
Trade and other receivables	16,284	(3,000)	(1)				13,284
Inventories	7,772	-					7,772
<b>TOTAL CURRENT ASSETS</b>	<b>96,192</b>	<b>62,608</b>		<b>30,976</b>	<b>43,539</b>		<b>233,315</b>
<b>NON-CURRENT ASSETS</b>							
Intangible assets	783	-					783
Investments	-	-					-
Exploration and evaluation expenditure	37,836	(9,720)	(2)				28,116
Development expenditure	550,022	-					550,022
Other property, plant and equipment	692	-					692
Deferred tax assets	19,342	-					19,342
<b>TOTAL NON-CURRENT ASSETS</b>	<b>608,675</b>	<b>(9,720)</b>		<b>-</b>	<b>-</b>		<b>598,955</b>
<b>TOTAL ASSETS</b>	<b>704,867</b>	<b>52,888</b>		<b>30,976</b>	<b>43,539</b>		<b>832,270</b>
<b>CURRENT LIABILITIES</b>							
Short-term borrowings	4	-					4
Trade and other payables	56,682	35,000	(3)				91,682
Derivatives	825	-					825
<b>TOTAL CURRENT LIABILITIES</b>	<b>57,511</b>	<b>35,000</b>		<b>-</b>	<b>-</b>		<b>92,511</b>
<b>NON-CURRENT LIABILITIES</b>							
Finance debt	156,829	-					156,829
Deferred tax liabilities	21,406	-					21,406
Provisions	27,166	-					27,166
Derivatives	8,986	-					8,986
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>214,387</b>	<b>-</b>		<b>-</b>	<b>-</b>		<b>214,387</b>
<b>TOTAL LIABILITIES</b>	<b>271,898</b>	<b>35,000</b>		<b>-</b>	<b>-</b>		<b>306,898</b>
<b>NET ASSETS</b>	<b>432,969</b>	<b>17,888</b>		<b>30,976</b>	<b>43,539</b>		<b>525,372</b>
<b>EQUITY</b>							
Issued capital	469,723	-		30,976	43,539	(4)	536,373
Share based payments reserve	7,084	-					7,084
Hedge reserve	(905)	-					(905)
Retained earnings (accumulated losses)	(42,933)	17,888	(2)				(25,045)
<b>TOTAL EQUITY</b>	<b>432,969</b>	<b>17,888</b>		<b>30,976</b>	<b>43,539</b>		<b>525,372</b>

Pro forma transactions

Notes to the transactions reflected in the pro forma balance sheet:

- 1) Nexus sold its remaining 39.3 million shares in ROC for \$20.5 million in January 2009. In addition, Nexus received A\$3 million outstanding for shares sold in December 2008.
- 2) Nexus sold its remaining interest in exploration permit AC/P41 to Shell in March for US\$19.5 million.
- 3) Deposit of A\$35 million received in May 2009 relating to the conditional sale of a 50% interest in Longtom to AED Oil Limited.
- 4) Gross proceeds to be raised from Placement and Rights Issue.

## 4.2 Capital structure

The following table outlines Nexus' current capital structure and the effect of the Rights Issue on Nexus' capital structure.

	Current Shares on Issue	Shares Issued Due to Rights Issue	Shares Issued as part payment of Fees	Shares on Issue Post Rights Issue
Fully paid ordinary shares	742,150,183	197,906,716 <sup>1</sup>	18,000,000 <sup>2</sup>	958,056,899 <sup>1,2</sup>

<sup>1</sup> Due to rounding, the number of New Shares to be issued under this Prospectus is approximately 197,906,716.

<sup>2</sup> Nexus has agreed with the Placement Managers and the Underwriter that, subject to the grant of an ASX waiver in respect of Listing Rule 7.1, part of the fees payable to them for managing the Placement and Underwriting of the Rights Issue may be satisfied by an issue of Shares at the Issue Price. Up to 18,000,000 Shares may be issued to the Placement Managers and Underwriter or their nominees.

Nexus also has the following Options and warrants on issue:

Options - Expire 28 Apr 2011 @ \$2.25	90,000
Options - Expire 23 May 2011 @ \$2.19	148,000
Options - Expire 23 May 2011 @ \$2.25	359,800
Options - Expire 28 Sep 2009 @ \$2.25	97,600
Options - Expire 24 Dec 2012 @ \$1.50	2,590,700
Options - Expire 30 Jun 2012 @ \$0 (subject to performance hurdles)	5,076,000
Warrants - Expire 15 Jan 2013 @ \$2.07	31,884,058

Holders of Nexus' existing Options and warrants may participate in the Rights Issue by exercising any or all of their Options prior to the Record Date. As permitted by ASX Listing Rule 6.22, according to their respective terms, the exercise price of the Options with an expiry date of 24 December 2012, the Options with an expiry date of 30 June 2012 and the warrants may be reduced having regard to the dilutionary impact of a pro-rata issue, such as the Rights Issue.

Nexus grants Options to its employees under Shareholder approved employee incentive plans on an annual basis. The Nexus Board has resolved to grant Options for the current financial year, but is currently considering the terms and conditions of the grant of those Options, including the performance hurdles that would need to be met for the Options to vest. If it is proposed that Options be offered to Directors or Proposed Directors, they would be proposed for consideration by Shareholders at Nexus' AGM which will be held in November 2009.

## 4.3 Potential effect of the Underwriting

As set out in sections 1.3 and 6.3 of this Prospectus, the Rights Issue is fully underwritten by the Underwriter and the Underwriter has entered into a Sub-Underwriting Agreement with Azure pursuant to which Azure has agreed to fully sub-underwrite the Rights Issue. At the date of this Prospectus it is not possible to ascertain whether or not there will be any Shortfall Shares.

Azure will, subject to the terms of the Sub-underwriting Agreement, subscribe for the entire Shortfall. Nexus understands that SDB Limited an Associate of Symon Drake-Brockman (a Proposed Director of Nexus) and Viking Energy Holdings II Ltd, an Associate of Conrad Clauson (a Proposed Director of Nexus) have entered into sub-underwriting arrangements, pursuant to which SDB Limited will be allocated up to 55,909,090 Shortfall Shares and Viking Energy Holdings II Ltd will be allocated up to 44,090,910 Shortfall Shares.

Nexus understands that SDB Limited will receive a sub-underwriting fee of 4,583,891 Shares and Viking Energy Holdings II Ltd will receive a sub-underwriting fee of 3,055,927 Shares.

