



3 October 2007

The Manager, Companies  
Australian Stock Exchange

## **Nexus Increases Strategic Holding in Anzon to 16.4%**

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Please refer to the attached amended announcement.

Yours sincerely,

**Susan Robutti**  
Company Secretary



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## **Nexus Increases Strategic Holding in Anzon to 16.4%**

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Nexus Energy Limited ("Nexus") has acquired a further 20.29 million shares in Anzon Australia Limited ("Anzon"). This increases Nexus' strategic stake to 16.39% of the current issued capital of Anzon. This holding confirms Nexus as the second largest shareholder in Anzon, the largest being Anzon's AIM listed parent Anzon Energy Limited with a 53% shareholding.

Nexus believes that its position in Anzon enhances the company's alternatives with respect to investigating a possible merger with Anzon, and also potentially influencing the outcome of the current Anzon sale process.

An additional benefit of Nexus' investment in Anzon is that it gives Nexus some influence over Anzon's 12.4% holding in Nexus that may be dealt with, as part of any Anzon merger or takeover offer.

### **Background to Anzon process**

Anzon has indicated publicly that it is currently conducting a process with respect to a potential sale. Nexus has submitted a confidential non binding indicative merger proposal to Anzon. Nexus has continued to seek access to due diligence information which would enable it to readily formulate a formal proposal to put to Anzon and its shareholders. The parties have not yet been able to agree to a mutually acceptable process including access to relevant information for the assessment of a merger proposal. Importantly, Nexus is not restricted from increasing its holding in Anzon to further its strategic position.

### **Potential benefits of a Nexus / Anzon merger**

Nexus believes that a potential merger with Anzon, on appropriate terms, would be an attractive opportunity for Anzon, Nexus and their respective shareholders including Anzon Energy Limited. In particular, Nexus believes that such a transaction would provide a number of benefits, to shareholders which include many of those identified by Anzon last year in its takeover offer for Nexus including:

- the creation of the premier ASX listed mid-cap oil and gas company with a market capitalisation of approximately \$1.4 billion;
- the creation of a combined entity that would be comfortably included in the S&P ASX 200 index leading to improved stock liquidity, increased analyst coverage and enhanced institutional investor interest;
- a prized production profile of immediate production and substantial longer term material growth projects;
- complementary asset positions in the Gippsland Basin creating the potential for unique synergies and cost reductions;
- improved financial flexibility; and
- potential for substantial share price re-rating.

## **Background on previous hostile takeover bid by Anzon**

Nexus rejected a hostile takeover bid from Anzon in early to mid 2006 primarily on grounds of relative value.

Several factors have influenced Nexus' decision to subsequently pursue a merger of the two companies including:

- The value of Nexus' interests in the Longtom and Crux projects are now better reflected in its share price providing a better expected exchange ratio for Nexus shareholders. Nexus' current share price has more than doubled since the rejection of Anzon's takeover offer last year;
- The Basker oil project is now better defined following development drilling and the operating performance of the facility is now better understood by investors; and
- The outlook for Manta gas in the Eastern states gas market is more promising.

Nexus will continue to keep its shareholders informed about material developments in relation to Anzon.

Attached Form 604 Notice of Change of Substantial Shareholder provides further details.

### **For further information please contact:**

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**Form 604**  
**Corporations Act 2001**  
**Section 671B**

**Notice of change of interests of substantial holder**

To: Company Name/Scheme Anzon Australia Limited

ACN/ARSN 107 406 771

**1. Details of substantial holder (1)**

Name Nexus Energy Limited and its subsidiaries

ACN (if applicable) 058 818 278

There was a change in the interests of the substantial holder on 01 / 10 / 2007

The previous notice was given to the company on 24 / 09 / 2007

The previous notice was dated 24 / 09 / 2007

**2. Previous and present voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of Securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Fully Paid Ordinary Shares	40,430,805	10.91%	60,715,901	16.39%

**3. Changes in relevant interests**

Particulars of each change in, or change in the nature of, a relevant interest or the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
26 / 09 / 2007	Shelf Investments Pty Ltd	Buy	\$854,799	481,742 Ordinary	481,742
27 / 09 / 2007	Shelf Investments Pty Ltd	Buy	\$2,163,974	1,222,452 Ordinary	1,222,452
28 / 09 / 2007	Shelf Investments Pty Ltd	Buy	\$12,091	6,812 Ordinary	6,812
28 / 09 / 2007	Nexus Energy (Timor Sea 1) Pty Ltd	Buy	\$2,670,000	1,500,000 Ordinary	1,500,000
01 / 10 / 2007	Nexus Energy (Timor Sea 1) Pty Ltd	Buy	\$16,216,013	8,909,897 Ordinary	8,909,897
01 / 10 / 2007	Shelf Investments Pty Ltd	Buy	\$28,213	15,850 Ordinary	15,850
02 / 10 / 2007	Shelf Investments Pty Ltd	Buy	\$4,911,999	2,709,919 Ordinary	2,709,919
03 / 10 / 2007	Shelf Investments Pty Ltd	Buy	\$9,897,932	5,438,424 Ordinary	5,438,424

#### 4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Nexus Energy Limited	Nexus Energy Limited	Nexus Energy Limited	Holder of Shares	13,561,265 Ordinary Shares	13,561,265
	As set out below	As set out below	Power to control the exercise of right to vote and dispose of the securities	47,154,636 Ordinary Shares	47,154,636
Nexus Energy (Timor Sea 1) Pty Ltd	RTS Nominees Pty Ltd	Nexus Energy (Timor Sea 1) Pty Ltd	Holder of Shares	10,969,540 Ordinary Shares	10,969,540
Nexus Energy (Timor Sea 1) Pty Ltd	Share Direct Nominees Pty Ltd	Nexus Energy (Timor Sea 1) Pty Ltd	Holder of Shares	26,309,897 Ordinary Shares	26,309,897
Shelf Investments Pty Ltd	Holdex Nominees Pty Ltd	Shelf Investments Pty Ltd	Holder of Shares	9,875,199 Ordinary Shares	9,875,199

#### 5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN (if applicable)	Nature of association
Shelf Investments Pty Ltd ACN 127 705 097	Wholly owned subsidiary of Nexus Energy Limited

#### 6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Nexus Energy Limited	134-140 Little Lonsdale Street, Melbourne Vic 3000
Nexus Energy (Timor Sea 1) Pty Ltd	134-140 Little Lonsdale Street, Melbourne Vic 3000
Shelf Investments Pty Ltd	134-140 Little Lonsdale Street, Melbourne Vic 3000
Share Direct Nominees Pty Ltd	Locked Bag 22, Australia Square NSW 1215
RTS Nominees Pty Ltd	GPO Box 7033, Sydney NSW 2001
Holdex Nomines Pty Ltd	Level 27, 360 Collins Street, Melbourne Vic 3000

**Signature**

print name Susan Robutti

Company Secretary

sign here

date 03 / 10 / 2007

## Directions

1. If there are a number of substantial shareholders with similar or related relevant interests (eg, a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members, is clearly set out in paragraph 6 of the form.
  2. See the definition of "associate" in section 9 of the Corporations Act 2001.
  3. See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
  4. The voting shares of a company constitute one class unless divided into separate classes.
  5. The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
  6. Include details of:
    - (a) any relevant agreement or other circumstances by which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
    - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
  7. Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
  8. If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
  9. Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.
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