



7 August 2007

The Manager, Companies
Australian Stock Exchange

Investor Update August 2007

Please refer to the attached presentation.

Yours sincerely,

Susan Robutti
Company Secretary

A silhouette of a worker wearing a hard hat and safety glasses, standing on a metal walkway or platform. The background is a bright, orange-red industrial setting with a large, glowing light source in the distance.

Nexus Energy Limited
Investor Update
August 2007

by
Ian Tchacos
Managing Director

Presentation disclaimer

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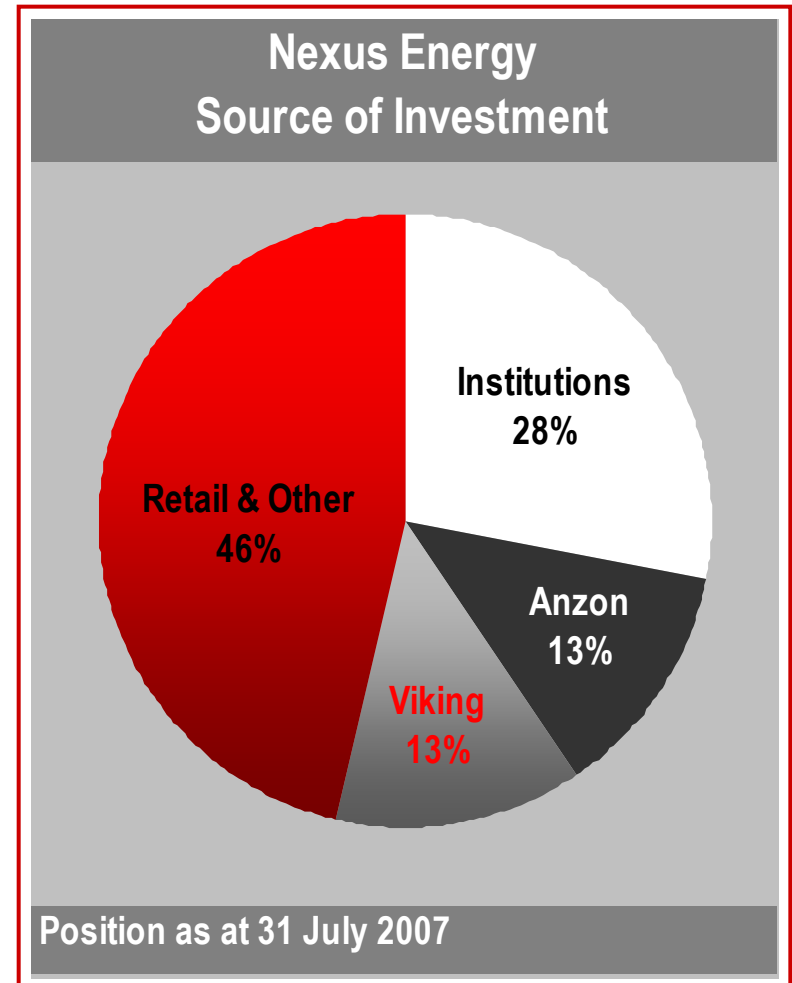
Corporate Summary

Appraisal and Development Assets

Exploration Assets

Corporate summary

- ❖ Shares on issue – 527 million
- ❖ Market capitalisation at \$1.62 per share – \$854 million
- ❖ Options on issue – 13.9 million (with an average exercise price of \$0.93)
- ❖ Current debt – \$40 million (through BOS International – Longtom facility)
- ❖ Estimated Cash – balance as at 31 July 2007 \$110 million (following Viking placement – excludes Osaka Gas sale)



Key Corporate Attributes

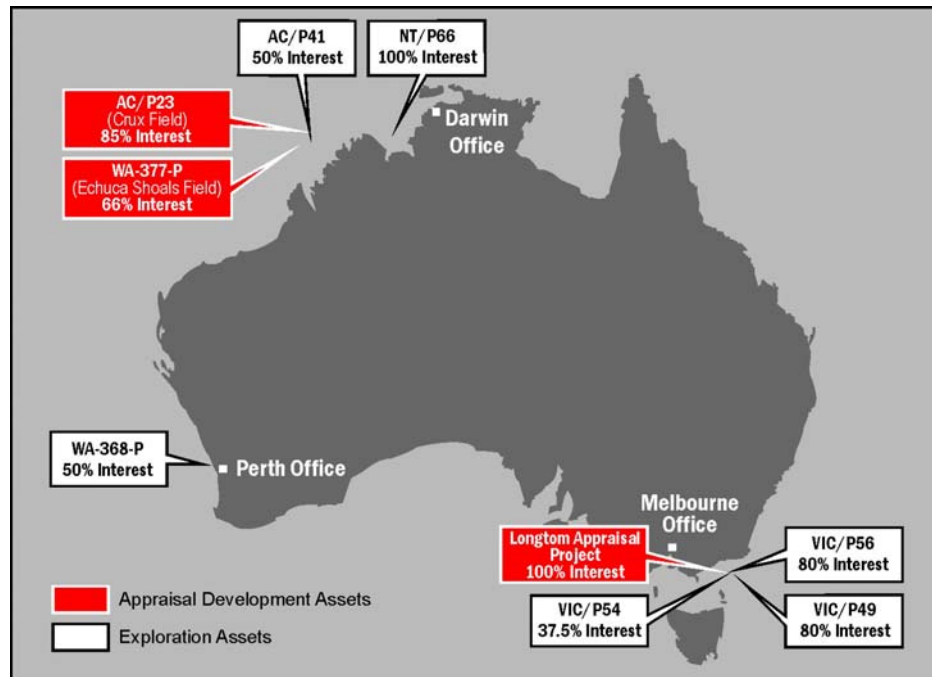
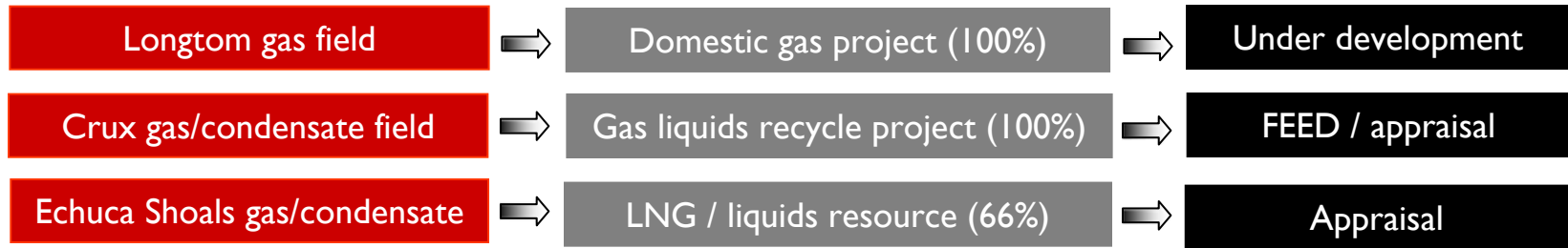
Key strategies

- ❖ Convert a significant reserves and resource base to material long life production profile
- ❖ Early entry in material asset positions with large equity interests
- ❖ Develop operator capability >> achieve asset objectives
- ❖ Accelerate portfolio growth via sensible acquisitions or mergers
- ❖ Enabling industry relationships >> capital, skills, markets and rigs

People

- ❖ Respected and experienced team
- ❖ Strong skill base concentrating on resource evaluation and project definition
- ❖ Successful in deal origination and execution – farmouts, gas and asset sales
- ❖ Focus on unlocking value through project implementation

Three projects at different phases of development



New Growth

LNG Exposure

+

Gippsland Domgas

Key Corporate Objectives

2007 / 08 Business Plan

Bring Longtom gas project to production

- ❖ Project finance and equity in place
- ❖ All service and equipment contracts in place
- ❖ First gas forecast for Q3 2008 >> A\$ 50 million per annum pre tax cashflow

Bring Crux liquids project to FID

- ❖ Facility FEED and BOD finalised in February 2007
- ❖ Finalising independent resource estimates >> Secure bank finance >> FID as soon as possible (by Q2 2008)
- ❖ FPSO option secured via Viking and rig sourced for further drilling in Q1 2008

Echuca Shoals appraisal

- ❖ Commence appraisal drilling via Shell funded program in August 2007 – Ocean Epoch rig
- ❖ Significant LNG or liquids potential >> company re-defining potential

Exploration program

- ❖ Active program focussed on LNG scale gas in Northern Australia and Gippsland near field exploration