The maximum increase in Symon Drake-Brockman and Conrad Clauson's respective Relevant Interests by reason of their entitlement to subscribe for New Shares under the Rights Issue and New Shares to be acquired pursuant to the arrangements described in the preceding paragraph is set out below:

(a) Symon Drake-Brockman:

- Existing Shares: 25,000,000
- Entitlement: 6,666,667 New Shares (The Nexus Board has been advised that Symon Drake-Brockman will not be taking up his Rights under the Rights Issue);
- Maximum Shortfall Shares: 55,909,090; and
- Sub-underwriting Fee: 4,583,891 Shares (subject to Nexus receiving the ASX waiver referred to in section 4.2 above),

resulting in a Relevant Interest in a maximum of 85,492,981 Shares or a maximum percentage interest of 8.92% in Nexus' total issued capital following completion of the Rights Issue; and

(b) Conrad Clauson and Associates:

- Existing Shares: 93,122,392;
- Entitlement: 24,832,637 New Shares (The Nexus Board has been informed that neither Viking nor any of Conrad Clauson's other Associates are taking up their Entitlements under the Rights Issue);
- Maximum Shortfall Shares: 44,090,910; and
- Sub-underwriting fee: 3,055,927 Shares (subject to Nexus receiving the ASX waiver referred to in section 4.2 above),

resulting in a Relevant Interest in a maximum of 140,269,229 Shares or a maximum percentage interest of 14.64% in Nexus' total issued capital following completion of the Rights Issue.

## 5. Risks

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Nexus' activities, and therefore an investment in Nexus, are, as with any business, subject to risks that may impact on its future performance.

Shareholders should consider the following summary of risk factors that the Board believes represent some of the general and specific risks associated with Shareholders' decisions on whether to increase their investment in Nexus by taking up their Rights. However, the following summary risk factors 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.

### 5.1 General risks in subscribing for New Shares

(a) **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 the 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. The Shares carry no guarantee in respect of profitability, dividends, 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 the Company 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.

### 5.2 Risks specific to investment in Nexus

(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. In that circumstance, Nexus may need to realise one or more of its material assets (Longtom and/or Crux) other than in the ordinary course of business and at values different to those stated in its financial statements. It is unclear whether Nexus' creditors would seek to achieve that outcome through the appointment of a receiver or by working with the existing Board and management.

(b) **Longtom Project Finance Facility Agreement (Project Facility)**

The development of the Longtom project has been financed via a project finance agreement. As at 11 September 2009, a portion of the remaining capital expenditure to complete the Longtom project (including contingency spend) of

around A\$49 million will be financed from the Project Facility, with the balance being financed with A\$8 million from the existing cash resources.

As is typical of project finance facilities the ability to continue to drawdown loans under the facility with the project financier is conditional on Nexus being able to satisfy a cost to complete test pursuant to which it must demonstrate, to the satisfaction of an independent technical adviser, that at the time of the drawdown the undrawn facility limit, other funds available in the project accounts and pre-completion revenue are sufficient to meet the project costs required to achieve project completion. If there are unbudgeted cost overruns (above the currently assessed contingencies) then it is possible that Nexus may need to inject further equity in order to satisfy the cost to complete test and to maintain availability under the Project Facility. On the basis of its current projected costs to complete, Nexus expects to be able to achieve project completion by investing the amount of equity specified above.

The facility also contains usual and customary undertakings and events of default typical of project finance facilities, including that key milestones, such as project completion, are achieved by certain dates. A failure to achieve these milestones on time or a breach of other undertakings may result in an event of default under the facility that would entitle the project financier to refuse to permit further draw downs of loans under the facility and to seek to recover monies owing under the facility.

(c) **Longtom Project completion risk**

The construction and commissioning of the Longtom project has not, as at the date of this Prospectus, been completed. There remain risks associated with construction and commissioning of the Longtom project including weather, mechanical damage and vessel delays. If such risks cause further delays in completion of the Longtom Project, in addition to the decrease in revenue associated with such delays, there could also be additional construction and third party costs.

(d) **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.

(e) **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 considers that the Company's maximum potential liability is the profit lost by Sedco on the Nexus contract (not the gross day rate under the contract). Nexus considers its potential liability to be a fraction of the total contract value as a result of the rig being used by third parties during the expected contract term. In this regard, Nexus understands that the Transocean Legend drilling rig has been contracted to ConocoPhillips for two wells for a period of approximately 148 days, plus a further two wells of unknown duration with options to increase this period for a further four wells. However, Nexus advises that the total value of the 260 day Nexus contract, based on the full day rate set out in the contract, is

US\$117 million, and that Sedco claims the total value of the Oilex contract is approximately US\$59 million.

Nexus recognizes 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 either the Nexus contract or the Oilex contract.

(f) **Oil and gas industry 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:

- (i) **Production risk:** Disruption to Nexus' expected production may result in variations to Nexus' expected revenue and could have an adverse effect on Nexus' financial performance and ongoing operations.
- (ii) **Commodity price risk:** The demand for, and price of, oil and gas 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. It is significant that the majority of the revenue stream for the Longtom gas project is tied to contracted gas prices and not exposed to market forces, however, projected revenues from other Nexus products are subject to commodity price risk.
- (iii) **Currency:** Revenue from sales of oil and condensate from Nexus' expected producing assets is determined in US dollars, while a significant amount of operation and other business expenditure is determined in Australian dollars. Fluctuations in the US dollar to Australian dollar exchange rate may result in foreign exchange gains and losses which may impact Nexus' financial performance.
- (iv) **Exploration risk:** There is a risk that exploration of Nexus' permits will not result in the discovery of commercially viable hydrocarbon accumulations. No assurances can be given that if resources are discovered by Nexus, it will be able to commercialise any such resources as intended.
- (v) **Drilling risk:** Nexus may encounter hazards inherent in oil and gas drilling activities. Examples of such hazards include the risk of unusual or unexpected formations, abnormal pressures or rock properties.
- (vi) **Field development risk:** Nexus has a number of field development opportunities which, if progressed, may result in variations to Nexus' expected revenue 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.
- (vii) **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.

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- (viii) Joint venture participants and contractual relationships: Nexus may be exposed to risks associated with the failure, financial or otherwise, 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.
- (ix) Funding risk: additional funding will be required for further exploration, appraisal and development of Nexus' permits and licences in the form of debt, equity, asset sales or a combination of such. 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.

(g) **Regulatory**

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.

Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government or government officials. No assurance can be given that Nexus will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation. 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. 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.

(h) **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.

(i) **Rising energy and commodity costs**

Nexus will have some commodity (diesel) requirements and it relies on being able to fulfil those requirements at a cost which does not negatively impact on its cash flows. 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' earnings.

(j) **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.

(k) **Interest rate**

Nexus will be exposed to adverse interest rate movements that may affect the cost of borrowing, which in turn would impact on Nexus' profitability. Whilst this risk may be reduced through interest rate hedging there is sometimes residual exposure. Movements in interest rates may affect the appropriate discount rate used to value investments.

(l) **Competition**

Nexus operates in a competitive market which includes major oil and gas companies. Some of these companies have greater financial strength and other resources available to them than Nexus and, as a result, may be in a better position than Nexus to compete for future business opportunities.

(m) **Contractual**

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.

(n) **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.

(o) **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.

The potential impact from climate change, both physical and as a result of new legislation and regulations, may have an adverse impact on Nexus' operations or financial performance.

(p) **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.

### 5.3 Transaction-specific risks

There are a number of risks associated with the Rights Issue that affect the New Shares offered under the Rights Issue.

(a) **Failure to complete the Underwriting if the Underwriting Agreement is terminated**

If the Underwriting is terminated, Nexus may come under material financial distress and it will be in a less stable financial position and may not be able to continue as a going concern. Nexus may need to realise one or more of its material assets (Longtom and/or Crux) other than in the ordinary course of business and at values different to those stated in its financial statements. It is unclear whether Nexus' lenders would seek to achieve that outcome through the appointment of a receiver or by working with the existing Board and management.

If the Underwriting is terminated, the realisation of the benefits that Nexus believes will result from the Rights Issue will be limited and Nexus' operations may not be materially different from its current position or may be materially worse than its current position. Shareholders are not entitled to withdraw an acceptance of their Rights. If Nexus withdraws the Offer, Nexus will refund any funds received in accordance with the Corporations Act, without any adjustment for interest.

## 6. Additional information

### 6.1 Continuous disclosure

Nexus is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Broadly, these obligations require:

- the preparation of yearly and half-yearly financial statements and a report on Nexus' operations during the relevant accounting period together with an audit or review report on those operations by Nexus' auditor; and
- Nexus to notify the ASX immediately of any information (subject to certain exceptions) of which it is or becomes aware which a reasonable person would expect to have a material effect on the price value of its securities. That information is available to the public from the ASX.

Copies of documents lodged with ASIC in relation to Nexus may be obtained from, or inspected at, an ASIC office.

Nexus will provide, free of charge, a copy of its annual report for the year ended 30 June 2008 (being Nexus' most recent annual report lodged with ASIC before the date of this Prospectus) and each of the following continuous disclosure documents (being those released after lodgement of the annual report but before the date of this Prospectus), to any person who asks for it during the Offer Period:

Date	Event
21 October 2008	Notice of Annual General Meeting/ Proxy Form
24 October 2008	Ceasing to be a substantial holder
31 October 2008	Quarterly Report 30 September 2008
3 November 2008	Browse Basin ACP41 farm outs
6 November 2008	Libra 1 exploration well progress report No 1
7 November 2008	Change in substantial holding
11 November 2008	Company presentation Rodman and Renshaw New York
11 November 2008	Libra 1 exploration well Progress report No 2
14 November 2008	Completion of ACP41 farm out to Shell
17 November 2008	Nexus awarded new permit in the Browse Basin
18 November 2008	Progress report no 3 Libra 1 exploration well in ACP41
20 November 2008	Chairman's address Nexus Annual General Meeting
20 November 2008	Nexus 2008 Annual General Meeting Presentation
20 November 2008	Results of Annual General Meeting
21 November 2008	Crux FPSO contract update
25 November 2008	Libra 1 exploration well Progress report No 4
02 December 2008	Libra 1 exploration well progress report No 5
09 December 2008	Libra 1 Exploration Well Progress Report No 6
10 December 2008	Open Briefing - Company Update
16 December 2008	Libra 1 Exploration Well Progress Report No 7
23 December 2008	Libra 1 Exploration Well Progress Report No 8
23 December 2008	Notice of Change of Interests of Substantial Holder for ROC
24 December 2008	Offer of options under Long Term incentive Plan
24 December 2008	Appendix 3B New Issue Announcement
24 December 2008	Appendix 3Y Change of Directors Interest Notice
24 December 2008	Appendix 3Y Change of Directors Interest Notice
30 December 2008	Libra1 Exploration Well Progress Report No 9
05 January 2009	Notice of change of interests of substantial holder for ROC

06 January 2009	Libra 1 exploration well Progress report No 10
08 January 2009	Notice of Ceasing to be a Substantial Holder
13 January 2009	Appendix 3B New Issue Announcement
23 January 2009	Quarterly Report December 2008
23 January 2009	Resignation of non executive director Geoff Simpson
05 February 2009	Production Licence Offered for Crux Liquids Project
05 February 2009	Change in substantial holding from ROC
10 February 2009	Libra condensate increases confidence for Auriga resource
12 February 2009	Crux FPSO Contracting Strategy
23 March 2009	Update on Crux global sale process
09 March 2009	Trading Halt
09 March 2009	Change in substantial holding from ROC
11 March 2009	Suspension from Official Quotation
17 March 2009	Financial Report 31 December 2008
18 March 2009	Market Update and Voluntary Suspension Extension
31 March 2009	Browse Basin ACP41 Sale and Extension Voluntary Suspension
14 April 2009	Market update and extension of voluntary suspension
30 April 2009	Quarterly report March 2009
18 May 2009	Market updated and suspension extension
28 May 2009	AED: Acquires 50% interest in Longtom Gas Project
28 May 2009	Reinstatement to Official Quotation (29/05/09)
28 May 2009	Sale of Longtom Interest and Lifting of Voluntary Suspension
28 May 2009	AED Longtom Transaction Briefing
28 May 2009	Initial Director's Interest
02 June 2009	Ceasing to be a substantial holder from ROC
02 June 2009	Ceasing to be a substantial holder
05 June 2009	Open Briefing with Managing Director
09 June 2009	Appendix 3Y Change of Directors Interest Notice
10 June 2009	Nexus Investor Presentation
15 June 2009	Appendix 3Y Change of Directors Interest Notice
18 June 2009	UBS Energy Conference Presentation
06 July 2009	Longtom Gas Project Construction Interruption
06 July 2009	AED: Longtom Gas Project Construction Interruption
21 July 2009	Longtom Gas Project Development Update
31 July 2009	June 2009 Quarterly Report
17 August 2009	Response to ASX Query
1 September 2009	Trading Halt and Market Update
1 September 2009	AED: Longtom Gas Project Update
2 September 2009	Nexus to raise \$74 million via placement and rights issue
2 September 2009	Appendix 3B
2 September 2009	Good Oil Conference Presentation
8 September 2009	New issue announcement and change of directors' interest
9 September 2009	Update on Proposed Rights Issue Timetable
10 September 2009	Update on Proposed Rights Issue Timetable
11 September 2009	Update on conditional sale of 50% interest in Longtom to AED Oil Limited
11 September 2009	Appendix 3B

