



NEXUS ENERGY LIMITED

Activities

Exploration Drilling

EP 389 Eclipse #1 well

Nexus entered into a farmin agreement with Empire Oil Company (WA) Limited to acquire a 10% interest in EP 389 in the Perth Basin in Western Australia, by funding 12% of the costs of the Eclipse #1 Well.

The well was spudded on the 18th April and on the 10th May reached total depth of 3,660 metres. Wireline logging recorded from 3,660 m to the casing shoe at 1,796 m indicated that there were no significant commercial hydrocarbons in the well.

The well was plugging and abandoned.

Acreage Gazettals

VIC / P54

During the quarter Nexus entered into an agreement with the United States based Liberty Petroleum Corporation, whereby Liberty has assigned to Nexus a 100% working interest in the new 630sq km exploration permit VIC/P54 in the offshore Gippsland Basin. The permit was been granted on 8th April 2003 for a six year period.

Nexus was strongly attracted to this permit for the following reasons:

- An existing gas discovery at Longtom #1
- The proven prospectivity and variety of play types, with several leads already identified
- The availability of 3-D seismic which will become available free of charge during the primary (three year) term.
- Proximity to existing infrastructure as well as relatively shallow drill depths (700 – 2,700 meters) and water depths (36 – 60 meters) which would enhance the economics of any discoveries
- The permit is relatively unexplored with only two wells having been drilled to daye.

Geotechnical work has commenced to further evaluate the Longtom gas discovery.

In August 2003 Nexus will be in a position to seek farmin partners for this permit.

NT/P66

On the 26 June Nexus was awarded the new 3,555 sq km permit NT/P66 over the area gazetted as NT02-4 in the Bonaparte Basin.

The permit has been granted for a six year period and Nexus will have a 100% working interest. The permit is adjacent to the Woodside permit WA279P which contains the Blacktip gas field (approximately 1 TCF recoverable gas reserves).

With only 1 exploration well in the permit NT/P66 is a relatively unexplored block in a world class gas province in close proximity to several significant gas discoveries including Blacktip, Petrel and Tern and is ideally located on the southern margin of the basin and near to shore and in relatively shallow water.

As part of its work commitments Nexus will immediately commence a Northern Territory gas marketing study and a Northern Territory gas gathering feasibility study.

The acquiring of both the above permits further represents an ongoing strategy for Nexus of securing high quality exploration opportunities in prospective area proximal to developing infrastructure and markets. The high equity level which Nexus holds in the permit area provides the opportunity for the company to gain leverage from its technical and commercial skills by attracting joint venture participants by way of a farm-in.

Nexus will continue to focus on the Bonaparte and Gippsland basins as core areas of exploration portfolio development.

Production New Ventures

Nexus is targeting assets that provide the opportunity to generate value through productivity enhancement, cost reductions and reserves additions. During the quarter the Company conducted a thorough evaluation on one offshore Australian opportunity that satisfied the Company's investment criteria, however this opportunity was declined on a commercial basis.

Information Technology Interests

The company is seeking to commercialize its interest in its one third shareholding in Original IT Investments Pty Ltd (an IT incubator). The company is working closely with Original IT to ensure that existing incubatee's develop credible business cases which in turn will provide a basis for valuing the assets of the incubator (Original IT).