Production asset acquisitions

- ❖ Seeking existing production via asset or corporate acquisitions >> add production to large reserves and resources

Key Challenges to deliver objectives

Industry challenges

- ❖ Availability of rigs and seismic vessels >> 2 seismic programs and 8 rig slots
- ❖ Securing key project equipment items >> Longtom covered, securing Crux long lead items
- ❖ Access to skills >> building capability and contractor relationships
- ❖ Project cost escalation >> FPSO lease option on attractive terms

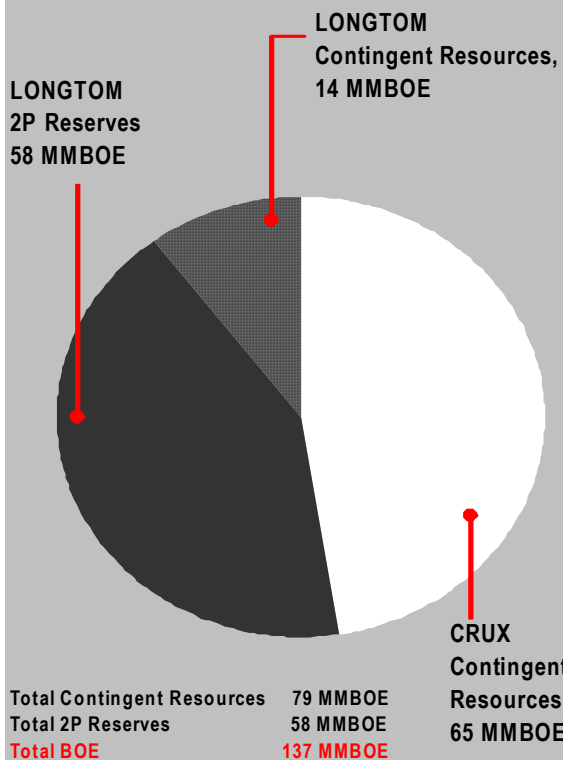
Corporate challenges

- ❖ Access to funding for pipeline of projects
 - ▶ Range of funding options >> project finance, farmouts, asset sales & equity
- ❖ Organisational Development
 - ▶ Increased operational activity and project demand change
 - ▶ Team doubled in last year >> emphasis on engineering and project management

Nexus Key Assets and Resources

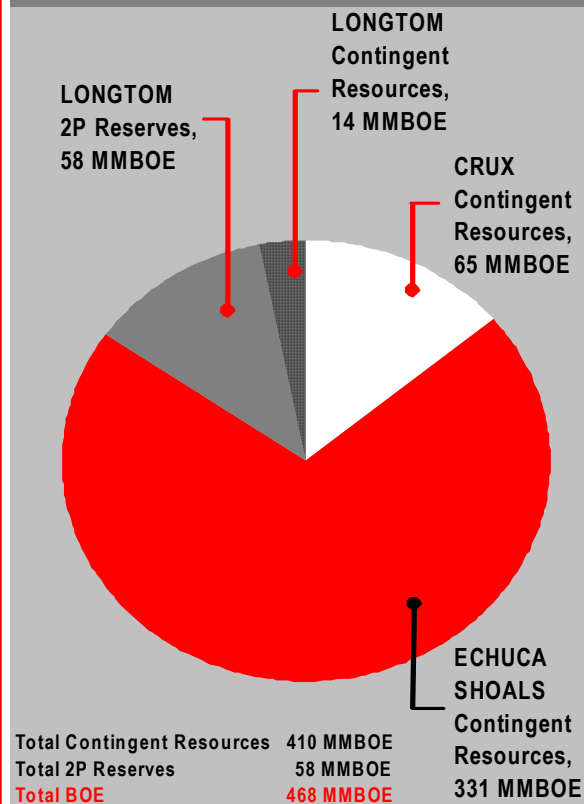
Three projects with large reserves and resource potential

Longtom + Crux Projects



Nexus Best Estimate Contingent Resources for Crux liquids. Nexus booked Proven & Probable Reserves & Best Estimate Contingent Resources for Longtom gas & liquids.

Longtom + Crux Projects + Echuca Shoals



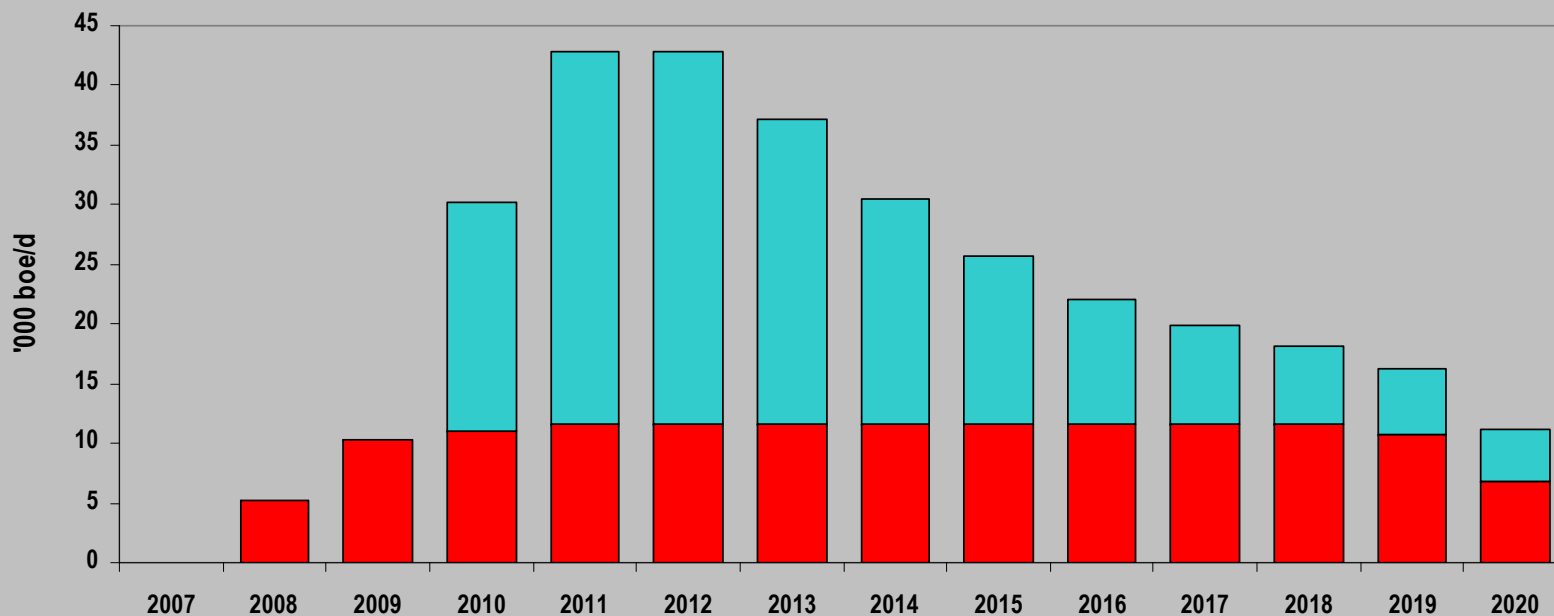
Nexus Best Estimate Contingent Resources for Crux liquids. Nexus booked Proven & Probable Reserves & Best Estimate Contingent Resources for Longtom gas & liquids. Nexus Best Estimate Contingent Resources for Echuca Shoals gas & liquids.



