



First Crux Reserves Booked Doubles Nexus' Reserves to 114 Million Barrels

- **56.4 MMSTB OF CRUX LIQUIDS PROJECT RESERVES (P50) BOOKED AHEAD OF FINAL INVESTMENT DECISION**
- **NEXUS IS NOW AUSTRALIA'S FOURTH LARGEST HOLDER OF LIQUID HYDROCARBON RESERVES AND THE SEVENTH LARGEST HOLDER OF HYDROCARBON RESERVES**
- **INDEPENDENTLY ASSESSED (P90) RESOURCE ESTIMATES FOR CRUX LIQUIDS PROJECT RISE BY 22%**
- **THREE WELL DRILLING PROGRAM CONFIRMED TO ASSESS POTENTIAL INCREASE IN GREATER CRUX AREA RESOURCES COMMENCING DECEMBER 2007**

Nexus Energy Limited ("Nexus") books substantially increased oil and gas reserves after independent expert, Gaffney Cline and Associates ("GCA") confirmed a best estimate (P50) contingent resource of 66.3 million barrels (MMstb) in the Crux field within exploration permit AC/P23.

The low case contingent resource estimate (P90) for the Crux field has been confirmed by GCA at 54.9 MMstb of condensate liquids, an increase of 22% from the 45 MMstb previously reported by Nexus.

This increase of the low case contingent resource estimate (P90) substantially boosts the commercial value of, and the ability to procure project finance for the Crux liquids project. It follows the drilling of the Crux-2 and Crux-2 ST1 wells earlier this year.

The resource estimates are sufficient to support the commercial development of the Crux liquids project. Accordingly, the board of Nexus has booked 56.4 MMstb of proven plus probable (P50) liquid reserves attributable to the Crux liquids project, being its 85% share.

Nexus' total P50 reserves are now at 114 million barrels of oil equivalent (MMboe), of which 52% is liquids, taking account of the reserves already booked at the Longtom field in Bass Strait.

Nexus has also undertaken significant geotechnical work to determine the hydrocarbon potential of the greater Crux area. Nexus estimates the total potential of the Crux field in AC/P23, near field prospects adjacent to Crux in AC/P23 and in the surrounding AC/P41 permit, is greater than 5 trillion cubic feet (Tcf) of gas and 200 MMstb of condensate. A detailed breakdown of this potential is shown in the background section of this release.

The potential upside of the acreage will be assessed commencing December 2007. Nexus and its partner Osaka Gas Co., Ltd (“Osaka Gas”) will drill two wells to further evaluate the liquids potential in AC/P23 and, together with its partner Shell Development (Australia) Pty Ltd (“Shell”), Nexus will begin exploration in the surrounding AC/P41 permit with the drilling of the Libra prospect which lies adjacent to the Crux field.

The Crux liquids project reserve range, within AC/P23 only, is shown in the table below together with the volumes reported on 8 May 2007 for comparison.

