



NuEnergy Capital Limited
ABN 50 009 126 238

**HALF-YEAR FINANCIAL REPORT
AND DIRECTORS' REPORT**

31 DECEMBER 2008

CORPORATE DIRECTORY

ABN: 50 009 126 238

DIRECTORS:

Alan R Fraser (Non-Executive Chairman)
Luke Martino (Non- Executive Director)
Gavin Harper (Non-Executive Director)

COMPANY SECRETARY:

Adrien M Wing

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AUDITORS:

PKF
Level 14
140 William Street
MELBOURNE VIC 3000

STOCK EXCHANGE LISTING:

Australian Stock Exchange Ltd
Level 19
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ADELAIDE SA 5000

ASX CODE:

Ordinary shares: NGY
Listed options: NGYO

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DIRECTORS' REPORT

The directors present their report together with the consolidated Financial Report of the economic entity for the half-year ended 31 December 2008.

DIRECTORS

The directors of the Company in office during and since the half-year are as follows:

Alan R Fraser – Non-Executive Chairman and Director (since December 1991)

Gavin Harper – Non-Executive Director (appointed 23 April 2007)

Luke Martino – Non-Executive Director (appointed 23 April 2007)

Directors were in office for the entire period unless otherwise stated.

REVIEW OF OPERATIONS

The consolidated gain of the economic entity for the half-year amounted to \$439,702 (2007:Loss \$196,659).

During the half-year the Company continued working on the acquisition of Indon CBM Ltd and its existing mining and exploration asset.

ACQUISITION TO CREATE A COALBED METHANE EXPLORATION AND DEVELOPMENT COMPANY

As previously announced, the Company has entered into an agreement to purchase all of the shares in Indon CBM Limited (**Indon CBM**) a company which, together with its Indonesian subsidiary, has rights to acquire an exploration portfolio for coalbed methane (**CBM**) in three areas in South Sumatra, Central Sumatra and the Tarakan Basin, Indonesia.

Subsequent to entering into the agreement, the Company and the vendors of Indon CBM have agreed to extend the implementation date of the Company's proposed acquisition of Indon CBM (**Acquisition**). The extension has been agreed by the parties to enable Indon CBM to further progress its Indonesian CBM production sharing contract (**PSC**) applications before the Acquisition is put to the Company's shareholders for approval. Further information regarding these PSC applications and the timing of implementation of the Acquisition will be provided when available. The Acquisition remains conditional upon the approval of the Company's shareholders.

CORNELLA

EL 3237 & MIN 4149 (NuEnergy - 51%)

The Cornella Prospect, jointly owned by the Company (51%) and Perseverance Exploration Pty Ltd (49%), covered by the Mining Licence 4149 and Exploration Licence 3237, is located 50 kilometres east of Bendigo.

Review of the historic data has led to a new mineralisation model being developed based on a series of folded and faulted mineralised chert horizons, with a steep north plunging fold axis. Gold mineralisation is stronger at the hinge zones than in the limbs.

A series of north-east striking, steeply dipping cross faults caused the north-plunging folded chert beds to be brought back to the existing surface every 100 metres northwards, thus presenting an optimal mining situation.

Target parameters based on this model indicate a significant increase in previous resource estimates, based on present drilling which only intersected the western limb of the anticlinal structure. Before an Ore Resource Estimate can be made to JORC standards, a modest drill program of 600 metres is planned to test the eastern limb, and close the existing drill spacing to 12.5 x 10 metres.

References in this report to mineralisation are based on and accurately reflect information compiled by Geoffrey Robert Turner, a member of the Australian Institute of Geoscientists.

EVENTS SUBSEQUENT TO BALANCE DATE

Other than as noted in Note 6 to the half-year financial report, the Company is not aware of any material events that have occurred subsequent to balance date.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this report.

Signed in accordance with a resolution of Directors.



AR Fraser
Director

Dated at Melbourne this 16th day of March 2009



Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of NuEnergy Capital Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of NuEnergy Capital Limited and the entities it controlled during the half-year.

J A Mooney
Partner
PKF

16 March 2009
Melbourne

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**CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	31/12/2008 \$	31/12/2007 \$
Revenues	2	785,192	163,161
Expenses	3	(345,490)	(359,820)
		-----	-----
Gain (loss) before income tax expense		439,702	(196,659)
Income tax expense		-	-
		-----	-----
Net gain (loss) after income income tax expense		439,702	(196,659)
		-----	-----
Basic earnings (loss) per share (cents per share)		0.76	(0.04)
Diluted earnings(loss) per share (cents per share)		0.76	(0.04)

The Consolidated Income Statement should be read in conjunction with the notes to the financial statements.