Nexus Production Goals

Includes Longtom and Crux projects expected production ~ excludes Echuca Shoals

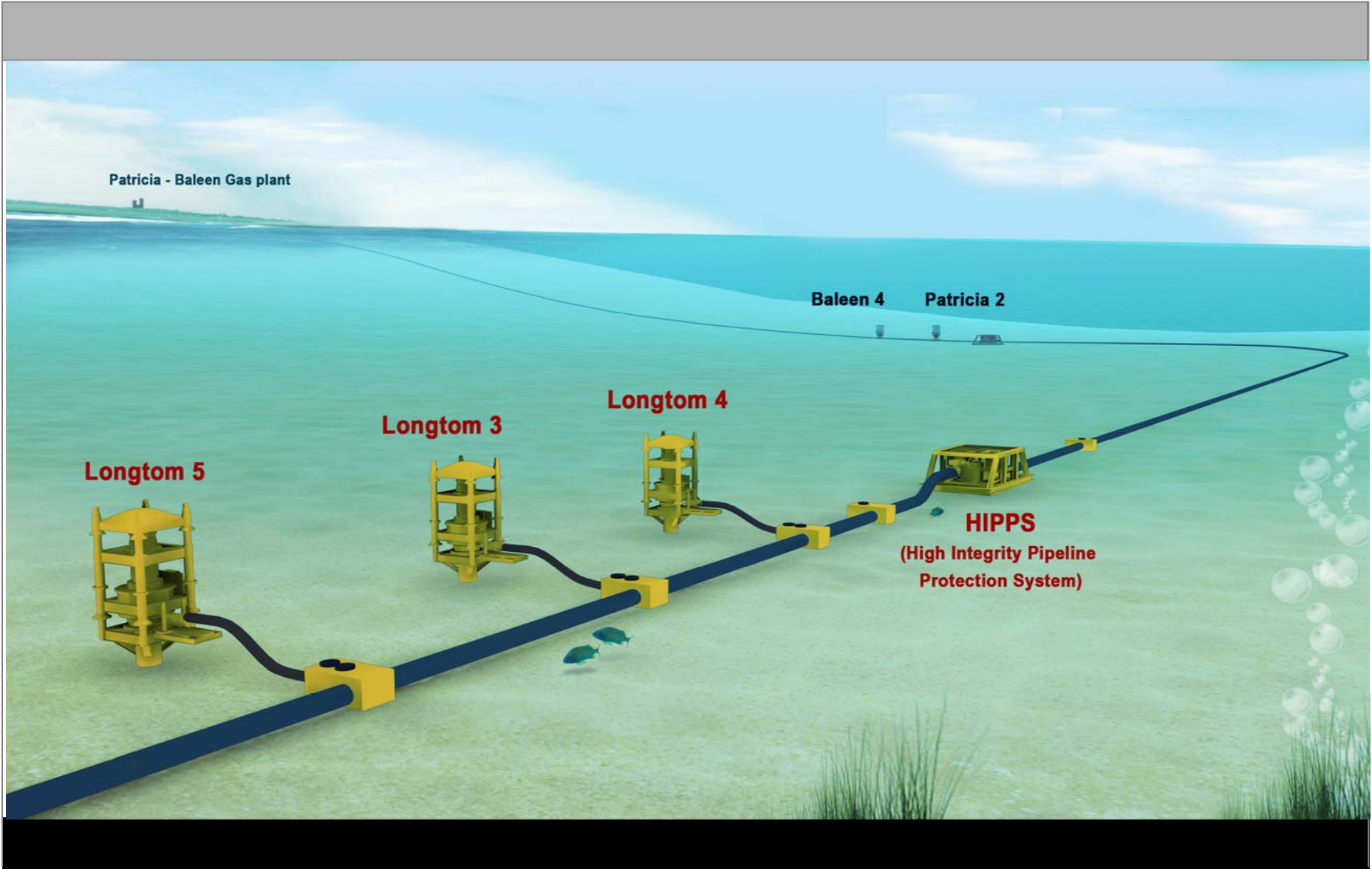
Nexus Energy 100% project most likely case production profile
Crux 65 mmbbls and Longtom 350 PJ "contract" case

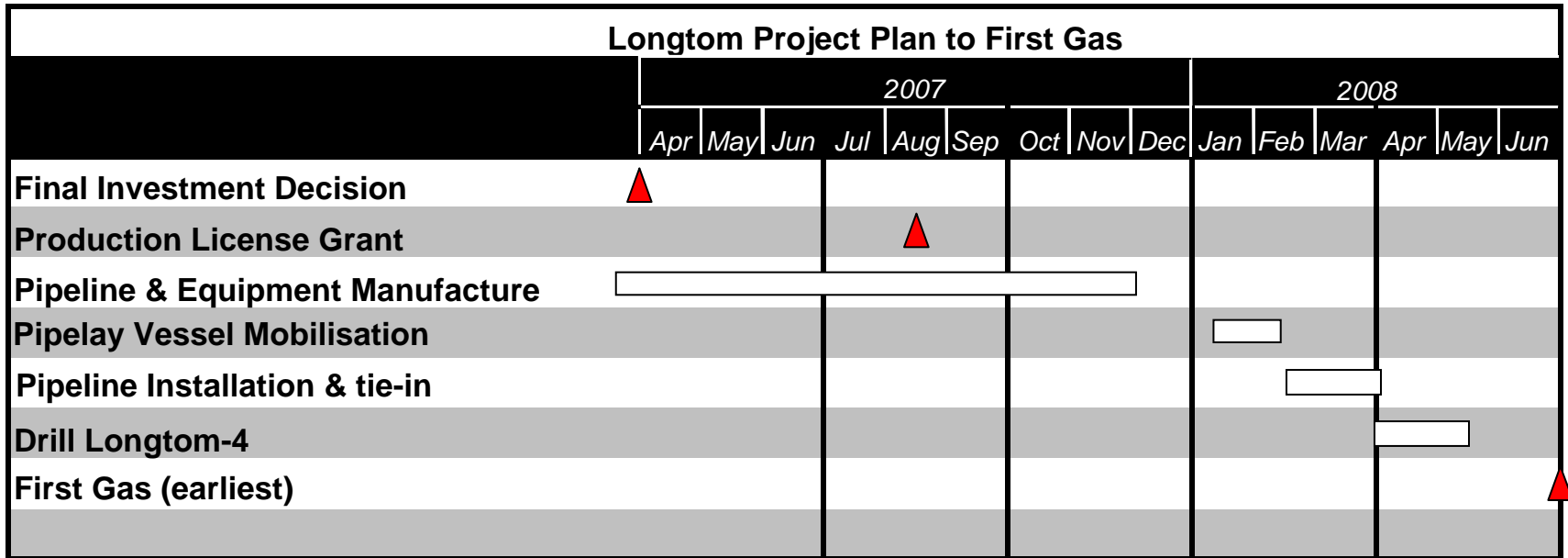


Footnotes: Based on Managements Best Estimates only Projects -
Most Likely Production Profile 100% basis Crux profile assumes production of 65 mmbbls (100%) Longtom Gas contract profile 350PJ (100%)
Conversion rates: Condensate 1 bbl = 1 boe 6.6PJ = 1 mmboe

Appraisal and Development Assets

Longtom Project Schematic





- ❖ Finance investment decision (“FID”) made at end of April 2007 & production license submitted
- ❖ Contracts issued at FID for all major equipment, rig and pipelay vessel
- ❖ Key activities in Q1 and Q2 2008 – drilling and pipeline installation

Longtom - Key Project Parameters

Reserves and resources

GAS AND CONDENSATE CONTINGENT RESOURCE ESTIMATES FOR THE LONGTOM FIELD

	Low Estimate	Best Estimate	High Estimate
Contingent Sales Gas Resources (PJ)	173	435	842
Contingent Condensate Resources (MMstb)	2	5.2	12.9

