



16 October 2007

The Manager, Companies
Australian Stock Exchange

**MAJOR PROGRESS ON CRUX & SIGNIFICANT ANZON STAKE
OPEN BRIEFING - CORPORATE FILE PTY LTD**

Please refer to the attached announcement.

Yours sincerely

Susan Robutti
Company Secretary

**Attention ASX Company Announcements Platform
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Title: Open Briefing®. Nexus Energy. Major Progress on Crux & Significant Anzon Stake

Record of interview:

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Nexus Energy Limited (“Nexus”) recently announced that it had increased its stake in Anzon Australia Limited (“Anzon”) to 16.4%. Anzon holds 12.4% of Nexus. Can you explain the rationale for buying the stake in Anzon?

MD Ian Tchacos

Anzon is currently conducting a sale process that was initiated by the merger proposal we had earlier put to Anzon. We have stated that at the right price Nexus and Anzon could be a compelling combination for both companies’ shareholders. Building our 16.4% stake maximises our options with respect to the sale of Anzon - in particular given that Anzon is a substantial shareholder in Nexus we want to be in position of influence in relation to our own shares held by Anzon.

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Can you explain the benefits of your merger proposal with Anzon and the process to progress it?

MD Ian Tchacos

As stated previously Nexus has put forward a merger proposal to Anzon which it believes will add value for both Anzon and Nexus shareholders in the short to medium term.

Given the sale process, it is inappropriate to discuss specific aspects of our proposal at this stage. Nevertheless, Anzon is very familiar with the benefits of a merger with Nexus given that they unsuccessfully tried to take over Nexus last year. The merger is even more compelling today given where both companies are.

Key benefits to shareholders would include:

- The creation of a \$1.5 billion-plus premier ASX listed mid-cap oil and gas company;
- S&P ASX 200 index inclusion;
- An excellent combination of production and growth projects;
- complementary asset positions in the Gippsland Basin creating potential for synergies between our Longtom asset and their Basker Manta
- significant development and operating cost reductions and other synergies and;
- the potential for a substantial share price re-rating for the combined entity.

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How did the transaction where you bought Anzon shares from Viking Shipping Limited come about?

MD Ian Tchacos

In addition to the acquisition of shares on market, we were approached by one of our existing major shareholders, Viking, about their shareholding in Anzon. We've reached agreement with Viking where they will sell us their approximate 3.7% stake in Anzon, in exchange for a further placement of Nexus shares (at a ratio of 1.1 Nexus shares for every Anzon share held). This consolidates Viking's position as the largest shareholder in Nexus.

Importantly, this reflects Viking's belief as to the upside potential of Nexus and their view on the relative value of Anzon and Nexus.

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What would you do with the stake in Anzon if your merger proposal is not successful?

MD Ian Tchacos

It's premature to speculate, but we are comfortable with our investment and the rights that it delivers us.

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Nexus rejected a bid from Anzon last year – so what has changed? Why do you see value in merging now?

MD Ian Tchacos

The value of Nexus' interests in Longtom Gas Project (100%) and Crux Liquids Project (85%) are better reflected in our share price providing a better than expected exchange ratio for Nexus shareholders. The current Nexus share price is approximately 130% higher than the takeover offer from Anzon last year. In

addition, Anzon's Basker oil project is now better defined and the outlook for Manta gas in the Eastern states gas market is more promising.

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Nexus has made good progress this year with its three main projects; Longtom, Crux and Echuca Shoals field (66%). With each project now further advanced, how do you rank your projects in terms of the potential impact on shareholder value?

MD Ian Tchacos

Longtom is on target for first gas in Q3 2008. It is proceeding well in the development phase and has attracted project finance; that's a good measure of the certainty of that development. It probably accounts for 30-40% of our current share price and once it reaches the production stage, it will generate significant pre tax cash flows of around \$70 million per annum and be a key asset to Nexus.

The next cash generating asset for Nexus is expected to be Crux, which has recently undergone appraisal drilling, Crux is a substantial condensate resource that has a potentially very high value, but is still being heavily discounted by many analysts, by as much as 40% to 50% based on our estimates. We'd expect a greater representation of that value as we get closer to project go ahead in early next year and it becomes more apparent that this is a firm project.

The value of Crux was underpinned by Osaka Gas Co., Ltd recently taking a 15% stake in the project for \$75 million, which values the project at A\$500 million compared to our market cap which is currently around A\$750 million. What is also emerging from our ongoing technical work is the potential upside from the extension of the Crux field into an adjoining permit that we hold 50:50 with Shell and other near field exploration and appraisal that could add significantly to the Crux resource.

Echuca Shoals, which is also in the appraisal stage, isn't significantly represented in our current share price, even though there is tremendous value in the Shell farm-in alone. Echuca Shoals has the potential to be a significant resource, however it will require at least another appraisal well to determine its size.

