



NEXUS ENERGY LIMITED

Activities

Corporate

During the quarter the company raised \$190,000 by way of a placement of 2,375,000 ordinary fully paid shares. The placements were arranged through a range of leading financial institutions and sophisticated investors. The funds raised were used for Nexus' ongoing activities in relation to the planned farmout of exploration permit VIC/P54 and furthering exploration activities in relation to VIC/P56 and NT/P66. This capital raising was part of a larger ongoing series of placements that will result in the issue of an additional 6,630,000 ordinary fully paid shares to provide further working capital for the exploration and new ventures activities as well as further expanding of the Company's shareholder base.

Exploration Permits

VIC / P56 Nexus interest 100%

On the 29 August Nexus was awarded the new 135 sq km permit VIC/P56 over the area gazetted as V02-4 in the offshore Gippsland Basin.

The permit was granted for a six year period and Nexus will have a 100% working interest. VIC/P56 is in close proximity to several significant producing oil and gas fields including Tuna, Flounder, Halibut, Blackback and Marlin, and is ideally located on the eastern margin of the basin in relatively shallow water

VIC/P56 has two large prospects at the prospective Top Latrobe reservoir level which both have the potential to contain up to 50 – 60 million barrels of oil reserves.

Approximately 50% of the block is covered by 3D seismic data. Most of this data is open file and covers the western most prospect in the block. This data is already available to Nexus and is currently being interpreted. A portion of the large Northern Margin 3D survey acquired by the Esso/BHP Billiton Joint Venture survey covers the western most part of the permit. This additional data will also be available to Nexus during the course of its primary (three year) work program and will further assist the Company to better define existing prospects in the permit prior to drilling.

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

- The proven prospectivity and variety of play types, with several prospects already identified

- The existence of 3-D seismic which will become available to Nexus free of charge during the primary term
- The proximity to other current non commercial reserves such as the Manta oil and gas field which could be tied in to any potential discoveries in VIC/P56

The permit is relatively unexplored with only one well having been drilled in 1983

VIC / P54 Nexus interest 100%

Geotechnical work has continued to further evaluate the Longtom gas accumulation and further define other prospects and leads. In particular detailed petrophysical and reservoir engineering studies were conducted that further confirmed the size and nature of the Longtom.

Subsequent to the end of the quarter Nexus gained access to 320 km² of 3-D seismic data over the southern portion of the permit through a data trade agreement. The 3-D dataset was originally acquired by Esso in 2002 as apart of the extensive Northern Margin 3-D seismic survey in the Gippsland Basin. Nexus has commenced the process of mapping the Longtom and exploration prospects previously defined on 2-D seismic.

Nexus has commenced seeking farmin partners for this permit and is working towards the conclusion of a farmout by the end of the year after potential farminees have viewed the mapping of the Longtom accumulation and the exploration potential in the permit based on the 3-D data set.

A gas markets study was commissioned during the quarter that confirmed the viability of rapidly commercialising Longtom once the appraisal proves successful.

NT/P66 Nexus Interest 100%

Geotechnical work has commenced to further evaluate this permit. Seismic attribute analysis was conducted over the two leads and the nearby Blacktip gas discovery and the company intends to purchase approximately 500 km of speculative 2D seismic data over the entire permit.

Nexus intends to commence farmout discussions with several large companies over the coming months.

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

New Acreage Gazettals

During September Nexus submitted bids for two blocks adjacent and to the west of its VIC/P54 permit in the Gippsland Basin.

Production New Ventures

The Company did not actively pursue production new ventures during the quarter. It has instead concentrated its activities on technical and commercial work to establish the potential viability of Longtom. The company will recommence production new ventures now that a farmout package for VIC/P54 has been completed.

Information Technology Interests

Original IT Investments Pty Ltd

Nexus interest 33.33%

Nexus and its co shareholders in Original IT Investments Pty Ltd (OIT) have made a submission to the commonwealth government to amend the OIT grant deed. The proposed amendments are for the Commonwealth to release the final \$400,000 of outstanding grant monies to OIT and for the OIT shareholders to be relieved of their obligation to contribute their remaining contributions. In addition funds held by OIT will be used in the commercialization of its existing incubatee startup enterprises as well as accepting a reduced number of new applicant start up enterprises. Nexus will work closely with OIT to ensure that existing incubatee's develop credible business cases which in turn will provide a basis for valuing the assets of OIT. The Company is attempting to maximize the value of its investment by restructuring OIT and assisting incubatee's to enhance their value. Its ultimate aim however is to exit the business on the most favourable terms possible and concentrate on its oil and gas activities

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Nexus Energy Ltd

ABN

64 058 818 278

Quarter ended ("current quarter")

September 2003

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(199)	(199)
1.3	Dividends received	(247)	(247)
1.4	Interest and other items of a similar nature received	26	26
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other - GST refunds	44	44
Net Operating Cash Flows		(376)	(376)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(2)	(2)
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		(2)	(2)
1.13	Total operating and investing cash flows (carried forward)	(378)	(378)

1.13	Total operating and investing cash flows (brought forward)	(378)	(378)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	190	190
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)	(1)	(1)
	Net financing cash flows	189	189
Net increase (decrease) in cash held			
		(189)	(189)
1.20	Cash at beginning of quarter/year to date	417	417
1.21	Exchange rate adjustments to item 1.20		
		228	228
1.22	Cash at end of quarter		

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	28
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

\$A'000

4.1	Exploration and evaluation	100
4.2	Development	Nil
Total		100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank		
5.2	Deposits at call	225	225
5.3	Bank overdraft		
5.4	Other (provide details)	3	3
Total: cash at end of quarter (item 1.22)		228	228

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	EP389	Withdrawn from joint venture	10%	0%
6.2	Interests in mining tenements acquired or increased	VIC/P56	100% working interest	0%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	128,410,346	128,410,346		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Shares out of escrow	2,375,000	2,375,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	27,667,479	27,667,479	<i>Exercise price</i>	<i>Expiry date</i>
	3,000,000		18 cents	31 July 2004
	2,000,000		20 cents	31 July 2004
	2,000,000		12.5 cents	30 June 2005
	2,000,000		25 cents	30 June 2005
	2,000,000		50 cents	30 June 2005
	3,000,000		20 cents	30 June 2005
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date:31 October 2003
(Company secretary)

Print name: ..Edward Munks.....

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Note 1

Schedule of Exploration Permits

Held by the Consolidated Entity

<u>Exploration Permits</u>	<u>Basin</u>	<u>Interest %</u>
VIC/P54	Gippsland	100
VIC/P56	Gippsland	100
NT/P66	Bonaparte	100