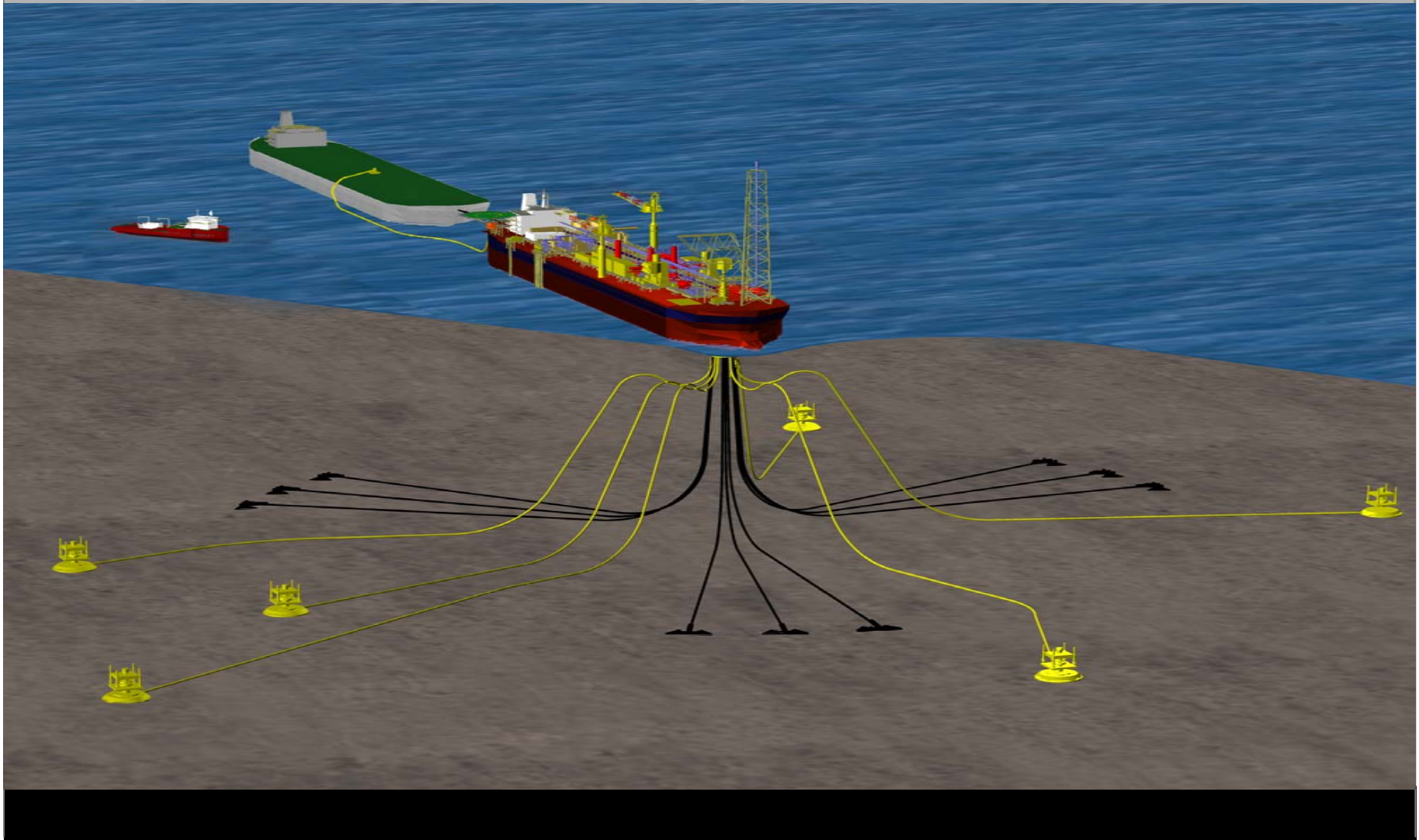
- ❖ 350PJ (P50) reserves booked equivalent to contracted volume with Santos
- ❖ Additional reserves may be booked based on future drilling and gas contracts

Project costs and values (P50/Contract Case)

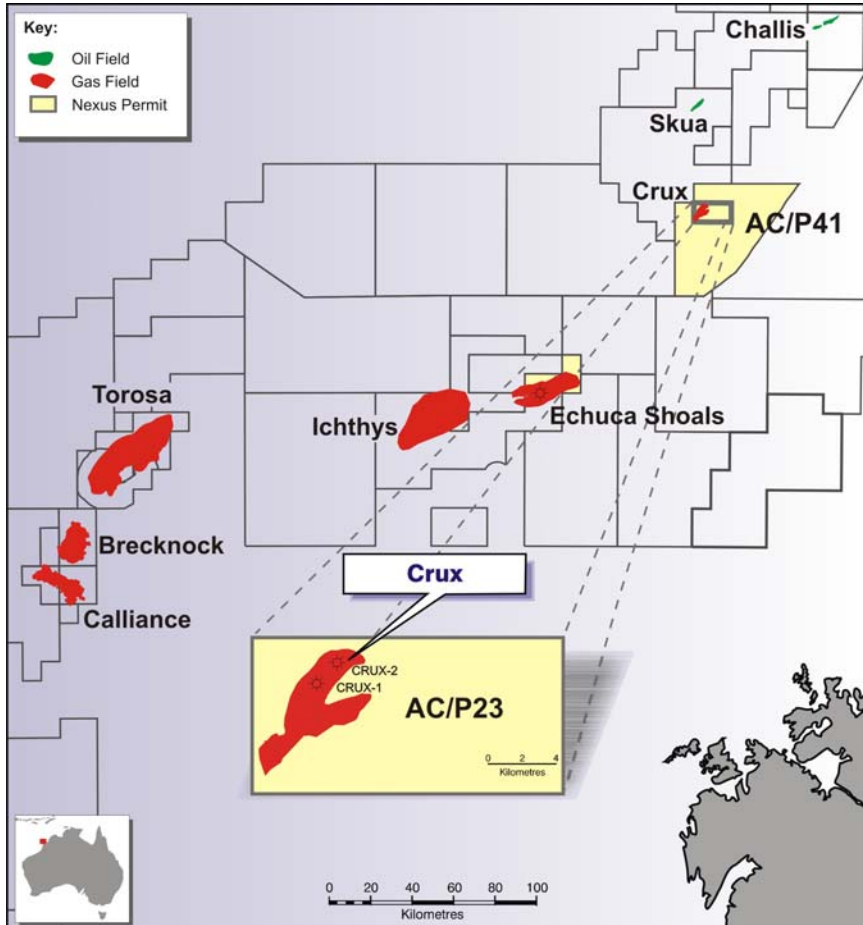
- ❖ Capital Costs = A\$195 million (pre-production development costs 70% funded with project finance by Bank of Scotland)
- ❖ Pre tax NPV (10) = A\$196 million
- ❖ Contracted gas rate = minimum 25PJ/yr (Contract Year 1 under take or pay contract)
- ❖ Pre tax annual cash flow = A\$50 million per annum (approx)

Crux Liquids Project

Floating production storage and off loading system



Crux Liquids Project



Field location

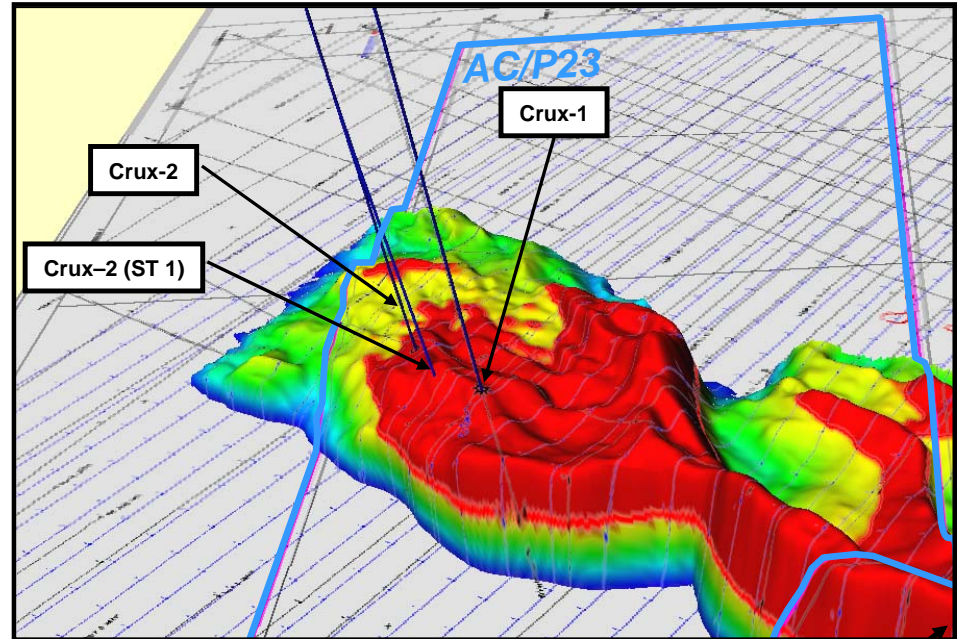
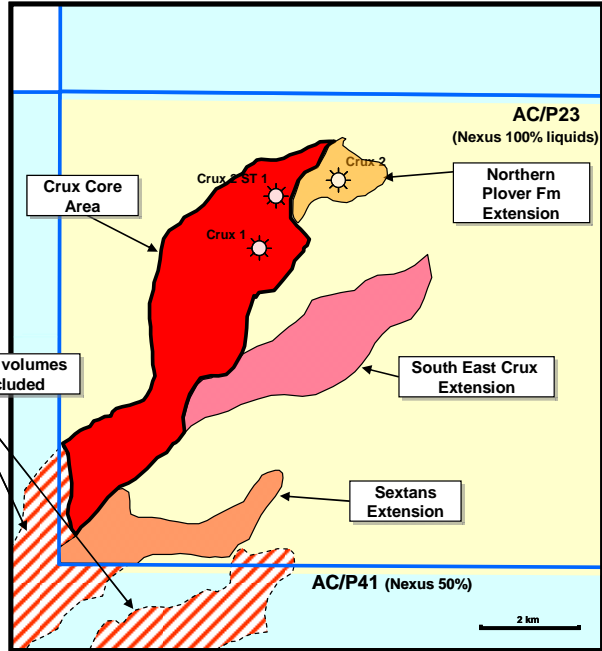
- ❖ 700 km west of Darwin
- ❖ 600 km north of Broome