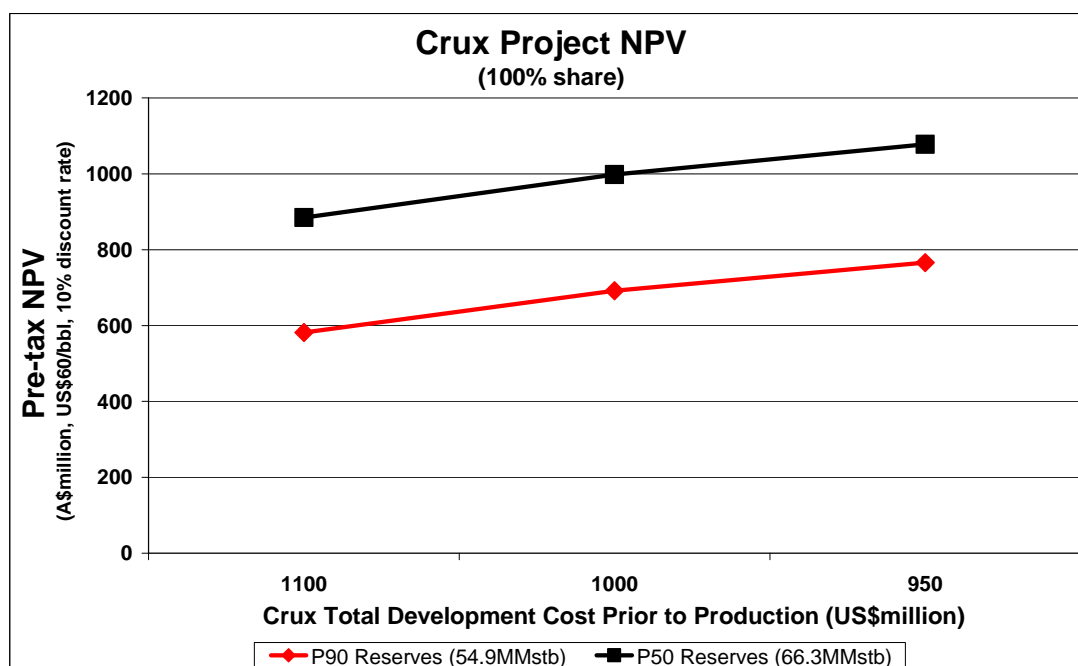
CRUX FIELD (100%) LIQUIDS VOLUME

Confidence Level	Low Case P90	Best Case P50	High Case P10
Condensate Resource (MMstb) @ 8 May 2007	45	65	85
Condensate Reserve (MMstb) @ 25 October 2007	54.9	66.3	78.3

It should be noted that the above liquids volumes do not include near field exploration potential in AC/P23 and the mapped extension of Crux into AC/P41.

The primary contributor to the 22% increased P90 recoverable condensate from the Crux field is improved confidence in the mapped volumes of reservoir sands from analysis of seismic amplitude data. This analysis is similar to that used successfully by Nexus to appraise the Longtom field and is a modern seismic technique deployed with success in many other fields.

The graph below presents the project’s estimated pre-tax net present value (NPV) at the P90 and P50 reserve levels over the expected range of capital costs for the development.



Nexus managing director, Ian Tchacos said, "The independent confirmation of the Crux contingent liquids resources is a significant step towards a declaration of commerciality for the Crux liquids project. The decision to book reserves at Crux is based on the board's view that the project can be commercialised in the near future and the board expects to sanction the project in early 2008."

"Nexus now holds a very substantial reserves base particularly for a company of its capitalisation. Taking account of Crux reserves and the previously booked Longtom reserves, we are now Australia's fourth largest holder of liquid hydrocarbon reserves and the seventh largest holder of hydrocarbon reserves. At a time of near record oil prices and increasing interest in Australian gas markets, this is a ranking of which we are very proud."

"Work on the Crux field has been focussed on advancing the Crux liquids project to development following appraisal drilling earlier this year. In addition, substantial progress has been made by Nexus in AC/P23 and by Shell in the surrounding AC/P41 permit through identification of additional potential within the area of the two permits covered by the Crucis 3D seismic program."

"The greater Crux area incorporating the Plover sands, which were discovered in the recent Crux-2 well, offer significant additional appraisal and exploration potential which may result in a liquefied natural gas ("LNG") scale gas resource with significant liquids volumes."

"In December 2007 Nexus, with its partners in the AC/P23 and AC/P41 permits, will commence a significant drilling program of three wells which is expected to further define and add to the potential of this exciting acreage."

Participants:

Exploration Permit AC/P23

Nexus Energy WA Pty Ltd (85%)
Osaka Gas Crux Pty Ltd (15%)

Exploration Permit AC/P41

Shell Development (Australia) Pty Ltd (50%)
Nexus Energy AC/P41 Pty Ltd (50%)

For further information please contact:

Ian Tchacos
Managing Director
Phone: 03 9660 2500
Fax: 03 9654 9303
Website: www.nexusenergy.com.au

David Griffiths
Gryphon Management Australia
Phone: 08 9382 8300
Mobile: 0419 912 496
Website: www.gryphon.net.au

Or

Ian Howarth
Farrington National
Phone: 03 9223 2465
Mobile: 0407 822 319
Email: ian.howarth@farrington.com.au

Note: The views expressed in this announcement are those of Nexus Energy Limited.

Background on the Crux field

The Crux field (Nexus 85%) is 100 kilometres north east of the 66% Nexus owned permit WA-377-P which contains the Echuca Shoals gas discovery, adjacent to Inpex's Ichthys gas field; currently being considered for development as a LNG project.

A 3D seismic survey was acquired by Nexus over the Crux field in early 2006 and Front End Engineering and Design Study ("FEED") was commenced for the Crux liquids project using Mustang Engineering as the FEED contractor.

