



Tuesday, 13 February 2007

The Manager, Companies
Australian Stock Exchange

PROGRESS REPORT NO. 8

CRUX-2 APPRAISAL WELL IN EXPLORATION PERMIT AC/P23

Please refer attached announcement.

Yours sincerely,

Susan Robutti
Company Secretary



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Progress Update

Nexus Energy Ltd advises that as at 9.30 A.M (ACST), the Crux-2 well in permit AC/P23, in the Browse Basin was drilling ahead at a depth of 3,922 m RT. It is anticipated that the well will reach TD later today and logging will commence.

Employing a gamma ray logging tool run which has now been included in the drilling string to record lithology while drilling, it is now interpreted that the well has intersected an inter-bedded sand/shale interval with a gross thickness of approximately 70 m above the interpreted field gas water contact. Elevated gas readings recorded while drilling indicate that these sands are likely to be gas charged.

Whilst these results are encouraging important factors such as net sand thickness, porosity, permeability and gas saturation can only be determined from a full suite of wireline logs which will be run over the next few days.

An interpretation of how these sandstones can be correlated with the sandstone intervals present in Crux-1 will not be possible until wireline log data is available.

A decision to side track the well to a location where it may be completed as a future injection well as part of the potential field development will be considered once the log data from this well has been fully evaluated.

Nexus will continue to issue further updates on the Crux-2 well as they become available.

Participants

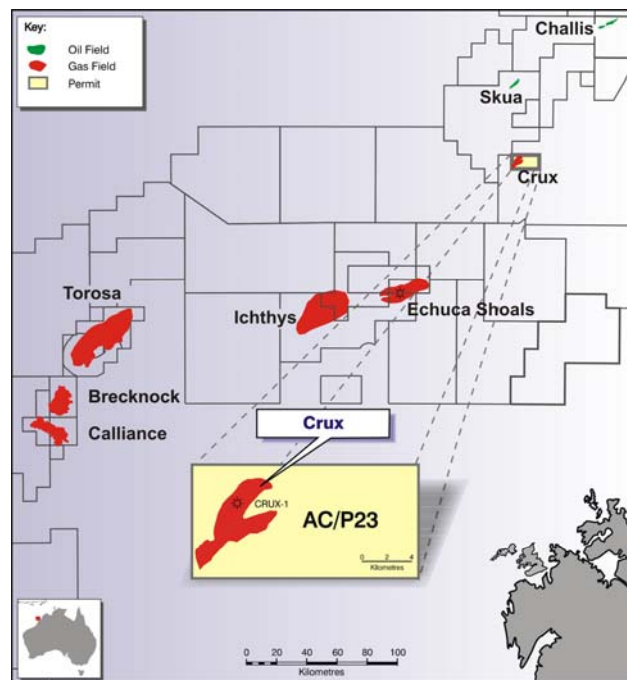
Nexus Energy WA Pty Ltd (100%)

Location

The Crux-2 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

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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.

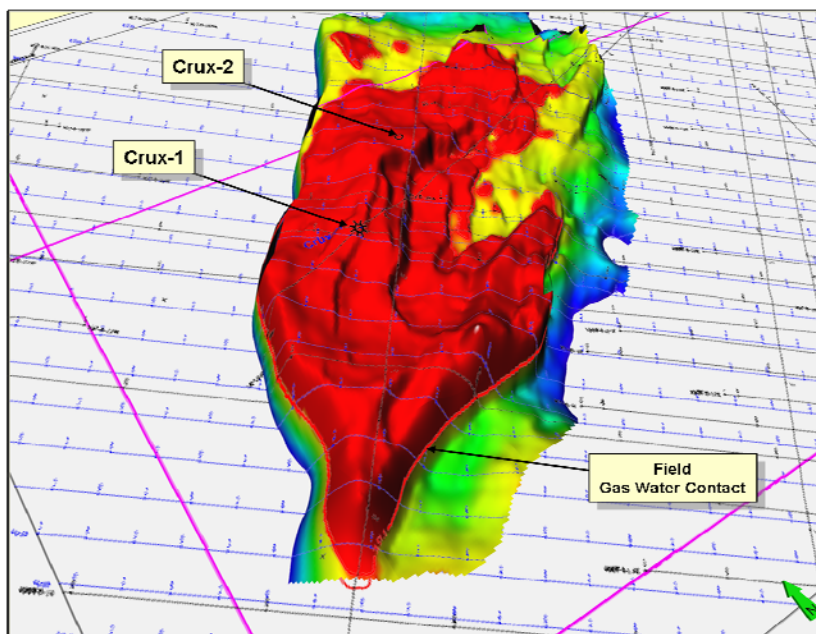
Early in 2006 Nexus sold the rights to the gas (excluding condensate) in the Crux field to Shell for US\$40 million.

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 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 before 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).



Location of Crux-2 Well - 3D Field Image