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Note	31/12/2008 \$	30/06/2008 \$
CURRENT ASSETS			
Cash and cash equivalents		233,764	477,873
Trade and other receivables		3,458	30,850
Other Financial assets		2,524,370	1,749,458
TOTAL CURRENT ASSETS		<u>2,761,592</u>	<u>2,258,181</u>
NON-CURRENT ASSETS			
Available for sale financial assets		124,350	223,830
Property, plant & equipment		13,000	13,000
Mineral exploration		270,046	270,046
Other financial assets		-	69,000
TOTAL NON-CURRENT ASSETS		<u>407,396</u>	<u>575,876</u>
TOTAL ASSETS		<u>3,168,988</u>	<u>2,834,057</u>
CURRENT LIABILITIES			
Trade and other payables		32,031	83,842
Provisions		163,648	142,608
		<u>195,679</u>	<u>226,450</u>
NON-CURRENT LIABILITIES			
Provisions		-	74,000
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>74,000</u>
TOTAL LIABILITIES		<u>195,679</u>	<u>300,450</u>
NET ASSETS		<u>2,973,309</u>	<u>2,533,607</u>
EQUITY			
Issued capital	5	26,370,010	26,370,010
Reserves		165,946	165,946
Accumulated losses		(23,562,647)	(24,002,349)
TOTAL EQUITY		<u>2,973,309</u>	<u>2,533,607</u>

The Consolidated Balance Sheet should be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	<i>Issued Capital</i>	<i>Accumulated Losses</i>	<i>Reserves</i>	<i>Total Equity</i>
	\$	\$	\$	\$
At 1 July 2007	23,965,325	(23,257,740)	555,146	1,262,731
Loss for the period	-	(196,659)	-	(196,659)
Issue of share capital	2,404,685	-	-	2,404,685
Transfer from asset revaluation reserve	-	389,200	(389,200)	-
At 31 December 2007	26,370,010	(23,065,199)	165,946	3,470,757
At 1 July 2008	26,370,010	(24,002,349)	165,946	2,533,607
Gain for the period	-	439,702	-	439,702
At 31 December 2008	26,370,010	(23,562,647)	165,946	2,973,309

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

**CONSOLIDATED CASH FLOW STATEMENT FOR
THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	31/12/2008 \$	31/12/2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		3,048	31,742
Payments to suppliers and employees		(256,757)	(373,985)
Other			12,232
2,000			
Net cash (used in) operating activities		<u>(241,477)</u>	<u>(340,243)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of mining plant & equipment		-	500,000
Payments for Indon CBD Project		-	(1,160,394)
Payments for Investments		-	(500,000)
Payments for project costs		(1,322)	-
Net cash (used in) investing activities		<u>(1,322)</u>	<u>(1,160,394)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues	5		2,536,685
Share buyback		(1,310)	-
Payments for costs associated with share issue		-	(132,000)
Net cash (used in) provided by financing activities		<u>(1,310)</u>	<u>2,404,685</u>
Net (decrease) increase in cash and cash equivalents		(244,109)	904,048
Cash and cash equivalents at the beginning of the half-year		477,873	860,616
Cash and cash equivalents at the end of the half-year		<u>233,764</u> =====	<u>1,764,664</u> =====

The Consolidated Cash Flow Statements should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

(a) Basis of Accounting

The half-year financial report is a general purpose financial report, prepared in accordance with the requirements of the Corporation Act 2001, Accounting Standard AASB134 'Interim Financial Reporting' and other mandatory professional reporting requirements .

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial year.

The half-year financial report should be read in conjunction with the Annual Financial Report of NuEnergy Capital Limited as at 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by NuEnergy Capital Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

(b) Going concern

The consolidated entity had net cash outflows from operations of \$241,477 for the half year ended 31 December 2008, and no ongoing source of operating income. Based on current cash flow forecasts, the company has sufficient cash to fund operations until August 2009. A current asset receivable from Indon CBM Limited of \$2,455,370 has not been included in expected cash inflows as it is expected the loan will be converted into equity when the acquisition of Indon CBM Limited takes place. These conditions give rise to a material uncertainty that may cast significant doubt about the ability of the consolidated entity to continue as a going concern.

The continuing viability of the company and its ability to continue as a going concern and meet its debts and commitments as they become due and payable is subject to the consolidated entity being successful in accessing additional capital.

