



17 June 2008

The Manager, Companies
Australian Stock Exchange

Progress Report No. 3
Garfish-1 exploration well
in Production Licence VIC/L29

Please refer to the attached announcement.

Yours sincerely,

Susan Robutti
Company Secretary



Progress Report No. 3

Garfish-1 exploration well in Production Licence VIC/L29

Nexus Energy Limited ("Nexus") advises that as at 06:00 am (AEST) the Garfish-1 exploration well in Production Licence VIC/L29 in the Gippsland Basin was being plugged and abandoned as planned after the completion of wireline log acquisition to a final depth of 2,550 metres true vertical depth sub sea ("TVDSS").

The Garfish-1 well has confirmed the presence of a series of sands within the Admiral Formation appraisal objective which may possibly be correlated to the main reservoir sands in the existing Longtom wells some 5 kilometres away in the eastern part of the permit.

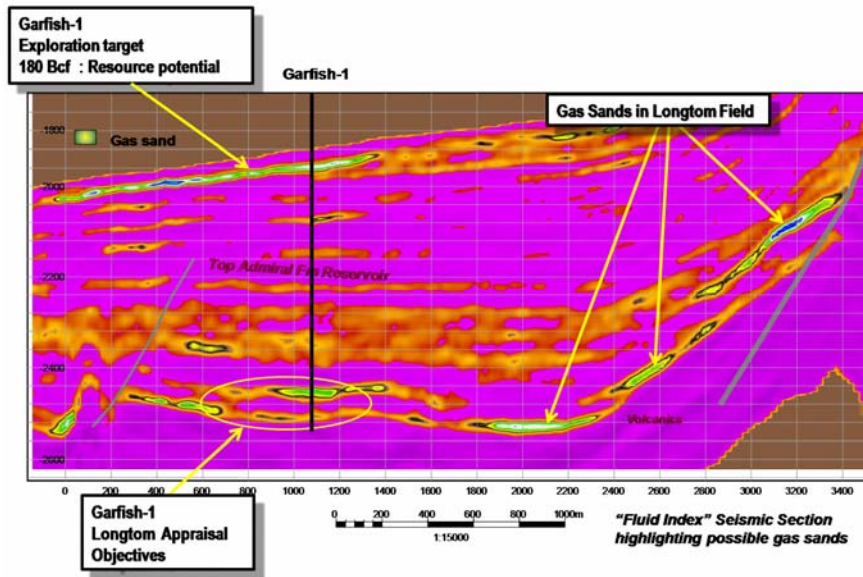
Slightly elevated gas readings were observed while drilling through the main reservoir sand, however further analysis is required to fully assess whether these readings represent a gas charged extension of the reservoirs intersected in previous Longtom wells. The analysis, which will include integration of wireline logs, reservoir pressure data and side wall cores, is expected to be completed by the end of June.

The results from the Garfish-1 well do not impact on 1P reserves for the field and, at this stage, it is not clear what impact the well will have on 2P reserves. The results of this well will be combined with information collected from drilling the Longtom-4 development well before a re-assessment of reserves is undertaken. The West Triton jack-up rig is scheduled to move to the Longtom-4 development well location over the next few days and is expected to spud later this week.

Wireline logs from the upper exploration objective confirmed the earlier interpretation, announced last week, that the sands were water bearing.

Background

The primary exploration target of the Garfish-1 well was to test a seismic anomaly which directly overlies the Longtom gas field. Similar seismic anomalies at Longtom had been shown to indicate the presence of gas bearing reservoir sands. The well was also deepened to the main reservoir sands of the Longtom field to appraise the western part of the VIC/L29 licence area.



Fluid Index seismic section across the Longtom field and the Garfish-1 primary exploration target

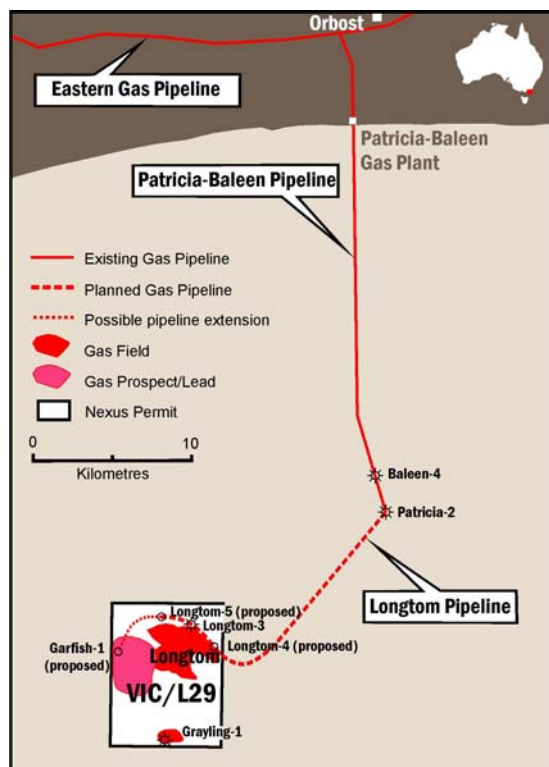
Participants

Production Licence VIC/L29
 Nexus Energy VICP54 Pty Ltd (100%)

Location

The Garfish-1 exploration well is located in Production Licence VIC/L29, in the offshore Gippsland Basin, Victoria.

Latitude: 38 deg 06' 38.0838" S
 Longitude: 148 deg 15' 17.1466" E



Map showing location of the Garfish prospect in Production Licence VIC/L29

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