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How is Nexus able to maintain large equity positions in big projects? Will that continue to be a key aspect of your growth strategy?

MD Ian Tchacos

We currently have in excess of 125 mmboe reserves and resources, of which 58 mmboe is Longtom reserves and the balance is Crux resources and Longtom uncontracted gas, and this excludes any resource potential from Echuca Shoals. Our goal is to retain our existing high level of interest in these projects.

At Longtom, 70% of the development is being financed through a project finance package. At Crux, we've made good progress following a successful appraisal campaign and we're moving forward to an investment decision by around Q2 2008

at which point we expect that we will be booking an additional 55 mmboe of reserves.

In the current high oil price environment where resources such as people, drilling rigs and materials are scarce we believe it's better to concentrate our efforts on fewer material projects that we expect ultimately to operate. The majority of the value is created as projects move from the appraisal phase to the development stage. It's our goal to maintain material investments of at least 60% in most of our projects at the production phase so we still have significant headroom at Longtom and Crux to gain further funding if required by selling interests in those assets at the appropriate time.

Nexus is currently valued at about US\$5.50 per barrel, based on our current reserves and resources at Longtom and Crux. Most companies with an asset base in the production and development stage are valued at anywhere between US\$15-30 per barrel. So there's a very large uplift in maintaining our interest in these resources as we move them in to production.

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Osaka Gas is a large domestic gas company so why would it want to take equity in a liquids project such as Crux? More generally, what is Nexus' relationship with Osaka Gas?

MD Ian Tchacos

While it is difficult to speak for Osaka Gas's ambitions - they have made it clear to us that Crux is seen as the initial step for a broader relationship between our companies focussed on gas and gas liquids. Nexus is concentrating on the liquids project at Crux which is expected to deliver in excess of 32,000 barrels per day by mid 2010. The Crux area, including the surrounding AC/P41 permit which we hold at a 50% interest with Shell, has the potential to yield significant gas resources which in the longer term may yield gas resources of LNG project proportions.

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As you mentioned, Nexus carried out successful appraisal work recently at Crux. Can you explain how these results have modified your understanding about the reservoir characteristics and the size and dimensions of Crux?

MD Ian Tchacos

Independent resource estimates are currently being carried out which should be in line with Nexus's estimates for the core area of the field - but there's more resource upside in the Plover sands and adjoining structures which could add very materially to Crux.

The Crux-2 well and the Crux-2 ST 1 well intersected an additional reservoir, the Plover, which was not present at Crux-1. This is a high quality reservoir, which is very productive in other fields and importantly is in pressure communication with all the other reservoirs encountered in Crux-1. This gives us an additional gas

column, in communication with the rest of the field and an additional resource, without adding to the complexity of the field development.

We expect to be able to announce an independent resource estimate soon, which will help us secure financing for the project, however our seismic mapping work is ongoing and providing greater confidence about the resource potential at Crux which may be incorporated in further revisions of the independent resource assessment for the field.

Importantly, our recent appraisal drilling has indicated that the liquid content at Crux is 25% higher than previously estimated. This is based on direct sampling from the reservoir within the wells. By contrast, the Crux-1 discovery well sampling was done at surface, which is a less accurate way of determining the gas to liquid ratio. This has two important ramifications. Firstly, the resulting increase in liquids reserves and secondly a higher liquid output for the same gas volume that will be recycled. Under the current project design we expect that Crux will produce at a plateau rate of around 32,000 bbl/day allowing for approximately 10% down time.

Our best estimate resource assessment now stands at 65 million barrels of liquids for the project. These resource estimates do not include a mapped extension of Crux into the adjacent AC/P41 exploration permit, which was acquired in a 50/50 partnership with Shell or other structures in AC/P23 (the permit containing the Crux core area) in close proximity to Crux. Piecing all the potential pieces of Crux together through further appraisal and exploration drilling has the potential to result in a very significant gas and liquids accumulation.

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Nexus currently has a best estimate resource for the Crux core area of 65 million barrels of liquids. Can you outline the project economics?

MD Ian Tchacos

Capital costs excluding the leased FPSO are estimated at US\$540 million and we expect to produce around 32,000 barrels of oil per day. At US\$60/bbl oil we expect Crux to generate around A\$500 million per year of pre tax cash flow and the pre tax project NPV at a discount factor of 10% is A\$1000 million. It is a very significant project which we hold at a very high equity interest.

We are confident that we will progress to FID during Q2 2008 and intend to commit to long lead items in Q4 2007 to keep us on target for first production in Q2 2010. If we are successful at adding more gas to Crux we can expect production to stay on plateau beyond the current forecast of approximately 3 years which would significantly enhance the economics for the project.

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Nexus, in a joint venture with Shell, was awarded that new exploration permit, AC/P41, in the Browse Basin surrounding the Crux field. You've stated that there is an opportunity to extend the field. Can you explain these opportunities, when

they might be assessed and the potential to add to your best estimate contingent resource of 65 million barrels?

MD Ian Tchacos

Three more wells will be drilled in Q1 2008 – 2 in AC/P23 (Crux core area) and one in the AC/P41 surrounding exploration permit that includes a potential extension of Crux and other nearby structures. The appraisal and exploration potential in and around Crux is very significant and will be the focus of a significant appraisal and exploration program to potentially expand the Crux liquids project.

Based on our recently acquired 3D data set, we believe that the Crux structure extends into the adjoining AC/P41 permit. Interpretation of the data in AC/P41 has indicated that there are structures in AC/P23 and AC/P41 which lie above the GWC seen in the Crux wells and may form part of a larger mega structure. These features provide low risk near field exploration opportunities that will be drilled in conjunction with the appraisal of Crux

Besides this additional potential at the main reservoir level in the Crux field, the Crux-2 and Crux 2ST1 wells both encountered gas in a younger Plover formation reservoir which was not seen in the original discovery well – this new reservoir provides a very exciting new exploration target in and around an existing gas/condensate field – always the best place to look for additional resource.

We've not yet reported or valued any resource for mapped extensions of Crux into AC/P41 or other mapped structures in AC/P23 in close proximity to Crux. So there is additional potential upside in terms of the Crux structure and significant additional exploration potential in both AC/P23 and AC/P41. The appraisal and exploration potential currently identified in and around Crux is in excess of 5Tcf of gas and 200 mmbbls of liquids making this a very significant potential resource that could not only support the Crux liquids project, but also a standalone LNG project.

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Nexus has a Farm-in Agreement with Shell to jointly appraise the Echuca Shoals gas discovery. Shell is required to provide up to US\$60 million toward the drilling of two appraisal wells to earn a 34% interest in the entire permit. Can you summarise what the Fossetmaker-1 appraisal well revealed and the objectives it achieved? Where do you go from here with Echuca Shoals?

MD Ian Tchacos

The Fossetmaker-1 well was drilled in August 2007 approximately 7 kilometres east north east of the Echuca Shoals-1 discovery well to evaluate the possible eastern extension of the Echuca Shoals field.

The original discovery well, Echuca Shoals-1 was drilled in 1983 and intersected a gas column in Tithonian sands over a 70 metres gross interval, but did not intersect a gas water contact. Pressure data from the well indicated the potential for a

significant column and the likelihood that the accumulation was stratigraphically trapped. The pressure data also indicated the potential for condensate rich gas.

The Fossetmaker-1 well was drilled at a structural location interpreted to be deeper than the Echuca Shoals 1 well in order to test the potential for a deeper gas contact that could in turn validate the potential for a large stratigraphically controlled accumulation.

The Fossetmaker-1 well intersected the top reservoir section deep to prognosis resulting in gas shows being encountered in poor quality reservoir sands over a 10 metre interval at the top of a larger sand package. The interpreted gas contact is 15 metres deeper than the deepest gas seen in Echuca Shoals. Unfortunately we could not obtain pressure data in the well and so are not able to confirm that the gas sand seen in Fossetmaker-1 is in pressure communication with Echuca Shoals-1 and is definite evidence of a deeper field wide gas contact. Fossetmaker-1 well intersected a 100 metre sand interval below the gas zone indicating that the sands encountered at the Echuca Shoals well extend at least 7kms to the Fossetmaker location.

However, this increased sand thickness is a positive result in terms of potential to trap significant volumes of hydrocarbons if reservoir quality is preserved within the hydrocarbon column as was the case in Echuca Shoals-1. This analysis is supported by good Tithonian sand continuity indicated from the 3D seismic between Echuca Shoals-1 and Fossetmaker-1.

Another well will be required to test this potential. Studies are ongoing which will incorporate the Fossetmaker-1 results and nearby wells to further assess the potential of Echuca Shoals and determine the optimum location for a future appraisal well. The next appraisal well is expected to be drilled in the 2nd half of 2008.

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What's the resource potential at Echuca Shoals following the drilling of the Fossetmaker-1 well?

MD Ian Tchacos

Based on initial studies, incorporating the results of Fossetmaker-1, Nexus has assessed the potential gas volumes in the Echuca Shoals structure and believes that in excess of 3 Tcf of gas resources and in excess of 150 mmbbls of associated condensate may still exist in the Echuca Shoals structure up dip from the potential GWC seen in Fossetmaker-1 within the WA-377-P exploration permit.

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Echuca Shoals is a long way from shore. What are the realistic development possibilities for Echuca Shoals?