The directors believe that the acquisition of Indon CBM Limited which has been previously announced to the market will be finalised by May 2009. This will enable the consolidated entity to obtain adequate additional sources of finance to fund operations for the next 12 months from the date of this report. This may be undertaken through:

- Share issues or convertible loan issues approved by shareholders following the acquisition of Indon CBM Limited; and/or
- issuing shares pursuant to the "15% rule" under ASX Listing Rules;

The financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial statements.

If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they become due and payable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	31/12/2008	31/12/2007
	\$	\$
NOTE 2 REVENUE		
Non-Operating Activities		
Interest	3,048	30,606
Profit on sale of mining plant and equipment	-	130,355
Gain on foreign exchange transition	705,912	-
Reversal of mining rehabilitation provision	64,000	-
Other	12,232	2,200
Total revenues	785,192	163,161

NOTE 3 EXPENSES AND LOSSES (GAINS)

Consultants	110,005	128,022
Directors remuneration	58,357	72,339
Employee remuneration	2,600	15,679
Project costs	1,322	2,015
Provision for employee benefits	520	4,646
Administration expenses	73,206	137,119
Write down of listed investments	99,480	-
Total expenses	345,490	359,820

NOTE 4 SEGMENT INFORMATION

Business segment	Oil & Gas		Gold Exploration		Consolidated	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-	-
Unallocated income	705,912	-	64,000	-	785,192	163,161
	705,912	-	64,000	-	785,192	163,161
Segment result	704,590	(2,015)	64,000	-	768,590	(2,015)
Unallocated result					(328,888)	(194,644)
					439,702	(196,659)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	31/12/2008 #	30/6/2008 #
NOTE 5 SHARE CAPITAL		
Issued and Paid Up Capital		
Fully paid ordinary shares	57,629,158	57,629,158
	_____	_____

No securities were issued during the half year 31 December 2008.

The Company has 28,785,080 options on issue. These options are exercisable at 20 cents each on or before 1 June 2010.

NOTE 6 EVENTS SUBSEQUENT TO BALANCE DATE

Other than the matters detailed below, the Company is not aware of any material events that have occurred subsequent to balance date:

- Subsequent to entering into the agreement, the Company and the vendors of Indon CBM have agreed to extend the implementation date of the Company's proposed acquisition of Indon CBM (**Acquisition**). The extension has been agreed by the parties to enable Indon CBM to further progress its Indonesian CBM production sharing contract (**PSC**) applications before the Acquisition is put to the Company's shareholders for approval. Further information regarding these PSC applications and the timing of implementation of the Acquisition will be provided when available. The Acquisition remains conditional upon the approval of the Company's shareholders.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of NuEnergy Capital Ltd, I state that:
In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors.



AR Fraser
Director

Dated at Melbourne this 16th day of March 2009

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF NUENERGY CAPITAL LIMITED**



Chartered Accountants
& Business Advisers

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of NuEnergy Capital Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2008 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of NuEnergy Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Auditor's Conclusion

Included as a current asset in the financial report is a loan receivable from a third party of \$2,455,370. The directors have considered the indicators of impairment under Australian Accounting Standard AASB 139: "Financial Instruments: Recognition and Measurement" and determined that the loan is not impaired. Adequate evidence to support the carrying value of the receivable amount of \$2,455,370 has not been obtained and therefore an impairment write down is indicated.

Had an impairment loss for the full amount of the loan receivable been recognised the financial report of the company would have disclosed a loss of \$2,015,668, current assets of \$306,222 and net assets of \$517,939.

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF NUENERGY CAPITAL LIMITED (CONT'D)**



Chartered Accountants
& Business Advisers

Qualified Auditor's Conclusion

Based on our review, which is not an audit, except for the overstatement of the loan receivable balance and profit for the half year by \$2,455,370, as detailed under the Basis for Qualified Auditor's Conclusion, we have not become aware of any other matter that makes us believe that the half-year financial report of NuEnergy Capital Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter - Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is also drawn to the following matter.

As described in note 1(b) to the financial report, the consolidated entity had net cash outflows from operations of \$241,477 for the half year ended 31 December 2008, and no ongoing source of operating income. In addition it should be noted our Conclusion is qualified regarding the recoverability of the receivable of \$2,455,370, and the directors in assessing the value of the receivable have not done so on the basis of its conversion of cash available to the company but rather on its conversion to equity in the proposed acquisition of Indon CBM Limited. The net cashflow deficiency gives rise to a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern, and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report has been prepared on a going concern basis for the reasons set out in note 1(b) and does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as going concern.

A handwritten signature in black ink, appearing to be 'D. J. ...', located to the left of the PKF logo.

PKF

A handwritten signature in black ink, reading 'J A Mooney', located to the right of the PKF logo.

J A Mooney
Partner

16 March 2009
Melbourne