All requests for copies of the above documents should be addressed to:

Company Secretary  
Nexus Energy Limited  
Level 8, 28 Freshwater Place  
Southbank VIC 3006

The above documents may also be obtained from Nexus' website ([www.nxs.com.au](http://www.nxs.com.au)) or ASX's website ([www.asx.com.au](http://www.asx.com.au)). Nexus' ASX code is "NXS".

## 6.2 Rights and liabilities attaching to New Shares

Each New Share issued pursuant to this Prospectus will rank equally with the Existing Shares.

Set out below is certain information relating to the share capital of Nexus, including a brief summary of certain provisions in the Constitution of Nexus and the Corporations Act (the governing corporate law of Nexus) in effect at the date of this Prospectus. This summary does not purport to be complete and is qualified in its entirety by reference to Nexus' Constitution and applicable Australian corporate law.

(a) **General**

The rights attaching to the Nexus Shares are detailed in the Constitution of Nexus, the Corporations Act, the ASX Listing Rules, the ASTC Settlement Rules and general law. A summary of the rights attaching to Nexus Shares is set out below. This summary is not intended to be exhaustive and must be read subject to the full text of the Nexus Constitution, a copy of which is available for inspection at Nexus' registered office during normal business hours.

(b) **Share capital**

The share capital in Nexus consists of fully paid ordinary shares. All existing issued ordinary shares are of the same class and rank equally in all respects.

(c) **Voting rights**

Each Nexus Share confers the right to vote at meetings of Nexus Shareholders, subject to voting restrictions imposed on a Nexus Shareholder under the Corporations Act and the ASX Listing Rules. On a show of hands, every Nexus Shareholder present in person or by proxy has one vote. On a poll, every Nexus Shareholder who is present in person or by proxy has one vote for each fully paid Nexus Share held (and a fraction of a vote for partly paid Nexus Shares equal to the amount paid up divided by the total amount paid or payable).

(d) **Dividends**

Nexus' profits, which the Nexus Directors may from time to time determine to distribute by way of dividends, are payable equally on all the Nexus Shares according to the amount paid (not credited) on the Nexus Shares.

(e) **Rights on Winding-up**

If Nexus is wound up and there remains a surplus:

- the liquidator may (with the authority of a special resolution), divide among the Nexus Shareholders in kind, the whole or any part of Nexus' property and may, for that purpose, set a value as the liquidator considers fair upon the property to be divided and may determine how the division is to be carried out between the Nexus Shareholders or different classes of Nexus Shareholders; and

- that surplus will be divided amongst the Nexus Shareholders in proportion to the amount paid up on their Nexus Shares.

The liquidator may, with the authority of a special resolution, vest the whole or any part of Nexus' property in trustees on trust for the benefit of the contributors as the liquidator thinks fit, but so that no Nexus Shareholder will be compelled to accept any shares or other securities in respect of which there is any liability.

(f) **Transfer of Nexus Shares**

Subject to Nexus' Constitution, the Corporations Act, the ASX Listing Rules and the ASTC Settlement Rules, the Nexus Directors may refuse to register a transfer of Nexus Shares where the ASX Listing Rules permit Nexus to do so. The Nexus Directors will refuse to register any transfers of Nexus Shares where:

- the Corporations Act or the ASX Listing Rules require Nexus to do so, or the transfer is in breach of the ASX Listing Rules; or
- those shares are restricted securities and the transfer is in breach of any restriction agreement in respect of those securities.

(g) **Creation and issue of further Nexus Shares**

Subject to the provisions of Nexus' Constitution, the ASX Listing Rules, the Corporations Act, and any rights previously conferred on the holders of any existing Nexus Shares, the Nexus Shares are under the control of Nexus Directors and the Nexus Directors may issue or otherwise dispose of further shares on such terms and conditions as the Nexus Directors determine.

The ASX Listing Rules prohibit the issue of equity or exercisable securities if the number of those securities (as the time of their issue), when aggregated with the number of any securities issued during the previous 12 months, exceeds 15% of the number of ordinary shares on issue 12 months before the date of issue, subject to various exceptions, including prior Nexus Shareholder approval, or issues to ordinary Nexus Shareholders on a pro-rata basis.

Nexus must not issue any Nexus Shares which carry voting rights which, in the opinion of ASX, are inappropriate or confer inequitable representation on the holders of Nexus Shares.

(h) **General Meetings**

Each holder of Nexus Shares is entitled to receive notice of, and to attend and vote at, general meetings of Nexus and to receive all notices, accounts and other documents required to be furnished to Shareholders under Nexus' Constitution, the Corporations Act or the ASX Listing Rules.

(i) **Reduction of Share Capital**

Subject to the Corporations Act and the ASX Listing Rules, Nexus may reduce its capital in any manner.

(j) **Calls on Nexus Shares**

Where Nexus Shares are issued as partly paid (at present there are none), the Nexus Directors may make calls upon the holders of those Nexus Shares to pay the whole of, or a portion of, the balance of the issue price which is not (pursuant to the conditions of allotment of the Nexus Shares) made payable at a fixed time. If a Nexus Shareholder fails to pay a call or instalment of a call, then subject to the Corporations Act and the ASX Listing Rules, the Nexus Shares in respect of the call may be forfeited in accordance with Nexus' Constitution.

(k) **Alteration of Nexus Constitution**

The Nexus Constitution can only be amended by a special resolution passed by at least 75% of the Nexus Shareholders present and voting at a general meeting. At least 28 day's written notice specifying the intention to propose the resolutions as a special resolution must be given.

**6.3 Underwriting**

(a) **Underwriting Agreement**

Southern Cross has been appointed to act as Underwriter to the Rights Issue. Set out below is a summary of the key terms of the Underwriting Agreement.

- Under the Underwriting Agreement, Southern Cross has agreed to underwrite the Shortfall Shares.
- Nexus has agreed to pay Southern Cross an underwriting fee equal to 6% of the amount raised under the Rights Issue and an arrangement and offer management fee of 1% of the amount raised under the Rights Issue. Nexus has agreed with Southern Cross that, subject to the grant of an ASX waiver in respect of Listing Rule 7.1, part of the fees payable to Southern Cross or its nominees for the Underwriting of the Rights Issue may be satisfied by an issue of Shares at the Issue Price. Nexus has also agreed that in the event that such waiver is not granted, Southern Cross may by notice given to Nexus not later than 30 Business Days prior to Nexus' AGM require Nexus to put a resolution to its shareholders approving the issue of those Shares.

The Underwriter may terminate the Underwriting Agreement if any of the following termination events occur at any time before completion of the Underwriting Agreement:

- Nexus does not lodge the Prospectus on 11 September 2009 or withdraws the Prospectus or the Rights Issue;
- the Prospectus does not contain all the information required by section 713 of the Corporations Act;
- there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus and that application has not been dismissed or withdrawn;
- ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- any information supplied by Nexus to the Underwriter in relation to Nexus or the Rights Issue is misleading or deceptive;
- any change occurs which has a Material Adverse Effect on information that is disclosed in information publicly available at the date of the Underwriting Agreement or the Rights Issue Materials;

- hostilities not presently existing commence involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union or the People's Republic of China or a major act of terrorism is perpetrated on any of those countries anywhere in the world;
- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, the United Kingdom or the United States is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading,

in either case the effect of which is such as to make it, in the reasonable judgment of the Underwriter, impractical to promote the Rights Issue (or any component of the Rights Issue) or to enforce contracts to allot and issue the New Shares;

- at the close of trading for two consecutive Business Days from and following the date of the Underwriting Agreement and until and including the Settlement Date (as defined in the Underwriting Agreement), the S&P/ASX 200 Index of ASX is 10% or more below the level as at the close of trading on the Business Day before the date of the Underwriting Agreement;
- at the close of trading for two consecutive Business Days from and following the date of the Underwriting Agreement and until and including the Settlement Date (as defined in the Underwriting Agreement), or at the close of trading on the Business Day before the Settlement Date (as defined in the Underwriting Agreement), the closing oil price as determined on the IRESS Market Technology Ltd database using code WTIS falls below US\$55 per barrel;
- there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this document), any of which does or is likely to prohibit the Rights Issue or materially adversely affect the taxation treatment of the New Shares;
- a change in Executive Chairman, Executive Director, Chief Financial Officer, Company Secretary, other management named in this Prospectus or the board of directors of Nexus occurs before the issue and allotment of New Shares and despatch of holding statements without the prior written consent of the Underwriter or other than as disclosed to the Underwriter in writing prior to the date of the Underwriting Agreement;
- any of the following occur:
  - a director of Nexus is charged with an indictable offence; or

- Nexus or any of its Directors engage in any fraudulent activity; or
- any regulatory body commences any public action against a Director in his or her capacity as a Director or announces that it intends to take any such action;
- a contravention by Nexus or any entity in the Nexus group of companies of the Corporations Act, the Constitution or any of the ASX Listing Rules or any other applicable law or regulation;
- the Rights Issue Materials or any aspect of the Rights Issue does not comply with the Corporations Act, the ASX Listing Rules, or any other applicable law or regulation;
- approval is refused or approval is not granted which is unconditional (or conditional only on customary listing conditions which would not, in the reasonable opinion of the Underwriter, have a material adverse effect on the success of the Rights Issue) to the official quotation of all the New Shares on ASX, in accordance with the timetable, or if granted, the approval is subsequently withdrawn, qualified or withheld, or ASX removes Nexus from the official list of ASX or suspends or ceases trading in its Shares;
- an application is made by ASIC for an order under Part 9.5 in relation to the Prospectus or ASIC commences, or gives notice of an intention to hold, any investigation or hearing under Part 3 of the ASIC Act in relation to the Rights Issue or any of the Rights Issue Materials or prosecutes or commences proceedings against Nexus;
- Nexus withdraws or indicates that it does not intend to proceed with the Rights Issue or any part of the Rights Issue or withdraws any of the Rights Issue Materials;
- either of the following occur:
  - a material default by Nexus in the performance of any of its material obligations under the Underwriting Agreement occurs; or
  - a warranty contained in the Underwriting Agreement on the part of Nexus is not true or correct;
- Nexus is or will be prevented from conducting or completing the Rights Issue (including granting the Rights or allotting or issuing the New Shares) by or in accordance with the ASX Listing Rules, ASIC, ASX, any applicable laws or an order of a court of competent jurisdiction, or otherwise is or will become unable or unwilling to do any of these things or a third party applies to a court of competent jurisdiction seeking orders to prevent, or which will have the effect of preventing any of these things;
- there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any Government Agency which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Rights Issue;
- the certificate which is required to be furnished by Nexus under the Underwriting Agreement is not furnished when required or is untrue, incorrect or misleading;

- any event specified in the Underwriting Agreement is delayed by more than 5 Business days without the prior written consent of the Underwriter;
- without the prior written consent of the Underwriter, which consent shall not be unreasonably withheld or delayed, Nexus alters its capital structure (other than as a result of the issue of securities by Nexus pursuant to a dividend or distribution reinvestment plan or to the Underwriter of a dividend or distribution reinvestment plan or on conversion or exercise of any securities issued pursuant to any such plan, or an issue of securities by Nexus pursuant to the conversion of any convertible securities (as defined in the ASX Listing Rules) which are on issue as at the date of the Underwriting Agreement or an issue of securities by Nexus as a reinvestment of performance fees), other than as disclosed to the Underwriter in writing prior to the date of the Underwriting Agreement;
- an Insolvency Event occurs to Nexus (or a member of Nexus' group of companies) or there is an act which has occurred or any omission made which would result in an Insolvency Event occurring in respect of Nexus (or a member of Nexus' group of companies); or
- Nexus (or a member of Nexus' group of companies) is a defendant in, or otherwise a party to, any actual, pending or threatened litigation, arbitration or mediation proceedings, other than as disclosed to the Underwriter in writing prior to the date of the Underwriting Agreement.

