

6 June 2014

Scheme of Arrangement – Proxy Votes Update and SGH’s Intentions

Nexus Energy Limited (ASX:NXS) (**Nexus**) refers to the proposed scheme of arrangement announced on 31 March 2014 under which Seven Group Holdings Limited (**SGH**) will acquire, through its wholly owned subsidiary, SGH Energy (No 2) Pty Limited, all of the issued shares in Nexus (**Scheme**).

Proxy votes received

As at close of business today Nexus has received approximately 705 million proxy votes in connection with the Scheme, which represents over 50% of all of the issued shares in Nexus. Whilst approximately 50% of Nexus shareholders who have lodged a proxy vote have voted in favour of the Scheme, a number of proxy votes have been received today from Nexus shareholders with larger holdings in Nexus.

In aggregate, the against votes received to date now represent greater than 25% of the register by number of Nexus shares, which is higher than the threshold required for the Scheme not to be approved. Unless sufficient Nexus shareholders that have already lodged proxy votes change their vote in the manner referred to below, the Scheme will not be approved and Nexus shareholders will not receive the scheme consideration.

SGH’s intentions if the Scheme is not approved

If the Scheme is voted down, the Merger Implementation Agreement would likely be terminated and any amounts owing under the Bridge Facility and Senior Facility would then become repayable.

SGH has advised Nexus today that if the Scheme is not approved by Nexus shareholders:

- SGH will not (outside of its participation in a Nexus administration or other insolvency process) grant waivers of any repayment obligations under the Bridge Facility and Senior Facility and will rely on its rights and entitlements as senior secured creditor and majority noteholder; and
- SGH will not (outside of its participation in a Nexus administration or other insolvency process) provide an alternate acquisition or funding proposal to Nexus (including any restructure or refinance of Nexus’ debt).

Voluntary administration

If the Scheme is not approved (absent an alternative proposal that provides adequate and immediately available funding which is available on or before the day of the Scheme Meeting) the Nexus Board would need to place Nexus into voluntary administration. SGH has also advised Nexus that it will seek to acquire all of Nexus’ shares or some or all of Nexus’ assets through the administration or enforcement process. As set out in the independent expert’s report annexed to the scheme booklet, the "calculated preferred value" of a Nexus share under an "orderly realisation of assets" is "nil".

Nexus confirms that no competing or superior proposals, nor any alternative proposals that provide adequate and immediately available funding, have been received to date. The Nexus Board recommends Nexus shareholders vote in favour of the Scheme in the absence of superior proposal, and urges all shareholders to consider their vote in light of the consequences of the Scheme not being approved.

Process for changing direct votes and proxy directions

Shareholders that choose to change previously lodged votes may do so by:

- 1 **Prior to the Scheme Meeting:** before 11.00am (AEST) on Tuesday, 10 June 2014, either:
 - (a) changing your vote or proxy direction electronically via www.investorvote.com.au; OR
 - (b) contacting Computershare Investor Services on 1300 367 570 (within Australia) or +61 (3) 9415 4614 (outside Australia). This number will be contactable between 11.00am and 7.00pm (AEST) during the public holiday on Monday, 9 June 2014; or
- 2 **At the Scheme Meeting:** attending the Scheme Meeting and voting in person.

SGH consent

SGH has given and has not before the date of this announcement withdrawn its consent to the inclusion in this announcement of the statements attributed to SGH in the form and context in which they are included.

Lucio Della Martina
Managing Director & Chief Executive Officer

For further information please contact:
Susan Robutti
Chief Financial Officer & Company Secretary