

Seven Group Holdings Ltd announces proposal to acquire Nexus Energy

31 March 2014 - Seven Group Holdings Limited (SGH) announced today it had signed a merger implementation agreement to acquire all of the outstanding equity of Nexus Energy Limited (NXS) by way of a scheme of arrangement.

The offer to NXS shareholders is AUD0.02 per share in cash. Closing of the transaction is expected in around June 2014, subject to various conditions, including, among others, NXS shareholder approval and court approval.

In addition to acquiring all of the outstanding NXS shares, SGH will effectively replace NXS's senior and a majority of its unsecured debt funding financiers, and provide working capital to NXS to continue its operations, including an up to AUD\$40 million bridge-loan facility effective immediately (subject to draw down conditions). The majority of note holders have agreed to accept an offer of AUD0.89 (plus accrued interest) per dollar of face value of their notes. SGH will provide the cash required from current reserves and will not borrow further funds.

The Executive Chairman of SGH, Kerry Stokes, AC, said: "As we have stated previously, our strong balance sheet provides us with the ability to act on investment opportunities in appropriate areas that diversify and broaden our portfolio, including the gas and energy sector.

"We believe the proposed acquisition of Nexus Energy is an excellent investment, provided there is an immediate injection of the agreed major capital in the next several weeks.

"The investment provides SGH with an opportunity to invest in a business with quality assets and with strong growth prospects that will provide long term value. Realisation of the ultimate value of these assets will require substantial capital investment over time.

"This investment suits SGH's strategy to deploy capital in a sector in which Australia has a long-term comparative advantage. Our proposal also ensures these assets remain in Australian hands."

SGH also considers the proposal to be in the best interest of NXS shareholders and creditors, given the situation the company finds itself in, as the NXS announcement states today.

NXS's key assets include the producing Longtom Gas Project (NXS 100 per cent), in Victoria's Gippsland Basin; the Crux development licence (Shell 82 per cent; NXS 15 per cent; Osaka Gas three per cent) in Western Australia's Browse Basin; and the Echuca Shoals gas exploration concession (NXS 100 per cent), also in the Browse Basin.

As part of the proposal, SGH estimates the capital outlay over the medium term to be approximately AUD400 million and in line with this will provide funds to NXS as follows:

- Substantial commitment to fund required future capital expenditure, including AUD120 million on Longtom development, AUD60 million on Echuca Shoals drilling obligation, and AUD55 million on Crux make-good obligation including exploration drilling commitments
- AUD50 million to senior debt holders
- AUD100 million to note holders
- AUD5 million to capitalised interest
- AUD33 million provision for litigation settlement with Sedco

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NXS faces an April 3 deadline to satisfy asset sale requirements, which it does not have a means of satisfying without the SGH proposal. Failure to do so could trigger the lenders to call for cash collateralisation of certain letters of credit and repayment of the Longtom Senior Debt Facility.

About Seven Group Holdings:

SGH is a leading Australian diversified operating and investment group with market leading businesses in industrial services and media. In industrial services, WesTrac Group is the sole authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory in Australia, and in North Eastern China territories. WesTrac Group is one of Caterpillar's top five dealers globally (by sales value). SGH also owns AllightSykes, a supplier of lighting towers, generators and pumps, and has a 45 per cent shareholding in Coates Hire, Australia's largest equipment hire business. In media, SGH has a 35.3 per cent shareholding (and additional convertible interest) in Seven West Media, Australia's largest multiple platform media company, including Seven Network, West Australian Newspapers, Pacific Magazines and Yahoo!7.

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