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NEXUS LAUNCHES AUSTRALIA WIDE DRILLING PROGRAM WITH ECHUCA SHOALS APPRAISAL WELL

Further to this morning's announcement an amendment has been made to the Summary of Scheduled Drilling Activity table.

Please find attached revised announcement.

Yours sincerely

Susan Robutti
Company Secretary



NEXUS LAUNCHES AUSTRALIA WIDE DRILLING PROGRAM WITH ECHUCA SHOALS APPRAISAL WELL

Nexus Energy Limited ("Nexus") has spudded the Fossetmaker-1 well in the Browse basin (WA-377-P permit) offshore Western Australia. The Fossetmaker-1 well, which will appraise the Echuca Shoals gas field, is the first of seven firm wells and two optional wells in the company's drilling program across a number of projects during the coming year.

Nexus has contracted drilling rig slots which will enable the company to undertake the most proactive drilling campaign in its history. The program will include four development and appraisal wells on the Longtom, Crux and Echuca Shoals fields.

Exploration drilling will include:

- a well in Gippsland basin permit VIC/P49 on a prospect comparable with the Basker oil field;
- a well close to the Crux field in the recently acquired AC/P41 permit; and
- a gas exploration well in the Bonaparte gulf permit NT/P66 adjacent to the Blacktip field which is currently under development.

Funding for the drilling program has been sourced by a combination of recent share placements, project finance, the sale of an interest in the Crux field and strategic farm-outs. The company has accumulated funding resources in excess of A\$350 million, a large portion of which will be dedicated to drilling activities.

Nexus managing director, Ian Tchacos said, "At a time when drilling rigs are hard to find we have assembled an outstanding program. We are cashed up and ready to drill. Our recent capital raising, farm-outs and asset sales initiatives place the company in an enviable position to undertake significant development, appraisal and exploration drilling programs over the coming year. This has the potential to reshape our company."

The primary focus of the program is the appraisal and development of the company's significant reserves and resources. The key appraisal and development wells include the Fossetmaker-1 well which spudded on 6 August 2007, two appraisal and development wells on the Crux field and a second production well on the Longtom field.

"The company has been actively maturing its prospective exploration portfolio both in Northern Australia and the Gippsland basin. Exploration drilling will focus on LNG scale prospects in the Bonaparte and Browse basins and near field oil and gas exploration opportunities in the Gippsland basin." Mr Tchacos added.

A summary of the planned wells with firm rig slots are provided as follows:

**Echuca Shoals Appraisal (Nexus 66%)
WA-377-P Permit – Browse basin, Western Australia**

The Fossetmaker-1 well was spudded on 6 August 2007 using the Shell Development (Australia) Pty Ltd ("Shell") operated semi-submersible drilling rig Ocean Epoch.

Fossetmaker-1 is located approximately 7 kilometres ENE of the Echuca Shoals-1 discovery well. Nexus will remain the permit operator, however Shell will be responsible for the drilling operations on Fossetmaker-1. Under the terms of the farm-in agreement, Shell will fund the first US\$30 million of the well.

Routine updates will be issued on a weekly basis stating the progress of the well and results from the well will be provided after any zones of interest have been fully evaluated.

**Crux Liquids Project (Nexus 85%)
AC/P23 Permit – Browse basin, Northern Territory**

Nexus has secured the Sedco 703 drilling rig for two appraisal wells on the Crux field in the Browse basin scheduled for the first quarter of next year.

The portion of the Crux field within permit AC/P23 contains a best estimate contingent resource of 65 million barrels of condensate.

Additional resource potential exists to the south west where the Crux structure is mapped to potentially extend into the AC/P41 exploration permit, in which Nexus holds a 50% interest with Shell.

**Longtom Gas Project (Nexus 100%)
VIC/P54 Permit – Gippsland basin, Victoria**

Nexus has contracted the West Triton jack-up rig to drill the Longtom-4 well in Bass Strait during the second quarter of next year. Nexus has an option to drill a second well using the same rig.

Best estimate contingent resources for the Longtom gas/condensate field have been confirmed at 435 petajoules (PJ) of gas and 5.2 million barrels of condensate by international consulting firm Gaffney, Cline and Associates.

Nexus has booked proven plus probable reserves of 350 PJ of gas and 4 million barrels of condensate to the project. This reflects the sales volumes currently contracted to Santos Ltd from the Longtom field.

**Crux follow up plus exploration potential (Nexus 50%)
AC/P41 Permit – Browse basin, Western Australia**

Shell, as operator of the permit, has secured rig capacity to drill an exploration well in the permit during the first quarter of next year.

Existing prospects have been identified from a 3D seismic survey acquired over Crux in 2006 which extends in to the AC/P41 permit.

In addition, a 500 square kilometre 3D seismic survey south of the Crux gas field has recently been completed with the aim of identifying additional prospects.

**Exploration prospects around Basker oil field (Nexus 80%)
 VIC/P49 Permit – Gippsland basin, Victoria**

Nexus has contracted the Kan Tan IV semi-submersible drilling rig to drill a well in the VIC/P49 permit in the third quarter of next year. Nexus also has an option to drill a further well using the same rig.

A 1,700 kilometre 2D seismic survey has recently been acquired in the VIC/P49 permit to evaluate prospects adjacent to the producing Basker oil field in the adjacent production licence L26 and the large, deep-water leads in the middle of the permit (Tiger and Leopard).

**Timor Sea exploration well (Nexus 100%)
 NT/P66 Permit – Bonaparte basin, Northern Territory**

Nexus has contracted the Willcraft jack-up rig to drill a gas exploration well in the NT/P66 permit in the Timor Sea in the third quarter next year. The well will target a gas prospect in close proximity to the Black Tip development.

Summary of scheduled drilling activity

The schedule below includes all currently planned wells over the next 18 months, some of which do not have firm rig slots in place.

Summary of Scheduled Drilling Activity																		
Permit	Well/Prospect	Type of Well	2007					2008										
			Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
WA-377-P	Fossetmaker-1	Appraisal	■	■														
AC/P23	Crux-3 & 4	Appraisal						■	■									
AC/P41	Prospect to be advised	Exploration						■										
NT/P66	Side Step-1	Exploration													■			
VIC/P54	Longtom-4	Development											■	■				
WA-377-P	Fossetmaker-2	Appraisal															■	
AC/P41	Prospect to be advised	Exploration																■
WA-368-P	Yngling-1	Exploration																■
VIC/P49	Sleeper/Bronze Whaler	Exploration															■	

- Firm well with rig slot
- Scheduled well without current rig slot

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