(b) **Sub-underwriting Agreement**

The Rights Issue is fully sub-underwritten by Azure. Pursuant to the Sub-underwriting Agreement, Azure will subscribe for the entire Shortfall. Southern Cross has agreed to pay Azure a sub-underwriting fee equal to 4% of the amount raised under the Rights Issue.

Azure's obligations in respect of the Sub-underwriting Agreement with Southern Cross will terminate only if Southern Cross' obligations under the Underwriting Agreement cease or terminate. Southern Cross will have absolute discretion as to whether or not to rely upon its right to elect that its obligations shall cease or to terminate its obligations in the circumstances contemplated by the Underwriting Agreement.

Further, Nexus understands that SDB Limited an Associate of Symon Drake-Brockman (a Proposed Director of Nexus) and Viking Energy Holdings II Ltd, an Associate of Conrad Clauson (a Proposed Director of Nexus) have entered into sub-underwriting arrangements, pursuant to which SDB Limited will be allocated up to 55,909,090 Shortfall Shares and Viking Energy Holdings II Ltd will be allocated up to 44,090,910 Shortfall Shares.

Nexus understands that SDB Limited will receive a sub-underwriting fee of 4,583,891 Shares and Viking Energy Holdings II Ltd will receive a sub-underwriting fee of 3,055,927 Shares (subject to receipt of the ASX waiver referred to in section 4.2 above).

## 6.4 Privacy

By filling out the Entitlement and Acceptance Form to apply for New Shares or paying your Application Monies by BPAY®, you are providing personal information to the Company.

The Privacy Act 1988 (Cth) regulates the way Nexus collects, uses, disposes, keeps secure and gives people access to personal information.

The Company is committed to respecting the privacy of your personal information.

Nexus collects, holds and uses that personal information in order to process your Application and to administer your shareholding in Nexus, including:

- the Company maintaining a register of Shareholders in accordance with the Corporations Act;
- the Company paying dividends to you;
- the Company communicating with you, such as sending you annual reports, notices of meetings and any other document which the Company wishes to send to you as a Shareholder;
- the Company carrying out general administration including monitoring, auditing, evaluating, modelling data, dealing with complaints and answering queries; and
- the Company complying with its legal and regulatory obligations.

If you do not provide the information requested in the Entitlement and Acceptance Form, the Company may not be able to process or accept your Application for New Shares.

Your personal information may also be used from time to time to inform you about other Nexus products and or services which it is considered may be of interest to you. You may inform Nexus that you do not wish to receive information about other Nexus products and/or services.

Your personal information may also be provided to other Nexus companies on the basis that they deal with such information in accordance with the Company's privacy policy.

Your personal information may be provided to the Company's agents or service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be disclosed are:

- the Share Registry for ongoing administration of the share register (the Share Registry is contracted by the Company to maintain the register);
- printers and mail houses for the purposes of preparation and distribution of documents to you and for handling mail;
- professional service providers such as lawyers, accountants, auditors, consultants, and other professional advisers for the purpose of administering, and advising on, the New Shares and for any associated actions; and
- other companies where the Company believes it is more efficient to outsource services or functions to those companies.

Your personal information may be provided to certain third parties. The types of third parties that may be provided with your personal information, and the circumstances in which your personal information may be disclosed, are:

- your financial adviser or broker (other than your tax file number information) in connection with services provided to you by your adviser or broker;
- government, regulatory authorities or other people when permitted or required by law, such as ASIC or people inspecting the share register in accordance with the Corporations Act;
- the ASX; and

- in certain circumstances and with safeguards to respect your privacy, potential or actual purchasers of an interest in the Company or the Company's business or any part thereof.

You have the right to gain access to your personal information held by, or on behalf of, the Company, subject to certain exemptions under the law. A reasonable charge for providing access to personal information may be charged for providing access to personal information. You can request access to your personal information by telephoning or writing to the Company Secretary as follows:

Company Secretary  
Nexus Energy Limited  
Level 8, 28 Freshwater Place  
Southbank VIC 3006

Phone: +61 3 9660 2500

## 6.5 Consents

Each of the parties referred to as consenting parties who are named below:

- does not make the Offer;
- has not authorised, and has not caused the issue of this Prospectus;
- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as set out in paragraph (f), below;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus;
- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named; and
- in the case of Moore Stephens has consented to the inclusion of references to Nexus' audited financial statements in this Prospectus in the form and context in which they are included.

<b>Role</b>	<b>Consenting Parties</b>
Underwriter	Southern Cross
Sub-underwriter	Azure
Auditor	Moore Stephens
Australian Legal Adviser	Clayton Utz
Share Registry	Computershare Investor Services Pty Ltd

## 6.6 Directors', experts' and advisers' consents and interests

Other than as set out below or elsewhere in this Prospectus no:

- Director or Proposed Director of Nexus;

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of Nexus; or
- Underwriter to the issue of New Shares or financial services licensee named in this Prospectus as being involved in the issue of New Shares,

(together, the **Interested Persons**) holds at the date of this Prospectus or held at any time during the last two years, any interest in:

- the formation or promotion of Nexus;
- property acquired or proposed to be acquired by Nexus in connection with its formation or promotion, or the offer of Shares under the Offer; or
- the offer of Shares.

(a) **Directors and Proposed Directors**

The table below sets out the Relevant Interests of the Directors and Proposed Directors in Nexus' securities as at the date of the Prospectus and following completion of the Rights Issue. Each of the Directors have advised the Company that they propose to take up all of their Rights. Symon Drake-Brockman and Conrad Clauson, Proposed Directors of Nexus, have advised the Company that they and their respective Associates are not proposing to take up their Rights.

Director	Number of Securities		
	Current Interests	Entitlement under Rights Issue	Shares Post Rights Issue
Michael Fowler	3,354,569 Shares	894,552 Shares	4,249,121 Shares
Ian Tchacos	4,607,768 Shares 2,590,700 Options expiring 24- Dec- 2012 @ \$1.50	1,228,739 Shares	5,836,506 Shares
Alastair Haydock	1,543,641 Shares	411,638 Shares	1,955,278 Shares
Neil Ferguson	387,500 Shares	103,334 Shares	490,834 Shares
Michael Arnett	250,000 Shares	66,667 Shares	316,667 Shares
<b>Proposed Director</b>			
Symon Drake-Brockman	25,000,000 Shares	6,666,667 Shares (Note 2)	Minimum – 25,000,000 Shares Maximum - 85,492,981 Shares(Note 3)
Conrad Clauson	93,122,392 (Note 4)	24,832,638 (Note 5)	Minimum – 93,122,392 Shares Maximum – 140,269,229 Shares (Note 6)

Note 1: all of the interests of the Directors and Proposed Directors set out above are held by the relevant Director or Proposed Director or through related entities of the relevant Director or Proposed Director.

