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The Manager, Companies
Australian Stock Exchange

Nexus Offered Production Licence for Longtom by Designated Authority

Please refer to the attached announcement.

Yours sincerely

Susan Robutti
Company Secretary



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Nexus Energy Limited ("Nexus") is pleased to advise that it has received a "Notice of intention to grant a Production Licence for Petroleum VIC/L29" from the Designated Authority for and on behalf of the Commonwealth – Victoria Offshore Petroleum Joint Authority in response to the submission of the development plan for the Longtom gas project in June 2007.

Nexus intends to accept the offer of the Production Licence. The company declared commerciality of the Longtom offshore gas project in the Bass Strait in April this year based on currently contracted reserves of 350 Petajoules (PJ) of gas and 4 million barrels of condensate.

All aspects of the project are progressing and the planned first gas date for the project remains the third quarter of 2008 as originally scheduled. Nexus managing director, Ian Tchacos said, "The Longtom project is progressing according to schedule. The receipt of the notice to grant the Production Licence is an important milestone for the timely development of Longtom."

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Background on Longtom Field

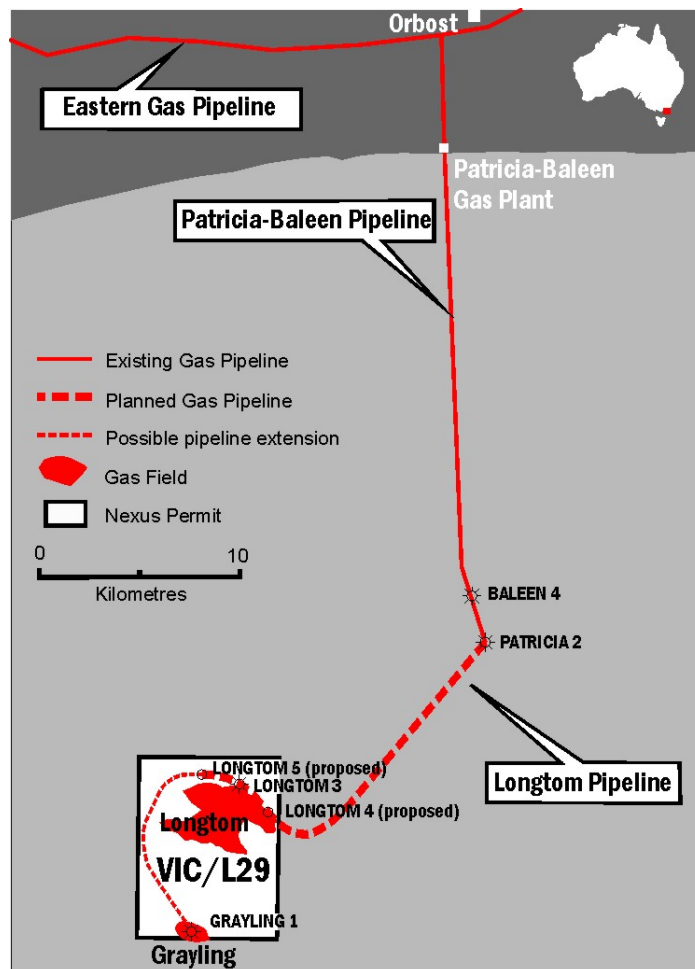
The Longtom Field (Nexus 100%) offshore Gippsland Basin, is currently being developed by Nexus. First gas from the Longtom project is forecast for third quarter 2008, with initial production rates of approximately 25 PJ/year.

Nexus declared commerciality of the Longtom gas project in April this year based on currently contracted 2P reserves of 350 PJ of gas and 4 million barrels of condensate.

A gas sales agreement for Longtom gas was signed with Santos in December 2005, and subsequently modified in April 2007.

Under the gas sales agreement Nexus will deliver raw gas from the Longtom Field to the Santos owned and operated Patricia/Baleen gas processing plant near Orbost. The first 350 PJ of the sales quality gas will be sold to Santos at defined prices, with Santos holding an option to purchase an additional 100 PJ of gas at market prices.

Santos also has an option to acquire up to 35% interest in the Longtom project.



“Map showing the Longtom project pipeline and existing Patricia-Baleen infrastructure”