



20 March 2007

The Manager, Companies
Australian Stock Exchange

PROGRESS REPORT NO. 13

**CRUX-2 ST1 APPRAISAL WELL
IN EXPLORATION PERMIT AC/P23**

Please refer to the attached announcement.

Yours sincerely,

Susan Robutti
Company Secretary



PROGRESS REPORT NO. 13

CRUX-2 ST1 APPRAISAL WELL IN EXPLORATION PERMIT AC/P23

Progress Update

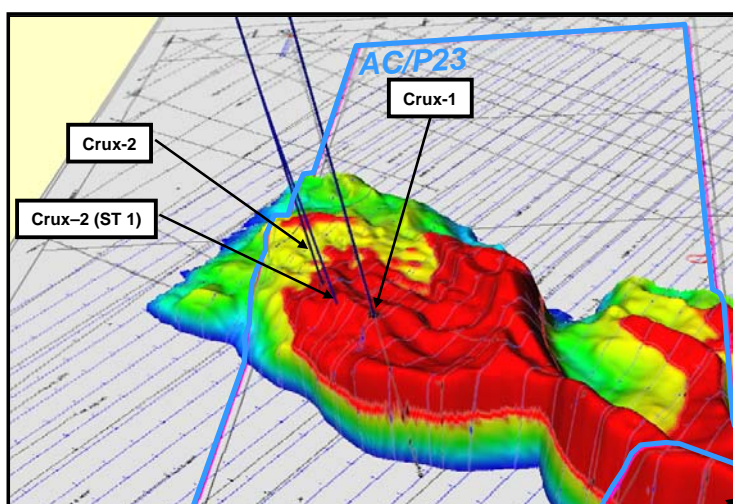
Nexus Energy Limited ("Nexus") advises that at 9.00 AM (ACST) the Crux-2 ST1 well had been drilled to a measured depth of 3,354 metres RT (measured below rotary table). Current operations are a change of the drill bit prior to recommencement of drilling.

Drilling operations since the previous report on 15 March 2007 have been delayed due to the failure of a component of the drill string near the drill bit which could not be recovered from the bottom of the hole. A cement plug was set in the bottom of the well and the well has been successfully deviated. Drilling operations in the sidetrack well are expected to recommence today.

Future Operations

Nexus expects to intersect the reservoir sands by mid next week with logging and down hole sampling in the well expected to be completed by early the following week.

A further update will be provided once the zone of interest has been intersected and evaluated.



Crux Field – Structure Map (3D image)

Crux-2 Results and Crux-2 ST1 Objectives

The Crux-2 appraisal well targeted a potential north-eastern extension of the Crux field where additional resource upside was identified, but where the seismic character differed to that observed at Crux-1. The Crux-2 well was designed to evaluate this potential in order to determine the lateral extent of the Crux field.

As previously announced, Crux-2 confirmed a gross gas column of 70 m with a net 26 m of good quality sandstones in Jurassic aged Plover formation. However from an engineering perspective, the well did not intersect the required minimum thickness of reservoir sands necessary to support the proposed liquids project gas injection rate. By sidetracking the Crux-2 well to a more optimal location the company plans to utilise the cased large-bore well as the first of up to six wells required for the potential recycle project.

Down hole gas samples recovered from Crux-2 indicates the liquids content of the gas in the Crux field is 30% higher than previously calculated at Crux-1. These new samples recovered provide a more reliable estimate of condensate to gas ratio than were determined previously from surface sampling during testing at Crux-1. The Crux-2 well has also provided an important control point enabling Nexus to refine its predictive model for sand deposition within the Crux reservoirs. As highlighted above, there were distinct differences between the seismic character seen at Crux-1 and Crux-2.

The Crux-2 ST1 sidetrack location will target an area towards the Crux-1 well beyond the point where a change in seismic character is observed. It is expected from the seismic that the reservoir characteristics at the sidetrack location will be similar to those for reservoir sands encountered at the Crux-1 well.

As previously advised, following remapping of the field post Crux-2 a revised best estimate contingent resource for the field within the AC/P23 permit is 55 million barrels.

Participants

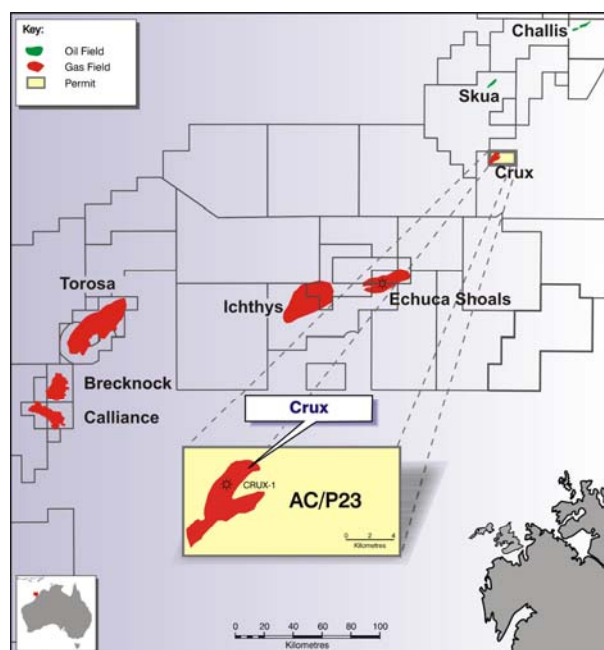
Nexus Energy WA Pty Ltd (100%)

Location

The Crux-2 ST1 well is located in AC/P23, in the offshore Browse Basin, Western Australia.

Longitude 124 deg 28' 4.25" E

Latitude 12 deg 56' 50.18" S



Location Map Crux Field – AC/P23

For further information please contact:

Ian Tchacos
Managing Director
Phone: 03 9660 2500
Fax: 03 9654 9303
Website: www.nexusenergy.com.au

David Griffiths
Gryphon Management Australia
Phone: 08 9382 8300
Mobile: 0419 912 496
Website: www.gryphon.net.au

Or

Ian Howarth
Farrington National
Phone: 03 9223 2465
Mobile: 0407 822 319
Email: ian.howarth@farrington.com.au

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 a LNG project.

A 3D seismic survey acquired by Nexus earlier in 2006. A FEED study commenced in April 2006.

Early in 2006 Nexus sold the rights to the gas (excluding condensate) to Shell for US\$40 million.

Sale of condensate from the field has the potential to provide significant value to Nexus' shareholders and this project has been vigorously pursued.

The gas sales agreement enables Nexus to undertake 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 has completed a basis for design for a gas recycling facility for the Crux liquids project with approximately 900MMscf/d of gas being produced through three production wells. Over 29,000stb/d of condensate could be stripped from the gas before re-injection into the reservoir through three injection wells. A 600MMscf/d scheme is also being considered which would allow 19,000stb/d to be stripped.

The wells are to be tied back to a floating production, storage and offloading facility (FPSO).