

NEXUS ENERGY LIMITED



**FOR QUARTER ENDED
June2005**

HIGHLIGHTS

- Appraisal Programme of Longtom gas field underway
- Due diligence continuing on 1 in ground reserves acquisition
- Planning underway for 4 well drilling program in next 12 months



29 July 2005
(ASX code: NXS)

“ACTIVITIES UPDATE”

Status of Gippsland Basin Permits

VIC/P54 (Nexus 37.5%)

During the quarter Nexus continued detailed well planning and pre drilling engineering work on the Longtom appraisal project which includes engineering studies for possible sub sea pipeline routes and field development engineering studies. The Longtom #3 appraisal well is expected to be drilled in the first quarter of 2006.

Gas marketing efforts were increased with the view to securing a Memorandum of Understanding with a gas offtaker prior to the drilling of the Longtom #3 well.

A third commitment well operated by Apache is scheduled to be drilled in the permit in the fourth quarter of 2005.

VIC/P56 and VIC/P49 (Nexus 100%)

During the quarter Nexus announced the farm out of 50% of the permits VIC/P56 and VIC/P49 to Korean National Offshore Corporation (KNOC) and Seoul City Gas (SCG). KNOC and SCG will together fund the majority of the drilling costs to a maximum of \$15 million in the two permits commencing with the Culverin/Scimitar well.

Nexus is continuing detailed well planning and pre drilling engineering work for an exploration well which is expected to be drilled in the fourth quarter of 2005.

Two prospects, Culverin targeting “Top Latrobe reservoirs” and Scimitar targeting “Intra Latrobe and Golden Beach reservoirs”, overlie each other and can be tested by a single well. Culverin and Scimitar straddle the permit boundary between VIC/P56 and VIC/P49 and have the potential to contain mean oil reserves of 100 million barrels and 64 million barrels respectively.

VIC/P39(v) (Nexus 100%)

During the quarter well planning and pre drilling engineering continued on the Galloway prospect. Galloway has mean oil reserves of 30 million barrels. Environmental studies and location permitting are continuing for the forthcoming drilling campaign. The well is intended to be drilled from onshore in order to reduce costs and time to first production is being evaluated. The company has commenced farmout with interested parties. A full carry on the well is expected in exchange for earning a 50% interest.

Status of Bonaparte Basin Permits

NT/P66 (Nexus 100%)

During the quarter the interpretation of the 3,294 km of Fog Bay 2D seismic data in conjunction with the airborne gravity data that was acquired in June 2004 continued. Initial interpretation of the seismic data is has not led to the identification of any new large structures which are likely to contain reserves capable of supporting a stand alone development. Detailed seismic interpretations of the seismic is now underway targeting seismic gas anomalies which may identify large stratigraphically trapped accumulations. The company will be farming out some of its interest in this permit prior to drilling a well.

New Ventures

During the quarter the company conducted preliminary due diligence on 1 producing oil asset and technical due diligence on 1 asset with undeveloped in ground liquid petroleum reserves where Nexus has secured an option to purchase the asset. Both assets are located in Australian offshore waters. Technical studies on the latter have been positive and the Company intends to proceed with the purchase following confirmation of resource potential by a third party reserves auditor.

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