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Note 2: The Nexus Board has been informed that SDB Limited, an Associate of Symon Drake-Brockman will not be taking up its Rights under the Rights Issue.

Note 3: Symon Drake-Brockman's maximum interest post Rights Issue includes the allocation of the Shortfall Shares and fees to SDB Limited pursuant to its sub-underwriting arrangements. Nexus understands that the sub-underwriting arrangements provide that Symon Drake-Brockman's total maximum Relevant Interest post Rights Issue is 85,492,981 Shares.

Note 4: Conrad Clauson's Relevant Interest includes shares held indirectly via related entities including, Viking Oil & Gas International Ltd, Thor Investment Group, Delek International Energy Ltd.

Note 5: The Nexus Board has been informed that neither Viking nor any of Conrad Clauson's other Associates will be taking up their Rights under the Rights Issue.

Note 6: Conrad Clauson's post Rights Issue interest includes the allocation of the Shortfall Shares and fees made to Viking Energy Holdings II Ltd, an Associate of Conrad Clauson. Nexus understands that the sub-underwriting arrangements provide that Conrad Clauson's total maximum Relevant Interest post Rights Issue is 140,269,229 Shares.

(b)

**Experts and advisers**

Clayton Utz has acted as Australian legal adviser to Nexus. Clayton Utz' fees for work in relation to the Rights Issue up to the date of lodgement of this Prospectus will be approximately A\$100,000 (plus GST and disbursements). Clayton Utz may receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

Southern Cross has acted as Underwriter of the Rights Issue. Details of the Underwriting Agreement and the fees payable to Southern Cross in relation to the Underwriting are set out in section 6.3.

Azure has acted as Sub-underwriter of the Rights Issue. Details of the Sub-underwriting Agreement and the fees payable to Azure in relation to the Sub-underwriting are set out in section 6.3.

## 7. Glossary

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<b>Term</b>	<b>Meaning</b>
<b>A\$, AUD</b>	Australian dollars.
<b>AED</b>	AED Oil Limited ACN 110 393 292.
<b>AED Sale Agreement</b>	the conditional sale agreement between AED, Nexus, Nexus Energy VICP54 Pty Ltd ACN 108 405 009 and Nexus Energy Aust. NL ACN 090 835 608 dated 28 May 2009.
<b>AEDT</b>	Australian Eastern Daylight Time.
<b>AGM</b>	the 2009 annual general meeting of Nexus.
<b>AIFRS</b>	Australian equivalents to International Financial Reporting Standards.
<b>Applicant</b>	an Eligible Shareholder who submits an Application together with Application Monies.
<b>Application</b>	an application for New Shares in the Rights Issue made by an Applicant in an Entitlement and Acceptance Form or such other form as approved by Nexus.
<b>Application Monies</b>	monies received from persons applying for New Shares pursuant to the terms of the Rights Issue.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASIC Act</b>	the Australian Securities and Investments Commission Act 2001 (Cth).
<b>Associate</b>	has the meaning given in the Corporations Act.
<b>ASTC</b>	ASX Settlement and Transfer Corporation Pty Ltd.
<b>ASTC Settlement Rules</b>	the operating rules of the settlement facility provided by ASTC.
<b>ASX</b>	ASX Limited ACN 008 624 691, or the market conducted by it, as the context requires.
<b>ASX Listing Rules</b>	the listing rules of ASX.
<b>Azure</b>	Azure Capital Pty Ltd ACN 107 416 106.
<b>Board or Nexus Board</b>	the board of Directors of Nexus from time to time.
<b>Business Days</b>	has the same meaning as in the ASX Listing Rules.
<b>Capital Raising</b>	the Placement and the Rights Issue, as described in this Prospectus, which will raise a total of up to approximately \$74,515,000 (before costs and expenses).
<b>Company or Nexus</b>	Nexus Energy Limited ABN 64 058 818 278.
<b>Constitution</b>	the constitution of Nexus from time to time.

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<b>Term</b>	<b>Meaning</b>
<b>CHESS</b>	the Clearing House Electronic Subregister System operated by ASTC.
<b>Closing Date</b>	5.00 pm (AEDT) on 13 October 2009 (or such date as varied by Nexus).
<b>Computershare</b>	Computershare Investor Services Pty Limited ABN 48 078 279 277.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Director</b>	a director of Nexus from time to time.
<b>EST</b>	Eastern Standard Time.
<b>Eligible Shareholder</b>	A Shareholder who, as at the Record Date, has a registered address in Australia, New Zealand, Singapore, the United Kingdom or the British Virgin Islands; see section 1.9 for more details.
<b>Entitlement and Acceptance form</b>	A personalised acceptance form in the form accompanying this Prospectus pursuant to which Applicants may apply for New Shares.
<b>Existing Shares</b>	Shares issued before 5.00 pm (EST) on the Record Date.
<b>Excluded Shareholders</b>	Shareholders who are registered as holders of Shares but to whom the offer under the Rights Issue is not being made as set out in section 1.9.
<b>Government Agency</b>	any government or any government department, governmental, semi-governmental, administrative, fiscal, judicial, investigative, review or regulatory body, department, commission, authority, tribunal, agency, stock exchange or entity in any jurisdiction relevant to the Rights Issue, including ASX or ASIC.
<b>GST</b>	Australian Goods and Services Tax.
<b>Insolvency Event</b>	<p>in respect of any person:</p> <ul style="list-style-type: none"> <li>• a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of the person or any asset of the person;</li> <li>• a liquidator or provisional liquidator is appointed in respect of a corporation;</li> <li>• any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of appointing a receiver, manager, receiver and manager, trustee, administrator, controller, liquidator or provisional liquidator; winding up a corporation; or proposing or implementing a scheme of arrangement;</li> <li>• any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;</li> </ul>