Field history

- ❖ Discovered – *April 2000 (Nippon Oil)*
- ❖ Nexus secured purchase option – *Oct 2004*
- ❖ Resource review & pre-feasibility – *2005*
- ❖ Nexus purchase field – *Jan 2006*
- ❖ Complete new 3D seismic – *March 2006*
- ❖ Commence FEED – *April 2006*
- ❖ Sold gas to Shell – *June 2006*
- ❖ Drill Crux-2 and Crux-2 ST1 – *April 2007*
- ❖ FEED completed and contractors pre qualified – *February 2007*

Crux Liquids Project

Appraisal drilling results and revised volumes

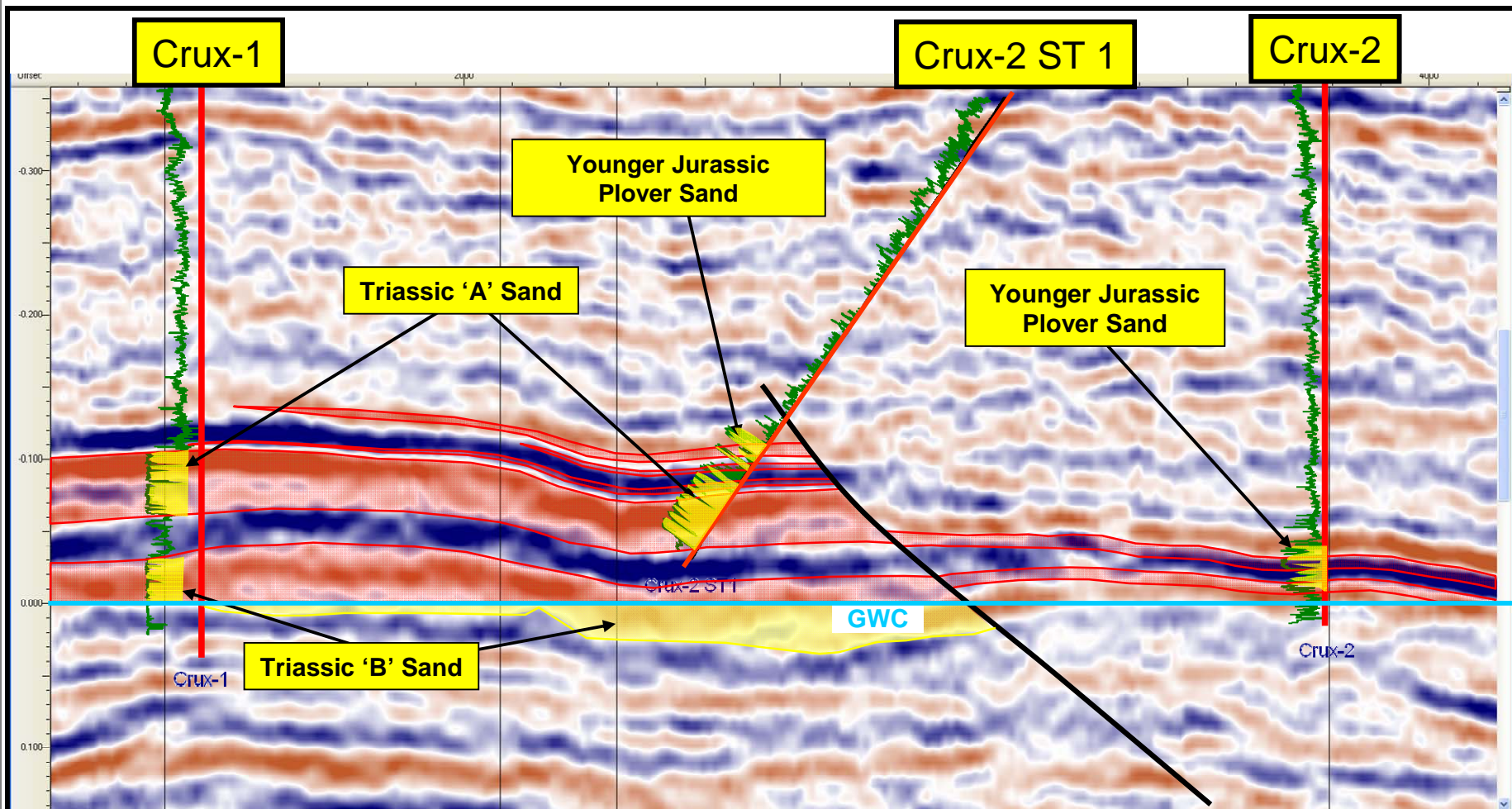


Crux Field Liquid Volumes – Post Crux-2 and Crux-2 ST1

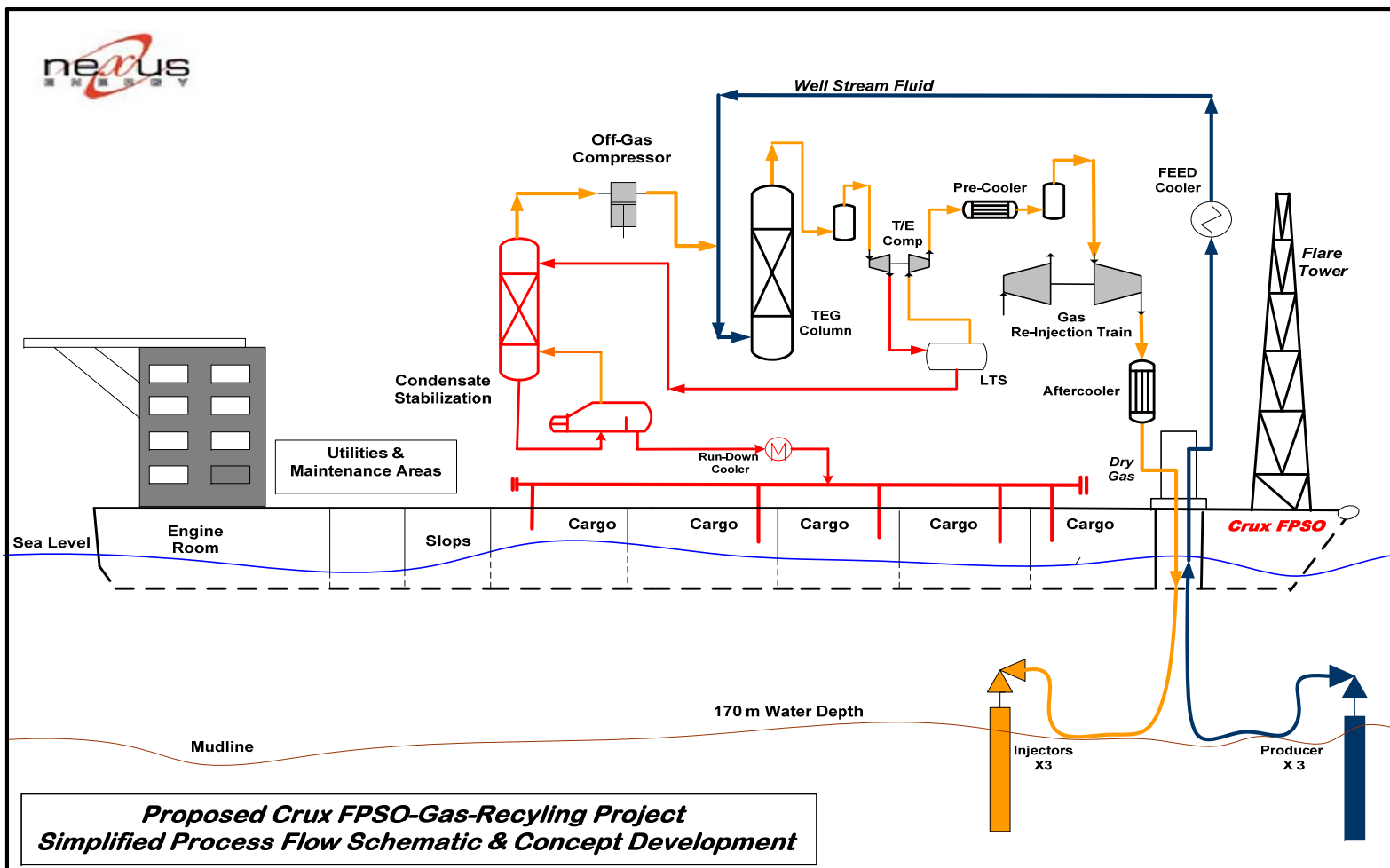
Contingent Resource Confidence		Low	Best	High
Condensate (MMstb)	@ 15 March 2007	40	55	71
Condensate (MMstb)	@ 7 May 2007	45	65	85

