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The Manager, Companies
Australian Stock Exchange

INDEPENDENT RESOURCE ESTIMATES FAVOURABLE FOR LONGTOM PROJECT

Please refer to the attached announcement.

Yours sincerely,

Susan Robutti
Company Secretary



Independent Resource Estimates Favourable for Longtom Project

Revised contingent resource estimates of Nexus Energy Limited's ("Nexus") Longtom gas/condensate field in Bass Strait (Nexus 100%) have been confirmed at 435 petajoules (PJ) of gas and 5.2 million barrels of condensate by international consulting firm Gaffney, Cline and Associates ("GCA").

The new contingent resource estimate is expected to allow proven plus probable reserves of 350 PJ of gas and 4 million barrels of condensate to be booked to the project. This reflects the sales volumes currently contracted to Santos Ltd ("Santos") from the Longtom field, subject to achievement of certain project milestones and government approvals.

The revised contingent resource estimates for the various confidence levels, (refer table below), are in line with Nexus' expectations reported following the Longtom-3 well.

Nexus expects to make a final investment decision ("FID") on the development of the Longtom field in the near future. The Longtom gas project development plan is now complete and a production licence submission is expected to be submitted to the designated authority before the end of March 2007, with a view to securing all necessary government project approvals by mid 2007.

Nexus has made significant progress on securing project finance and evaluating tenders for equipment and services for the project and is in the process of issuing letters of intent for all major contracts. We expect financing for the development to be finalised shortly.

GAS AND CONDENSATE CONTINGENT RESOURCE ESTIMATES FOR THE LONGTOM FIELD

	Low Estimate	Best Estimate	High Estimate
Contingent Sales Gas Resources (PJ)	173	435	842
Contingent Condensate Resources (MMstb)	2	5.2	12.9

Note: GCA states that after acceptance of the field development plan and the final investment decision, the low, best and high estimates of contingent resources could be expected to approximate the "proven", "proven and probable" and "proven, probable and possible" reserves estimates for the field.

“Significant progress has been made on the Longtom project, which is now in an advanced state of definition. The independent resource audit from GCA is an important milestone for securing project financing. Nexus can now look forward to reaching a financial investment decision upon finalisation of financing agreements in the near future”, said Ian Tchacos, Nexus managing director.

Major works, including pipeline installation and the drilling of an additional well, are scheduled for the first half of 2008 with first gas scheduled for the second half of 2008. Gas from the field will be produced via sub-sea wells linked by a pipeline to the Santos owned and operated Patricia Baleen gas facility.

Longtom field background

The original Longtom-1 discovery well intersected a 386 metre gas column in the Emperor formation. This was confirmed by the Longtom-2 appraisal well drilled by Apache and Nexus in late 2004, which intersected gas columns in five separate reservoirs extending over an interval greater than 400 metres.

The Longtom gas project has been progressed by Nexus on a sole risk basis since mid 2005 when Apache Energy Limited (“Apache”) elected not to participate in the appraisal and development of the Longtom field.

A gas sales agreement for Longtom gas was signed with Santos in December 2005, which is subject to the achievement of certain project milestones and government approvals. Santos has agreed to process up to 450 PJ of raw gas from the Longtom field through its existing onshore Patricia Baleen facility near Orbost in south eastern Victoria. Santos has agreed to purchase the first 350 PJ of the sales quality gas production at defined prices.

The Longtom-3 well was drilled in September 2006 by Nexus on a sole risk basis. It confirmed the commercial potential of the Longtom field when a sustained flow rate of over 75 MMscf/d was achieved during the second production test over the field’s lower reservoir sections.

These lower reservoir sections contain over 80% of the hydrocarbon volumes in the Longtom field. A test of the upper reservoir sand which did not flow in the Longtom-2 well also confirmed the capacity of this sand to flow.

Nexus retained a 100 per cent interest in the Longtom gas field after confirmation by Apache in late 2006 that it would not exercise its buy-back right in relation to the project.

A gas contingent resource for the Longtom field is due to be established early in 2007 with a FID expected by the end of the first quarter of 2007.

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