Term	Meaning
	<ul style="list-style-type: none"> <li>• a moratorium of any debts of the person, or an official assignment, or a composition, or an arrangement (formal or informal) with the person's creditors, or any similar proceeding or arrangement by which the assets of the person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;</li> <li>• the person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable law to be, insolvent or unable to pay its debts; or</li> <li>• any writ of execution, garnishee order, Mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of the person.</li> </ul>
<b>Insolvency Provision</b>	any law relating to insolvency, sequestration, liquidation or bankruptcy (including any law relating to the avoidance of conveyances in fraud of creditors or of preferences, and any law under which a liquidator or trustee in bankruptcy may set aside or avoid transactions), and any provisions of any agreement, arrangement or scheme, formal or informal, relating to the administration of any of the assets of any person.
<b>Issue Price</b>	A\$0.22, the price payable for one New Share under the Rights Issue.
<b>Material Adverse Effect</b>	<ul style="list-style-type: none"> <li>• a material adverse effect on the outcome of the Rights Issue or on the subsequent market for the New Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in New Shares); or</li> <li>• a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of Nexus or members of the Nexus group of companies either individually or taken as a whole,</li> </ul> <p>except to the extent that the material adverse effect arises from any facts, matters or circumstances disclosed to the Underwriter by Nexus prior to the date of the Underwriting Agreement.</p>
<b>Nexus Investor Information Line</b>	1300 025 653 (toll free within Australia) or +61 3 9946 4434 (from outside Australia). This information line is open from 8.30 am (EST or AEDT, as applicable) to 5.30 pm (EST or AEDT, as applicable) Monday to Friday during the Offer Period.
<b>New Shares</b>	a Share offered for subscription on the basis of, and under the terms of, the Rights Issue.
<b>Offer Period</b>	the period from 28 September 2009 to the Closing Date.
<b>Option</b>	an option to be issued a Share on payment of the relevant exercise price.
<b>Placement</b>	The placement of 96,800,000 Shares, as described in this Prospectus, which raised a total of up to \$30,976,000 (before costs and expenses).

<b>Term</b>	<b>Meaning</b>
<b>Placement Managers</b>	Southern Cross and Azure.
<b>Proposed Director</b>	Symon Drake-Brockman and Conrad Clauson.
<b>Prospectus</b>	this document, dated 11 September 2009.
<b>Record Date</b>	the date for determining the entitlement of Eligible Shareholders to Rights under the Rights Issue, being 7.00 pm (EST) on 22 September 2009.
<b>Related Body Corporate</b>	has the same meaning as in section 9 of the Corporations Act.
<b>Relevant Interest</b>	has the same meaning as in section 9 of the Corporations Act.
<b>Rights</b>	the entitlement of an Eligible Shareholder to subscribe for one (1) New Share for every three point seven five (3.75) Existing Shares held at the Record Date pursuant to the Rights Issue. Your entitlement to Rights is set out in the Entitlement and Acceptance Form accompanying this Prospectus.
<b>Rights Issue or Offer</b>	the offer of New Shares pursuant to this Prospectus, which will raise a total of up to approximately \$43,539,000 (before costs and expenses).
<b>Rights Issue Materials</b>	<p>the materials issued to the market and to Eligible Shareholders in connection with the Rights Issue, including:</p> <ul style="list-style-type: none"> <li>• the Prospectus;</li> <li>• the Entitlement and Acceptance Forms;</li> <li>• all correspondence delivered to Eligible Shareholders or Excluded Shareholders in respect of the Rights Issue; and</li> <li>• any press releases, presentation materials, or public or media statement made (on or after the announcement of the Rights Issue and up to and including the date of issue and allotment of New Shares) by or on behalf of Nexus (with its consent) in relation to Nexus or any component of the Rights Issue, including amendments or updates to the Prospectus, or in relation to applications received for New Shares or the progress or results of the Rights Issue or, if applicable, any advertisement required by ASX as a condition of allowing deferred settlement trading in the New Shares.</li> </ul>
<b>Rights Issue Proceeds</b>	the proceeds received by Nexus as a result of the issue of Shares the subject of the Rights Issue and Underwriting.
<b>ROC</b>	ROC Oil Company Limited ACN 075 965 856.
<b>Share or Nexus Share</b>	a fully paid ordinary share in the capital of Nexus.
<b>Shareholder</b>	the registered holder of a Share.
<b>Share Registry</b>	Computershare Investor Services Pty Ltd.

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<b>Term</b>	<b>Meaning</b>
<b>Shortfall</b>	those New Shares not validly applied for by Shareholders under their Rights, which will be taken up by the Underwriter pursuant to the Underwriting Agreement.
<b>Shortfall Shares</b>	those New Shares comprising the Shortfall.
<b>Southern Cross</b>	Southern Cross Equities Limited ACN 071 935 441.
<b>Sub-underwriter</b>	Azure.
<b>Sub-underwriting</b>	the sub-underwriting of the Rights Issue by Azure in accordance with the Sub-underwriting Agreement.
<b>Sub-underwriting Agreement</b>	the sub-underwriting agreement between Southern Cross and Azure described in section 6.3.
<b>Underwriter</b>	Southern Cross.
<b>Underwriting</b>	the underwriting of the Rights Issue by Southern Cross in accordance with the Underwriting Agreement.
<b>Underwriting Agreement</b>	the underwriting agreement between Nexus and Southern Cross described in section 6.3.
<b>US\$, USD and US dollars</b>	refers to United States of America dollars.
<b>US Person</b>	has the meaning given in the United States Securities Act of 1933.

## 8. Authorisation

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This Prospectus is signed on 11 September 2009 by Mr Ian Tchacos on behalf of the Directors and Proposed Directors, each of whom has consented to the signature, lodgement and issue of this Prospectus.

Signed for and on behalf of  
**Nexus Energy Limited**  
By

  
\_\_\_\_\_  
Director

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## 9. Corporate directory

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### Registered Office

Level 8, 28 Freshwater Place  
Southbank VIC 3006

Tel: (03) 9660 2500

### Share Registry

Computershare Investor Services Pty Ltd  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

Tel: (03) 9946 4434

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### Directors

Michael Fowler (Executive Chairman)  
Ian Tchacos (Managing Director)  
Alastair Haydock (Non-Executive Director)  
Neil Ferguson (Non-Executive Director)  
Michael Arnett (Non-Executive Director)

### Proposed Directors

Symon Drake-Brockman (Proposed Non-Executive Director)  
Conrad Clauson (Proposed Non-Executive Director)

### Auditors

Moore Stephens  
Level 14, 607 Bourke Street  
Melbourne VIC 3000

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### Legal Advisers

Clayton Utz  
Level 27, QV1 Building  
250 St George's Terrace  
Perth WA 6000

### ASX Code

NXS

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