Crux Liquids Project

Appraisal drilling results – seismic cross section



Simplified process design



Crux - Key Project Parameters

Development concept – 900 mmscfd gas recycling

- ❖ Subsea development: 3 producers and 3 injectors (potential injector/producer already drilled)
- ❖ FPSO permanently moored (Suezmax tanker class) – 650,000 bbls storage
- ❖ Standard process incorporating turbo-expander liquids extraction technology
- ❖ Greater than 30,000 bbl per day condensate production >> field life – 10 years
- ❖ First gas/condensate – Q2 2010 >> **for FID in Q2 2008**

Project costs and values (P50 Case)

Capital Costs = US\$540 million (wells + subsea equipment and installation)
→ does not include FPSO which is leased

Fully leased facilities and operations – base case assumption

- ❖ Post tax NPV (10) = A\$490 million (approx) @ oil price of US\$50/bbl
- ❖ Pre tax annual cash flow = A\$170 million per annum (approx) @ oil price of US\$50/bbl

Key project goals going forward

Resource definition

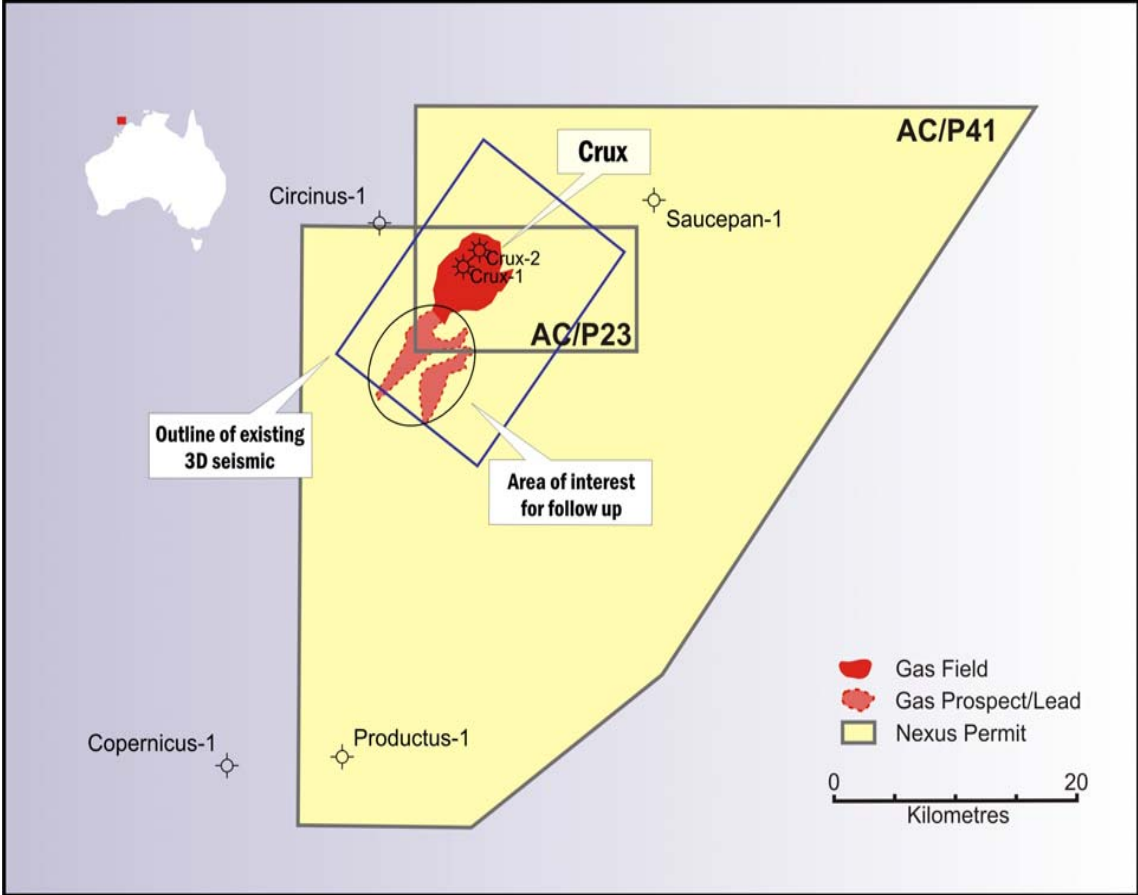
- ❖ Establish minimum commercial resource size for project finance

Project design, implementation and procurement

- ❖ Finalise design and pricing for subsea equipment and flowlines
- ❖ Placement of orders or issue letters of intent for long lead items (keep project on schedule)
- ❖ Evaluate Viking fully termed proposal at end of September 2007
- ❖ Issue invitation to tender for FPSO leasing and operations if Viking unsuccessful
 - Based on fully defined topsides process and key equipment packages
- ❖ Building project execution team ahead of FID

Crux - Near Field Exploration

AC/P41 Exploration Permit (50% Nexus) - COMMITTED WORK PROGRAMME

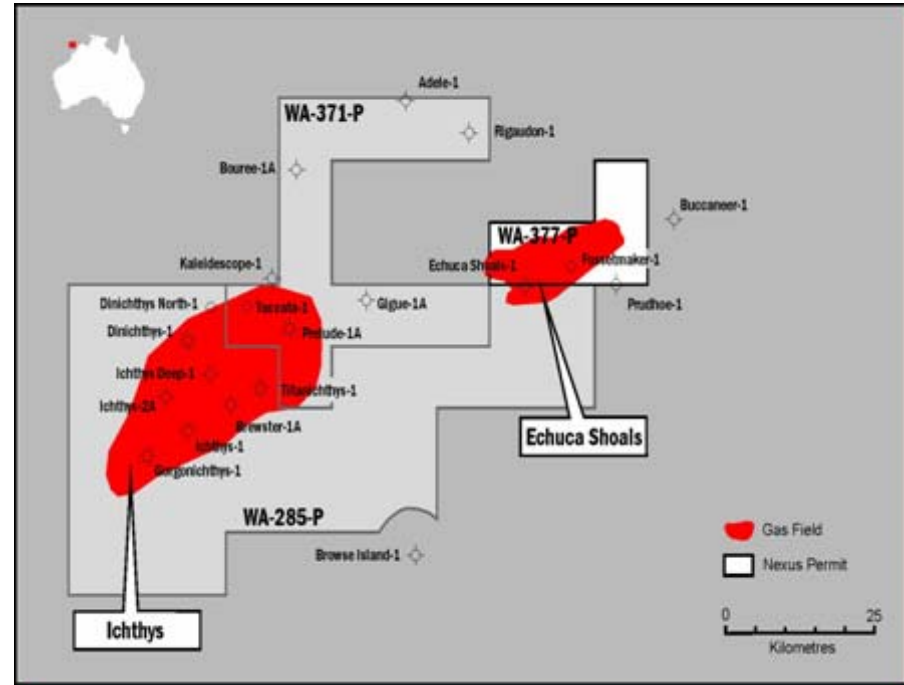


Years	Work
Year 1 (2007/8)	450 km2 3D seismic 1 well
Year 2	1 well
Year 3	1 well

Echuca Shoals Update

LNG scale resource / potential with high liquids content possible

- ❖ Shell farmin deal completed
- ❖ Shell have paid US\$ 5 million cash and pay first US\$ 30 million of the cost of drilling Fossetmaker-1 well for 34% of Area A
- ❖ Shell have the option to pay a further US\$ 25 million towards the cost of a second well in WA-377-P to earn 34% in remainder of permit
- ❖ Echuca Shoals appraisal well (Fossetmaker-1) Shell operated Ocean Epoch drilling rig August 2007



