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The Manager, Companies
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Nexus response to merger proposal between Anzon and ARC and media speculation

Nexus Energy Limited (Nexus) has read with interest today's announcement of a proposed merger between Anzon Australia Limited (Anzon) and ARC Energy Limited (ARC) at a merger ratio of 1.175 ARC share for every Anzon share held.

As a 17.8% shareholder in Anzon, Nexus will review the proposal carefully but notes that based on the 30 and 90 day VWAP for ARC the proposal implies a disappointing value of \$1.76 and \$1.71 per Anzon share¹.

Nexus also notes that under each of the three consideration alternatives the implied value per Anzon share will track the ARC share price based on a multiple of 1.175.

Nexus will fully review the proposal and provide an update of its intentions to shareholders in the coming days.

Nexus also notes today's inaccurate media speculation that it is in discussions with Anzon and ARC in relation to a three-way merger and wishes to clarify its position.

Whilst a merger proposal with respect to Anzon was put forward a number of weeks ago, the proposal did not extend to a three-way merger and such a proposal is not under consideration by the Board of Nexus.

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¹ Based on 30 and 90 day period to 19 October 2007, being the last day that ARC traded prior to the announcement of the proposed merger with ANZON