



**NEXUS TO RAISE UP TO A\$93 MILLION
VIA PLACEMENT @ \$1.35 PER SHARE
FPSO OPTION SECURED FOR CRUX**

KEY POINTS

- **A\$35 million placement has been completed and funds received from FPSO owner Viking Shipping Limited (“Viking”) – Tranche 1**
- **Nexus has agreed to enter into an exclusive arrangement with a Viking subsidiary for the supply of a FPSO for Crux under an Option Agreement, upon completion of a further A\$58 million placement to Viking before the end of July 2007 – Tranche 2**
- **Both tranches are priced at A\$1.35 per share, a premium of 9% over the last five days of trading on ASX**
- **The FPSO option will provide a fully termed proposal on attractive lease rental terms for the Crux liquids project**

Nexus Energy Limited (“Nexus”) has completed the first tranche placement of new shares to Viking Shipping Limited (“Viking”) raising A\$35 million at A\$1.35 per share. Viking may also subscribe for a further placement of A\$58 million at A\$1.35 per share by the end of July 2007 to obtain an exclusive arrangement for the supply of a Floating Storage Production and Offloading (“FPSO”) facility for the Crux liquids project pursuant to a Floating Production Facility Option Agreement (“Option Agreement”) between Nexus and a subsidiary of Viking.

Nexus has issued 25.9 million ordinary shares for the tranche 1 placement and subject to completion of the second tranche will issue a further 42.8 million ordinary shares for the tranche 2 placement. The completion of both tranches will result in the total issue of 68.7 million ordinary shares, being the equivalent of 15% of Nexus’ prior existing issued capital.

Under the Option Agreement, Vanguard Oil and Gas International (“Vanguard”), a subsidiary of Viking, will provide Nexus with a leased FPSO on pre-agreed terms based on a transparent calculation of lease rates for deployment on the Crux liquids project.

The proceeds from the placement will be used to fund the further development of the Crux and Longtom projects. Nexus will benefit from the injection of capital on ‘better than market’ terms as well as an option to secure a fully termed proposal for the development of Crux by the end of the third quarter of 2007.

In addition, Nexus expects to develop a strategic relationship with Viking, a company with extensive experience and relationships in the shipping business.

Vanguard has previous Australian FPSO experience and with the financial support from its parent (Viking) and is expected to assist Nexus in maximising the value from the highly prospective Crux liquids project. Vanguard is in the process of purchasing up to three vessels for FPSO deployment in a range of oil field development applications.

Nexus will gain access to the expertise and ship conversion and construction relationships of Thome Ship Management ("Thome"), one of Asia's largest Asian-based ship management companies employing some 5,500 seagoing and shore based staff.

Thome is presently supervising the construction of more than 40 new vessels, is involved with the management of several FPSOs and recently completed a full floating storage and offloading vessel conversion.

Nexus managing director, Ian Tchacos, said "The agreement announced today further strengthens Nexus's capital base and our access to critical skills by creating a strong alignment with an important industry partner.

Viking is highly motivated to assist us with the development of the Crux liquids project and other potential projects which require floating production solutions. It is an important milestone in bringing the very significant and valuable Crux project closer to development."

Viking commented, "Viking considers Nexus to be a very attractive investment opportunity offering an exciting pipeline of projects supported by a very capable management team. Viking and Vanguard consider Nexus to be an excellent platform through which the parties may jointly pursue other upstream oil and gas opportunities requiring floating solutions."

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

Background on Viking Shipping Limited ("Viking"), Vanguard Oil and Gas International ("Vanguard") and Thome Ship Management ("Thome")

Viking is a company 100% owned and controlled by the Clauson family. Viking is also the majority owner of Vanguard and the largest shareholder in Bitumen Singapore, a company in the process of establishing a leading position in the market for the marine transportation of bitumen.

Vanguard was founded in 1994 by Mr Michael Barraclough, who is Managing Director and who has been continuously involved in the field development and FPSO industry since 1988. Vanguard's experience both in Australia and beyond has been to provide fast track, lower cost, offshore production solutions based around the use of Mobile and Floating Production Systems.

Thome Ship Management has developed over the last 30 years into one of the largest Asian based ship management companies operating over 200 vessels and employing some 5,500 seagoing and shore based staff.

Vanguard, through its Singapore subsidiary Vanguard Field Development Solutions, is presently in the process of securing several other FPSO projects for clients in the region.

Background on the Crux Field

The field is 100 kilometres north east of the 66%* Nexus owned exploration permit WA-377-P which contains the Echuca Shoals gas discovery, adjacent to Inpex's Ichthys gas field; currently being considered for development as a LNG project.

A new 3D seismic survey was acquired by Nexus over the Crux field in early 2006 and Front End Engineering and Design Study ("FEED") was commenced for the Crux Liquids Project using Mustang Engineering as the FEED contractor.

Early in 2006 Nexus sold the rights to the gas (excluding condensate) to Shell Development (Australia) Pty Ltd ("Shell") for US\$40 million. The gas sales agreement enables Nexus to undertake 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.

Appraisal of the Crux field commenced in early 2007 with the drilling of the Crux-2 well and the Crux-2 ST1 well. FEED for the Crux liquids project was completed in February 2007 providing a high degree of cost and engineering design definition for the floating production, storage and offloading facility ("FPSO").

The Crux-2 well confirmed a gross gas column of 70 metres with a net 26 metres of good quality sandstones in Jurassic aged Plover formation, however the well did not intersect the required minimum thickness of reservoir sands necessary to support the proposed liquids project gas injection rate and a decision was made to side track the well to a more optimal location.

The Crux-2 ST1 sidetrack well encountered a gross gas column of 158 metres yielding a net gas pay zone of 102 metres, significantly in excess of pre-drill expectation. The well encountered 85 metres (79 metres net) of gas sands which are the same as the high quality Triassic aged "A" reservoirs encountered at the Crux-1 well. In addition, 73 metres (22 metres net) of a younger formation was intersected with excellent reservoir properties that are not seen at Crux-1.

These results of Crux-2 ST1 well confirm the extension of the high quality reservoir sands seen in the Crux-1 well to the north eastern part of the field (as predicted from the similarity in seismic character at the sidetrack location) and increases confidence in the resource volumes. It is expected that the Crux field will contain sufficient condensate volumes necessary to underpin the development of the Crux liquids project.

The Crux-2 ST1 well was suspended as a future Crux liquids project injection well.

On 15 March 2007, Nexus announced a revised best estimate contingent resource for the field within the AC/P23 exploration permit of 55 million barrels based on remapping of the field by Nexus post Crux-2 but before the Crux-2 ST1 results. This revision of best estimate contingent resources to 65 million barrels incorporates the positive results of Crux-2 ST1.

Nexus has completed a basis for design for a gas recycling facility for the Crux liquids project with approximately 900 MMscf/d of gas being produced through three production wells. Over 32,500 stb/d of condensate could be stripped from the gas before re-injection into the reservoir through three injection wells. A 600 MMscf/d scheme is also being considered which would allow 22,300 stb/d to be stripped.

A development decision on Crux in early 2008 is expected to enable Nexus to obtain first condensate production from the Crux liquids project in 2010.

* Nexus has farmed out a 34% interest in the WA-377-Permit to Shell Developments Australia Pty Ltd for the cash payment of US\$ 5 million and the funding of drilling of up to two wells.