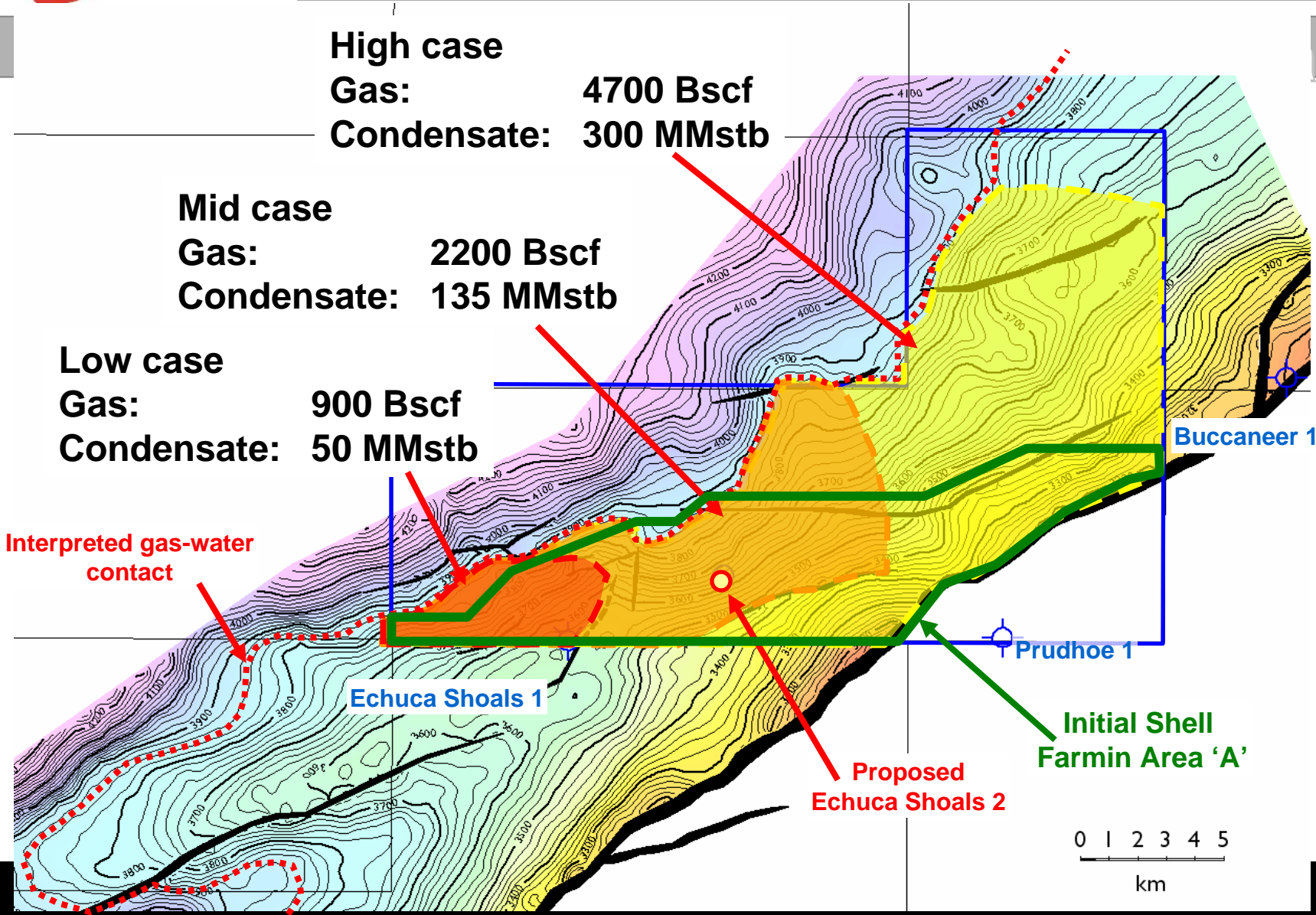
Large gas resource potential to be defined by appraisal program. Analysis by Nexus of Echuca Shoals-1 indicates resource may have a high liquids content

Echuca Shoals Appraisal

High case
Gas: 4700 Bscf
Condensate: 300 MMstb

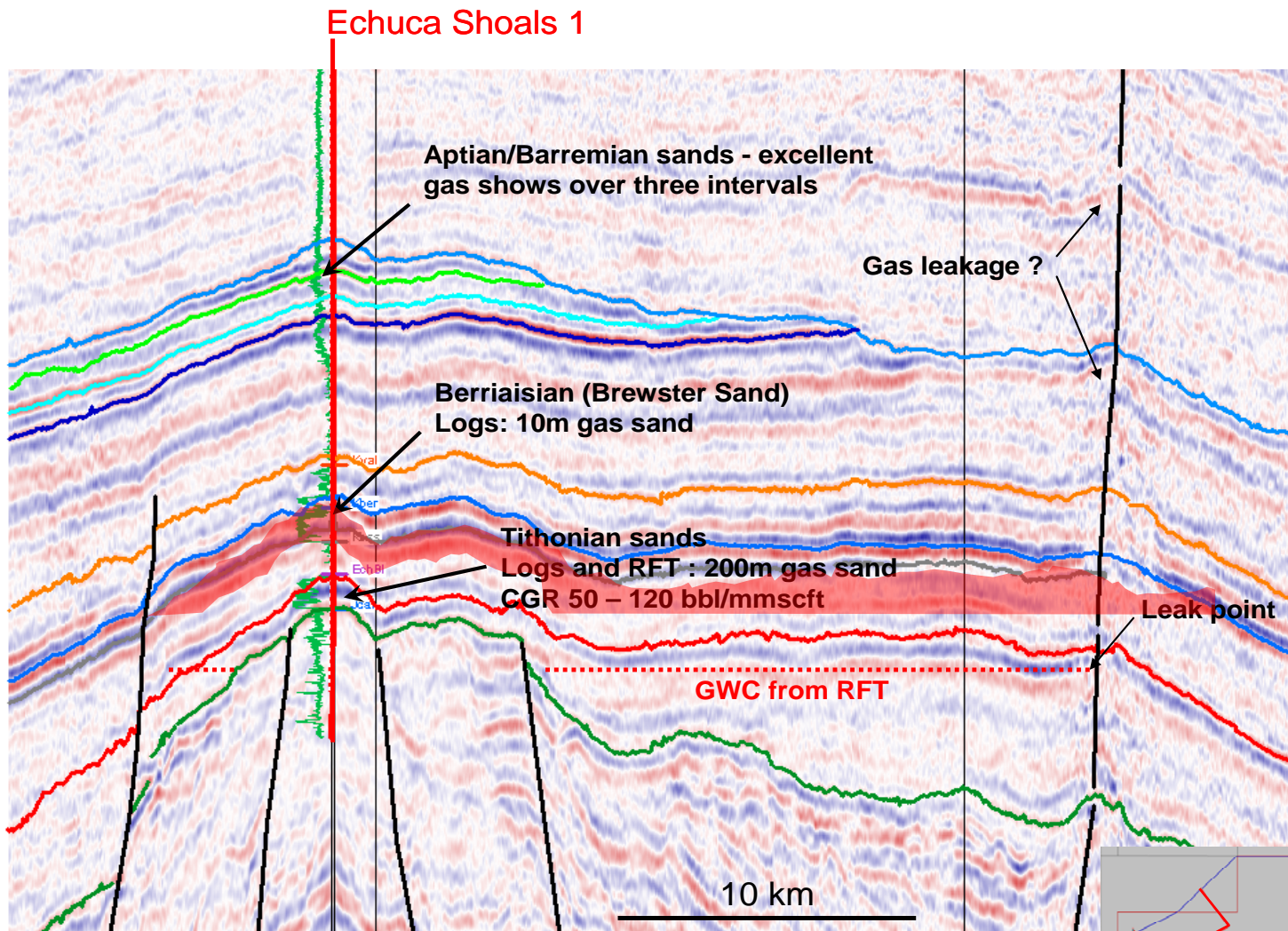
Mid case
Gas: 2200 Bscf
Condensate: 135 MMstb