MD Ian Tchacos

It's our view that Echuca Shoals could be a LNG scale resource. It's within proximity of the very large Ichthys discovery made by Inpex that is in the mature

stages of consideration for development. If Echuca Shoals does prove to have a high liquids content, then it significantly improves the economics of any LNG project. We believe that floating LNG (placing an LNG plant on a ship), an adaptation of technology being pursued by several major oil and gas companies as well as independent contractors, could be an alternative for a project such as Echuca Shoals if we are successful in defining a significant resource.

Alternatively, if the resource is more modest in terms of gas, but liquids rich, then we could also pursue a potential liquids project similar to Crux. Based on our current estimates of liquids content, a similar gas resource to Crux would yield about 4 times as much liquids. If we have potentially 1.5-2 Tcf of gas, then we could end up with 200-300 mmbbl of liquids, which would be pretty exciting in its own right.

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The Longtom development in Bass Strait is based on contracted reserves of 350 Petajoules (PJ) of gas and 4 million barrels of liquids. Can you give more details on the project including any financials?

MD Ian Tchacos

The production licence has been offered and accepted by Nexus, the project is now in the execution phase and we expect first production in the third quarter of 2008. An important step forward for the Company will be the initial production, which is contracted at 68TJ per day and is expected to deliver pre tax operating cash flows of around A\$70 million per year. Longtom production should last in excess of twelve years. That's a long and stable production profile on which to build a company. The capital cost already announced is around A\$195 million, based on firm material and service contracts. The exchange rate has moved in our favour as most capital costs are in US dollars. The pre tax NPV of the project at a 10% discount rate is about A\$200 million.

What is also encouraging are eastern states gas prices which are rising and there is much greater interest in contracting reserves by buyers. For that reason we will be looking to add to the reserves base at Longtom and leverage from our new infrastructure position.

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The first gas from Longtom is forecast for the third quarter of 2008. What are the objectives between now and then? What is the development plan? What additional reserves could you book?

MD Ian Tchacos

We are tracking where we expected to be with Longtom. The development plan was finalised in May 2007 and accepted by government authorities. The development includes two wells to be connected to an existing pipeline and existing onshore facilities at Patricia-Baleen. One well, the Longtom 3 well drilled last year, is ready to produce. Longtom is effectively a field extension to Patricia-Baleen because all of the major facilities are already in place. We've negotiated a

processing tariff and sales agreement with Santos, the owner of the Patricia-Baleen gas field, whereby our gas and liquids will be on-sold after processing by Santos.

There is the potential for additional resources as we drill additional wells and as we get to production. There may also be the opportunity to increase our reserves base and market additional gas. Currently we've got about 70 PJ of uncontracted gas and we aim to add another 100-150 PJ for marketing by 2008. There is also potential to drill the Longtom Upper prospect after the Longtom 4 development drilling. The Longtom Upper prospect would target direct hydrocarbon indicators which have been very predictive of gas at Longtom. Longtom Upper could add 175 PJ of gas and could add significant incremental value to the project. We would start marketing the gas immediately. There is also potential for more gas at Grayling, which is an existing discovery within tie-in distance.

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What additional exploration activities do you plan Company-wide?

MD Ian Tchacos

Our exploration efforts in the coming 12 to 18 months will focus primarily on large gas potential in the Browse and Bonaparte basins and near field drilling in the Gippsland basin.

In the Browse we will be drilling in the AC/P41 permit adjacent to Crux and in the Bonaparte gulf a gas prospect adjacent to the Blacktip field which is being developed by ENI.

In the Gippsland basin we have rig slots for drilling oil prospects in Vic/P41 (Nexus 80%) in close proximity to the Basker oil field. We may also drill the potential extension of Basker into Vic/P49. In addition we will consider drilling the Longtom Upper prospect in Vic/L29.

Other drilling on the horizon is a large 3D defined oil prospect off Perth WA (Nexus 50%) and some elephant hunting on deep water prospects in the Vic/P49 permit on the margin of the highly prospective Gippsland basin. We recently acquired seismic over the Vic/P49 permit and have received a lot of interest from larger companies seeking to farm in.

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What other operational or corporate plans do you have for 2007?

MD Ian Tchacos

Obviously the development of Longtom and bringing Crux to a financial investment decision are our key goals – these assets are expected to deliver net production to Nexus in excess of 35,000 boepd. In addition the appraisal of Echuca Shoals and further appraisal and exploration drilling around Crux providing the potential for Nexus to develop a significant gas resource base in a rapidly emerging LNG province. Beyond that, we're looking at new venture opportunities, such as the possibility of adding existing production to a very

significant resources and reserves base; action which we think will optimise the Company in terms of its scale, and risk balance, and result in an investor re-rating.

Pleasingly, some of the larger international brokers are now covering Nexus, reflecting the increased interest from some of the longer term European and American investors in our significant resources base and pipeline of projects; Longtom already in development; Crux close to development; and Echuca Shoals continuing to be appraised.

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Thank you Ian.

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