



Crux-2 appraisal well begins (Nexus 100%)

Nexus Energy Limited ("Nexus") is preparing to drill the Crux-2 well on the Crux gas/condensate field in the Browse Basin. Nexus has taken possession of the Songa Venus semi-submersible rig which is currently being towed to the Crux location in preparation for drilling which is expected to commence by the New Year.

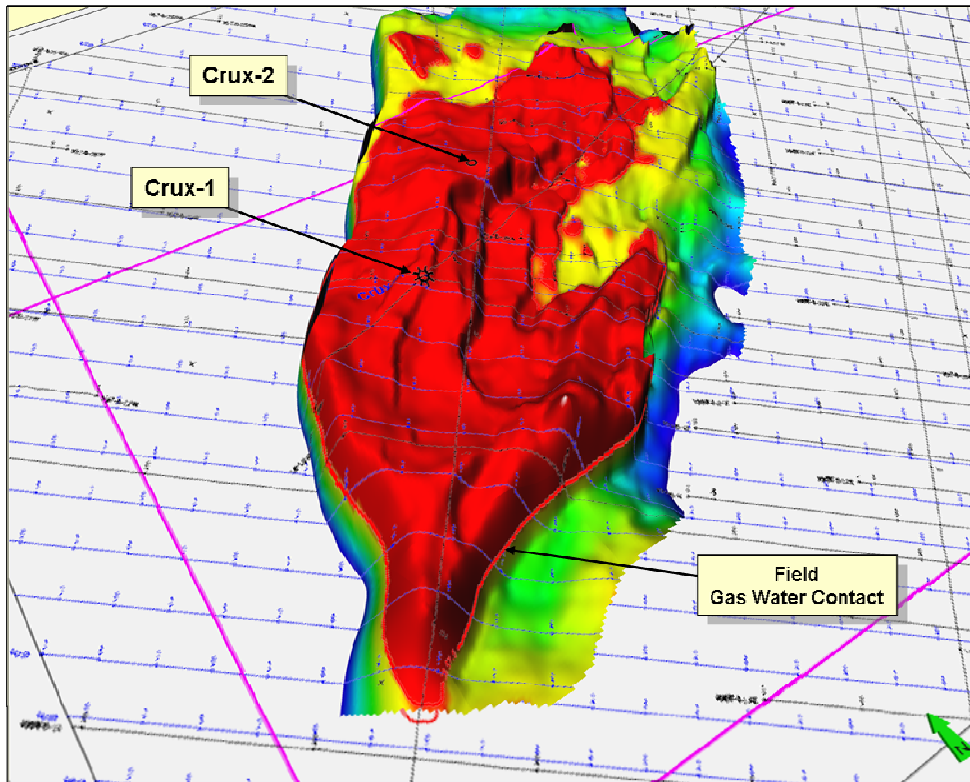
Nexus has designed the well to appraise the Crux gas liquids resource to enable a development decision on its 100% owned Crux liquids project scheduled for mid 2007. If successful, the well will be the first of six development wells planned on the field to recover an expected 71 million barrels (Nexus best estimate contingent recoverable resources) of condensate (a high value premium light oil).

Nexus is concurrently completing front end engineering and development ("FEED") studies for the development of Crux liquids via a floating production storage and offloading vessel ("FPSO"). FEED is expected to be completed in January 2007 and Nexus has already commenced the tender prequalification process with engineering contractors for the supply of the FPSO and the gas processing plant.

The Crux-2 well is to be located two kilometres northeast of the Crux-1 discovery well, which encountered a 244 metre gas column in high quality Triassic aged reservoirs. The well will be drilled to an estimated total depth of 4,120 metres sub-sea and has been designed to be kept as a future injection well as part of the overall development of the Crux field.

The objectives of the Crux-2 well are to:

- Confirm the lateral extent of the field toward the north east;
- Confirm the Condensate/Gas ratio (CGR) and composition of the gas condensate for marketing purposes; and
- Confirm the deliverability of both the A and B reservoir sands encountered at the appraisal well location are comparable to that measured by prior well testing in the Crux-1 well.



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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 this year 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 expects that it will be in a position to sanction the project by mid 2007 with first condensate being produced during the third quarter of 2009.

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, 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).
