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The Manager, Companies
Australian Stock Exchange

Nexus Concludes Tranche 2 of A\$93 Million Placement with Viking

Please refer to the attached announcement.

Yours sincerely,

Susan Robutti
Company Secretary



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Nexus Energy Limited ("Nexus") has completed the second tranche placement of new shares to Viking Shipping Limited ("Viking") raising a further A\$58 million.

As announced on 10 July 2007 Viking subscribed to tranche 1 of the placement raising A\$35 million. Pursuant to a subscription agreement covering tranche 1 and tranche 2 of the placement both tranches were priced at A\$1.35 per share.

Nexus has issued a further 42.8 million ordinary shares for the second tranche, bringing the total issued ordinary shares to 68.7 million under both tranches. This is equivalent to 15% of Nexus' prior existing issued capital before the first tranche.

The final payment by Viking entitles their subsidiary, Vanguard Oil and Gas International ("Vanguard") 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 FPSO Option Agreement between Nexus and Vanguard.

Pursuant to the FPSO Option Agreement, Vanguard 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 additional funding from the second tranche placement will be used to advance the development of the Crux and Longtom projects. The option to secure a fully termed proposal for the development of Crux on pre-agreed terms creates the opportunity to provide a significant commercial advantage for the project.

Vanguard has previous Australian FPSO experience and with the financial support from its parent, Viking, 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 managing director, Ian Tchacos, said "The finalisation of the share placement to Viking provides further funding capacity to advance the company's value creating development and appraisal programs, as well as providing access to marine skills relevant to Crux by the creation of a strong relationship with a motivated industry partner."

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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 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 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 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 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-P permit to Shell Developments (Australia) Pty Ltd ("Shell"). As announced on 16 July 2007, Shell having made a US\$5 million cash payment to Nexus following receipt of regulatory approvals for the Farm-in Agreement and also finalisation of the terms of a Joint Operating Agreement will fund the first US\$30 million of Fossetmaker-1, the first exploration/appraisal well. Shell then has the right to fund the first US\$25 million of a second appraisal well to earn a 34% interest in the entire WA-377-P permit.