



5 March 2007

The Manager, Companies
Australian Stock Exchange

**NEXUS AND SHELL
AWARDED AC/P41 EXPLORATION PERMIT
SURROUNDING CRUX**

Please refer to the attached announcement.

Yours sincerely,

Susan Robutti
Company Secretary

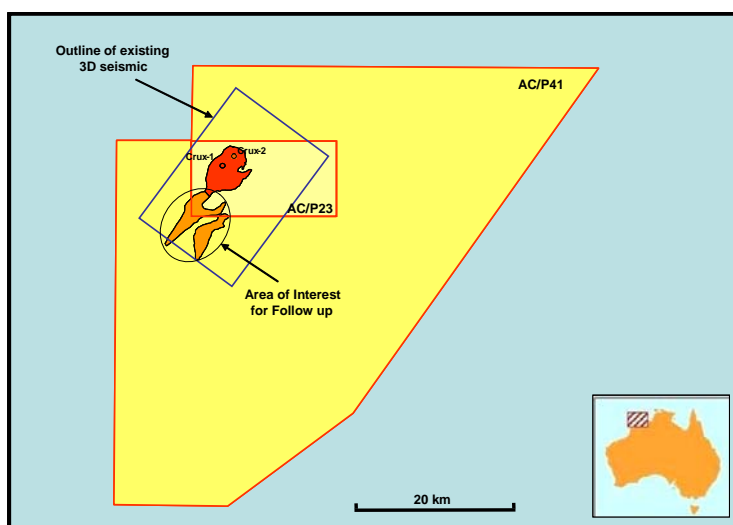


Nexus and Shell Awarded AC/P41 Exploration Permit Surrounding Crux (Nexus 50% & Shell 50%)

Nexus Energy Limited ("Nexus"), in joint venture with Shell Development (Australia) Pty Ltd ("Shell"), have been awarded a new exploration permit, AC/P41, in the Browse Basin surrounding the Crux gas and petroleum liquids field.

Nexus and Shell each hold 50% equity in this new permit and Shell will be the operator. The work programme for the new permit includes geological studies of the area, drilling of exploration wells and acquisition of 3D seismic data.

The AC/P41 permit surrounds Nexus' Crux gas condensate field and is 200 kilometres off the Kimberley coast of Western Australia in the northern part of the Browse Basin. The permit covers an area of approximately 1,900 square kilometres.



AC/P41 Permit - Location Map

The recently acquired Crucis 3D seismic survey covers a total area of 280 square kilometres. The survey covers both the AC/P23 permit, containing the Crux field, and an area to the south now included within the newly assigned AC/P41 permit.

The Crucis 3D seismic data indicates additional appraisal potential associated with the Crux structure along an identified horst block mapped by Nexus to extend into the AC/P41 permit. Nexus has also identified additional near field exploration potential.

Nexus has commenced appraisal of the main part of the Crux field defined by the Crux-1 discovery well. The company recently drilled the Crux-2 well to test the northern extension of the field, intersecting 27 metres of net gas sand. Nexus is currently drilling the Crux-2 ST1 well (sidetrack well) to provide another important control point, which if successful, will be cased as a future development well.

Significant Additional Potential

As previously announced, the Crux field has potential for a future petroleum development based around a gas recycling/liquids stripping project while the substantial gas resource within Crux also holds promise as a future liquefied natural gas (LNG) development.

Early in 2006 Nexus sold its rights to the gas (excluding condensate) in the Crux field in AC/P23 to Shell for US\$40 million.

Nexus Managing Director, Ian Tchacos said, "The Crux field holds considerable potential for both a liquids project, and potentially an LNG development."

"The addition of a new permit in joint venture with Shell indicates both companies' confidence in the potential of the Crux gas field and offers Nexus greater exposure to the broader Crux structure and significant additional potential for new discoveries in the vicinity."

"Nexus is very pleased to have been granted this permit in partnership with Shell, it forms part of a wider relationship for gas commercialisation in the Browse Basin incorporating the Echuca Shoals gas field in which Nexus recently farmed out 34% to Shell" Mr Tchacos said.

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

Background on the Crux Field

The field is 100 kilometres north east of the 100% 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 an LNG project.

A 3D seismic survey acquired by Nexus earlier in 2006 indicates that the field contains a best estimate contingent recoverable condensate resource of 71 MMstb.

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

Sale of condensate from the field has the potential to provide significant value to Nexus' shareholders and this opportunity has been vigorously pursued since the field was acquired.

The gas sales agreement provides for Nexus to be able to execute 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.

Nexus envisages a gas recycling scheme for the Crux liquids project with approximately 960 MMscf/d being produced through three production wells. Over 25,000 stb/d of condensate would be stripped from the gas before it is compressed and re-injected into the reservoir through three injection wells.

The wells are to be tied back to a floating production, storage and offloading facility (FPSO).