Low case
Gas: 900 Bscf
Condensate: 50 MMstb



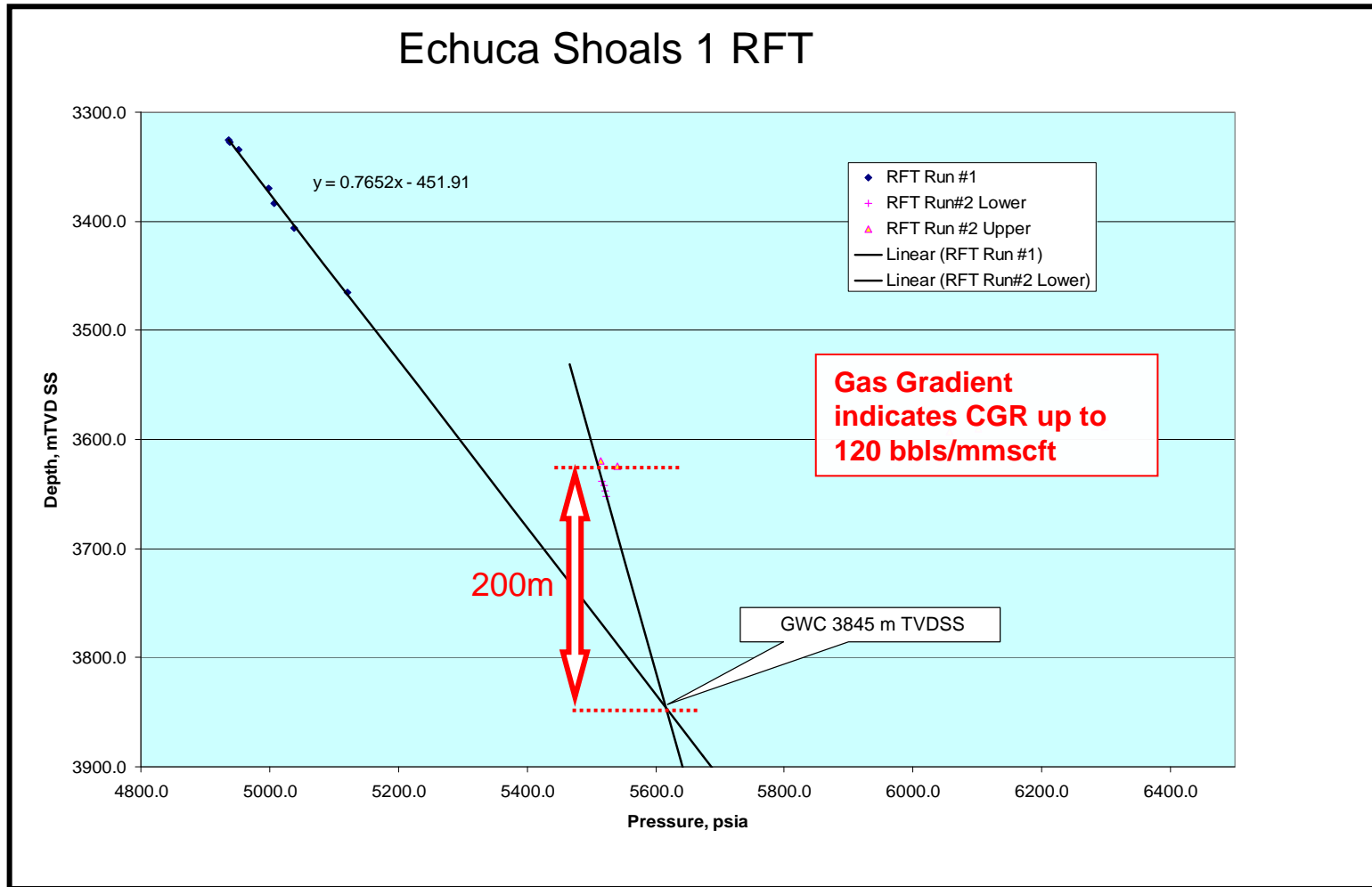
Echuca Shoals Appraisal

Echuca Shoals-1 well results – “multiple plays”



Echuca Shoals 1 – Pressure Data

Pressure data indicating liquids gas column – supported by Crux experience



Exploration Assets

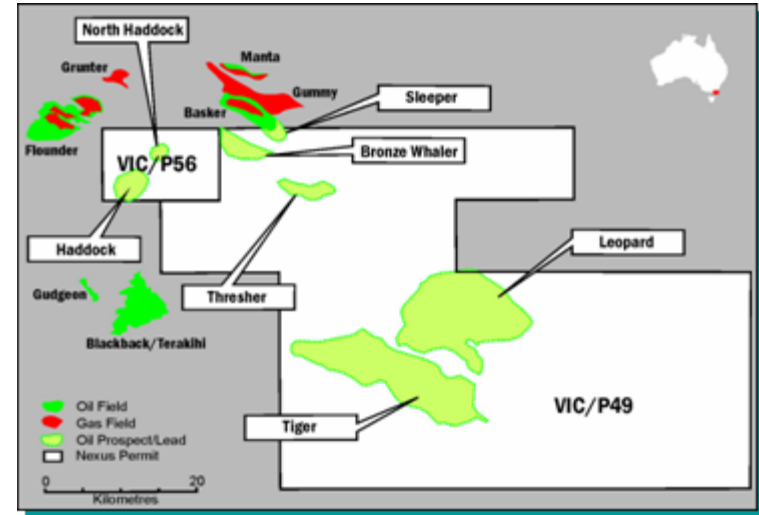
Near Term Exploration Activities

VIC/P49 & VIC/P56

– Gippsland basin (Nexus 80% working interest)

- ❖ **2D seismic completed 2007**
- ❖ **Wells on Basker Trend in late 2008**

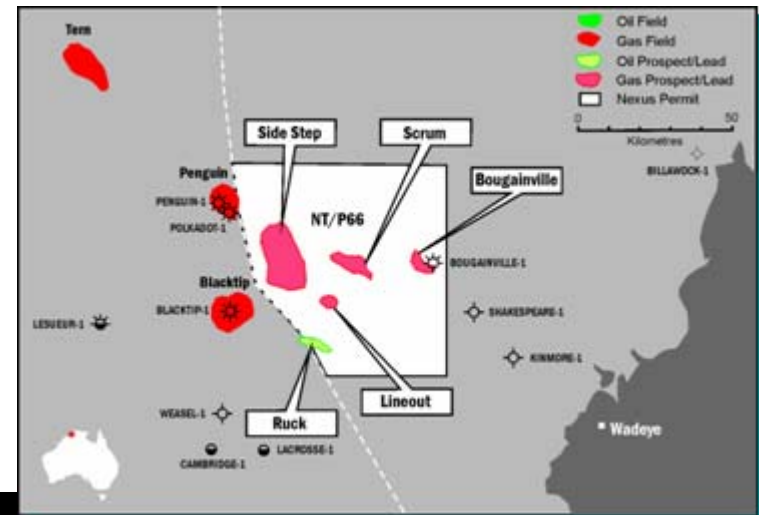
Potential Basker extension plus follow up prospects as well as large deep water leads



NTP/66

– Bonaparte Gulf (Nexus 100% working interest)

- ❖ **Drill 30 mmbbl Ruck prospect in Q2 2008**



Summary of Drilling Activity

Firm and contingent rig slots

Nexus Cash Forecast & Budget Drilling Schedule - July 2007

Permit	Well/Prospect	Type of Well	Rig	2007					2008										
				Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
WA-377-P	Fosset Maker-1	Appraisal	Epoch	█															
AC/P23	Crux-3 & 4	Appraisal	Sedco 703						█	█									
AC/P41	No Name ²	Exploration							█	█									
NT/P66	Ruck/Sidestep	Exploration	Wilcraft										█	█					
VIC/P54	Longtom-4	Development	West Triton										█	█	█				
WA-377-P	Fosset Maker-2 ²	Appraisal											█	█					
AC/P41	No Name ²	Exploration															█	█	
WA-368-P	Yngling-1 ¹	Exploration	Ensco 106														█	█	█
VIC/P49	Sleeper/Bronze Whaler	Exploration	Kan Tan IV																█
VIC/P54	Longtom Upper ³	Explor/Appras	West Triton											□					

Notes:

1 Commitment well for Nov-07 permit year

2 Operated by Shell

3 Contingent well



Very active program - 7 firm wells and 1 contingent well



4 appraisal development and 4 exploration

Identified Sources of Funds – 2007/08

Equity

- Cornerstone investor placement for A\$93m
- Exercise of existing options (~ A\$10 million)

Debt

- Longtom project finance from BOSI totalling A\$160 million

Asset Sale

- Sale of 15% interest in Crux liquids to Osaka Gas for A\$75 million

Farmout

- WA-377-P Shell farmin, US\$5 million cash payment, US\$30 million of first appraisal well and US\$25 million of any second appraisal well

Total identified funds - approx. A\$390 million available for 2007/08 program



▶ Large Resource Base

▶ Pipeline of Projects

▶ Long Lived Production



For further information please contact

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