NuEnergy Capital Limited
ABN 50 009 126 238

21 May 2009

Company Announcements Office
ASX Limited
Level 1
89 King William Street
Adelaide SA 5000

Dear Sirs

Convertible Loan Fundraising

The Company advises that it has embarked on a raising of approximately A$4,000,000 by way of convertible loans (**Convertible Loans**).

The funds to be raised by the Convertible Loans will be used to advance the coal bed methane (**CBM**) projects to be acquired by the Company as previously announced and referred to in the update set out below.

The principal terms of the Convertible Loans will be as follows:

1. Subject to the Company obtaining the requisite shareholder approval, the total amount drawn down under the Convertible Loans may be converted into fully paid ordinary shares in the Company at a strike price of A$0.05 at the election of either the Company or the convertible loan holders.

2. The issue of shares following the full conversion of the Convertible Loans will require shareholder approval pursuant to Listing Rule 7.1 as the issue will exceed the 15% limit set out in Listing Rule 7.1. If fully converted the Company will be required to issue up to 80,000,000 new shares. The Company intends to convene a general meeting to seek shareholder approval for the conversion of the Convertible Loans as soon as practicable.

3. Further details regarding the Convertible Loans will be provided once the fundraising is finalised.

Update regarding Indon CBM Ltd – Extension of Share Sale Agreement

Further to the previous announcements made by the Company regarding the Company's acquisition of all of the issued capital of Indon CBM Limited (**Indon CBM**) (**Acquisition**), the Company provides the following update regarding the Acquisition.

NuEnergy advises that the Company and the vendors of Indon CBM (**Vendors**) have agreed that the completion date under the Share Sale Agreement will be extended to 30 September 2009 and that in all other respects the Share Sale Agreement is ratified and confirmed by the parties.

As previously announced, Indon CBM, through its 95% owned Indonesian domestic entity PT Trisula CBM Energi (**Trisula**), is party to a Memorandum of Understanding and a Heads of Agreement with PT Pertamina EP (**Pertamina**), the Indonesian state owned oil and gas enterprise, in respect to the

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establishment of a consortium to evaluate and develop CBM projects including the South Sumatra II Project. Indon has advised that it has received confirmation from Pertamina that it will formalise the terms of the consortium between it and Trisula in relation to the South Sumatra II Project by entering into a formal Consortium Agreement with Trisula. The Acquisition remains conditional upon NuEnergy shareholder approval which will be sought as soon as possible.

Yours faithfully

Alan Fraser
Chairman

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