Early in 2006 Nexus sold the rights to the gas (excluding condensate) to Shell for US\$40 million.

The agreement with Shell enables Nexus to undertake its condensate recycle project until 31 December 2020 at which time Shell will take ownership of the permit and will be able to extract the gas and any remaining condensate.

Appraisal of the Crux field commenced in early 2007 with the drilling of the Crux-2 well and the Crux-2 ST1 well. FEED for the Crux liquids project was completed in February 2007 providing a high degree of cost and engineering design definition for the floating production, storage and offloading facility (FPSO).

The results of Crux -2 ST1 well confirm the extension of the high quality reservoir sands seen in the Crux-1 well to the north eastern part of the field (as predicted from the similarity in seismic character at the sidetrack location) and increased confidence in the resource volumes. The Crux field is estimated to contain sufficient condensate volumes necessary to underpin the development of the Crux liquids project.

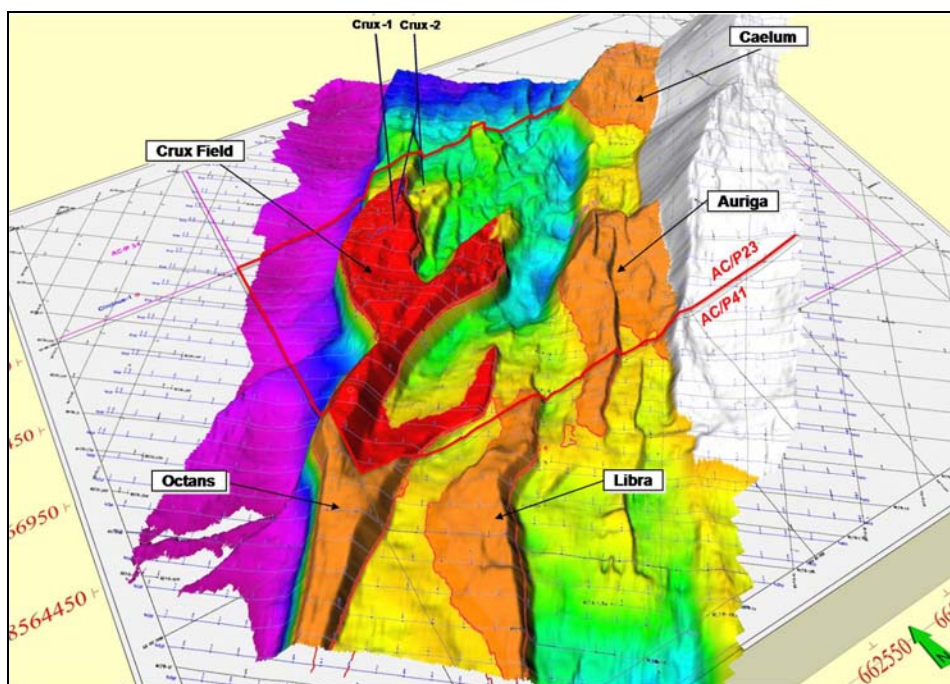
The Crux-2 ST1 well was suspended as a future Crux liquids project injection well.

Nexus has completed a basis for design of a gas recycling facility for the Crux liquids project with approximately 900 MMscf/d of gas being produced through four production wells.

Over 32,500 stb/d of condensate could be stripped from the gas before re-injection into the reservoir through three injection wells.

A development decision on Crux in early 2008 is expected to enable Nexus and its partner Osaka Gas to obtain first condensate production from the Crux liquids project in 2010.

Exploration Potential in AC/P23 and AC/P41



Map of AC/P23 and AC/P41 with the Crux Field in red and additional potential in orange

Prospect	Permit	Well type	Total Expected Resource	
			Gas (Bcf)	Condensate (MMstb)
Libra	AC/P41	Exploration	500	19
Auriga	AC/P23	Exploration	1,000	35
Octans	AC/P41	Appraisal	280	11
Caelum	AC/P23	Exploration	820	28
Plover	AC/P23 AC/P41	Exploration	2,000	60
Total			4,600	153

Nexus' estimate of AC/P23 and AC/P41 exploration and appraisal potential

Note that Nexus has:

- the rights to 85% of condensate in AC/P23 produced before 2021 and
- full equity rights to 50% of both gas and condensate in AC/P41.

Important notice

This announcement contains certain statements which may constitute "forward-looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements.