

Rule 5.3

## 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 2004

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 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	(496)	(496)
1.3 Dividends received	(527)	(527)
1.4 Interest and other items of a similar nature received	108	108
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid		
1.7 Other - GST refunds	82	82
<b>Net Operating Cash Flows</b>	<b>(834)</b>	<b>(834)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(18)	(18)
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)		
<b>Net investing cash flows</b>	<b>(18)</b>	<b>(18)</b>
1.13 Total operating and investing cash flows (carried forward)	(852)	(852)

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1.13	Total operating and investing cash flows (brought forward)	(852)	(852)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	9,537	9,537
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)		
	<b>Net financing cash flows</b>	<b>9,537</b>	<b>9,537</b>
	<b>Net increase (decrease) in cash held</b>	<b>8,685</b>	<b>8,685</b>
1.20	Cash at beginning of quarter/year to date	795	795
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>9,480</b>	<b>9,480</b>

**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	32
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

Directors' Fees paid in 1.23
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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
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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
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### 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	3,200
4.2 Development	Nil
<b>Total</b>	<b>3,200</b>

### 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	128	128
5.2 Deposits at call	9,352	9,352
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>9,480</b>	<b>9,480</b>

### 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			
6.2	Interests in mining tenements acquired or increased			

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**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 <b>Preference <sup>+</sup>securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	206,171,803	206,171,803		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Shares out of escrow	56,266,327	56,266,327		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	4,000,000 2,000,000 2,000,000 2,000,000 3,000,000 3,250,000 3,000,000		<i>Exercise price</i> 14 cents 12.5 cents 25 cents 50 cents 20 cents 30 cents 33 cents	<i>Expiry date</i> 31 March 2005 30 June 2005 30 June 2005 30 June 2005 30 June 2005 31 December 2005 31 December 2005
7.8 Issued during quarter	3,250,000 3,000,000		30 cents 33 cents	31 December 2005 31 December 2005
7.9 Exercised during quarter	27,266,267		18 cents	31 July 2004 31 March 2005
7.10 Expired during quarter	3,401,152 2,000,000		18 cents 14 cents	31 July 2004 31 March 2005
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

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## 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: .....28<sup>th</sup> October 2004  
(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**

**At 28 October 2004**

<b><u>Exploration Permits</u></b>	<b><u>Basin</u></b>	<b><u>Interest %</u></b>
VIC/P54	Gippsland	37.5
VIC/P56	Gippsland	100
VIC/P39(v)	Gippsland	100
NT/P66	Bonaparte	100
Vic/P49	Gippsland	100

Note:

1. In October 2004 the consolidated entity acquired a 100% interest in the offshore Gippsland Basin Permit VIC/ P49.