



White Energy Company Limited

Appendix 5B Mining Exploration Entity Quarterly Report



SUMMARY OF ACTIVITY

A summary of major items of activity for White Energy Company Limited (“WEC”) during the quarter ended **31 March 2011** is outlined below.

COAL UPGRADING OPERATIONS

1. PT KALTIM SUPACOAL (“KSC”) – JOINT VENTURE WITH PT. BAYAN RESOURCES (WEC 51%)

Overview

During the March quarter KSC continued to make sound progress in respect of a number of engineering modification works which are necessary in order to enable the Tabang plant to run at its design production capacity, with the relevant design, procurement and fabrication works all progressing to schedule.

In particular, the emphasis during the past quarter has been on completing test work on briquette cooling, dust management and materials handling systems in preparation for the impending retrofit works to be implemented for each of these systems.

It is currently expected that all outstanding plant modification works will be complete by September 2011, enabling a ramp-up to full production capacity by the end of the 2011 year.

As can be expected, the modification works referred to above have continued to impact day to day operations at the plant. Notwithstanding this, White Energy remains confident that the ongoing viability of the Tabang plant will be proven once modification works are complete.

Recently, approximately 15,000 tonnes of briquetted coal which had been in stockpile for over 6 months was moved from KSC’s stockyard to Bayan’s Tabang mine stockyard. This briquetted coal was extensively sampled and tested. Despite the briquetted coal having been exposed to the elements for a lengthy period of time, test results show that it had not reabsorbed moisture which provides further verification that the core BCB technology is working as expected.

Following completion of the plant modifications referred to above, KSC will refocus its attention on the construction of additional plant modules in Indonesia.

IUP Licences

In relation to the IUP application, as previously reported the relevant applications have been submitted to the local Bupati government and are currently being processed. KSC and its external Indonesian lawyers were also liaising with officials from the Directorate General of Mineral and Coal (DGMC) in an attempt to expedite this process. A letter recently received from the DGMC confirmed that KSC should continue its IUP application with the local Bupati and that only one Special IUP (Processing and Refining) was now required, and that a second IUP covering sales and transport was no longer needed.

Meetings with the Bupati to finalise the IUP application are currently taking place and KSC expects it to be issued imminently.

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2. NORTH AMERICAN OPERATIONS

Buckskin & Peabody Projects, Wyoming

White Energy representatives continue to work with the Wyoming Department of Environmental Quality (“WDEQ”) as it reviews the Caballo Grande and Buckskin air permit applications which were submitted during Q4 2010. White Energy anticipates that the air permits will be issued by the end of 2011, paving way for construction planning activities to commence.

Kentucky Project

As reported in last quarters’ report, in addition to the upgrading and briquetting of high moisture coal, the Company is also evaluating the possible integration of a coal fines operation within the JRP Project as part of its initial feasibility study.

It is expected that the integration of a coal fines operation will ensure that the JRP Project delivers acceptable economic returns to the Company to justify an investment in this project. Recent test work conducted on bituminous fines sent from a particular site in eastern U.S.A. gave excellent results after briquetting.

3. AFRICA – RIVER ENERGY (WEC 51%)

River Energy (51% owned joint venture with Black River) has continued to advance discussions with a number of major African coal producers looking to participate in a River Energy led coal fines project on their mine site. This involves the upgrading of discarded thermal coal fines into compacted, transportable and useable briquettes with consequential significant increases in energy content and value.

Based on discussions that have taken place to date with one of the major African coal producers, during the quarter River Energy embarked on a detailed design and feasibility study which envisages the construction of a circa. 500,000 tonne per annum coal fines upgrading plant at the coal producer’s mine. Following completion of this detailed design/feasibility study River Energy plans to commit to constructing a plant by the end of 2011.

Discussions with three other major South African coal producers regarding recovery and briquetting of their discarded fines is continuing. In this regard coal fines samples from these companies are in the process of being tested at White Energy’s Cessnock pilot plant, which is located in the Hunter Valley of New South Wales.

4. OTHER BUSINESS DEVELOPMENT INITIATIVES

During the March quarter the Company continued to receive a steady flow of enquiries regarding potential joint venture opportunities relating to the upgrading of coal in overseas markets. Markets currently under review include major coal producers and electricity generators in China, Mongolia, Indonesia and the USA.

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COAL MINING AND EXPLORATION OPERATIONS

1. SOUTH AUSTRALIAN COAL LIMITED (“SAC”)

2010 Drilling Program

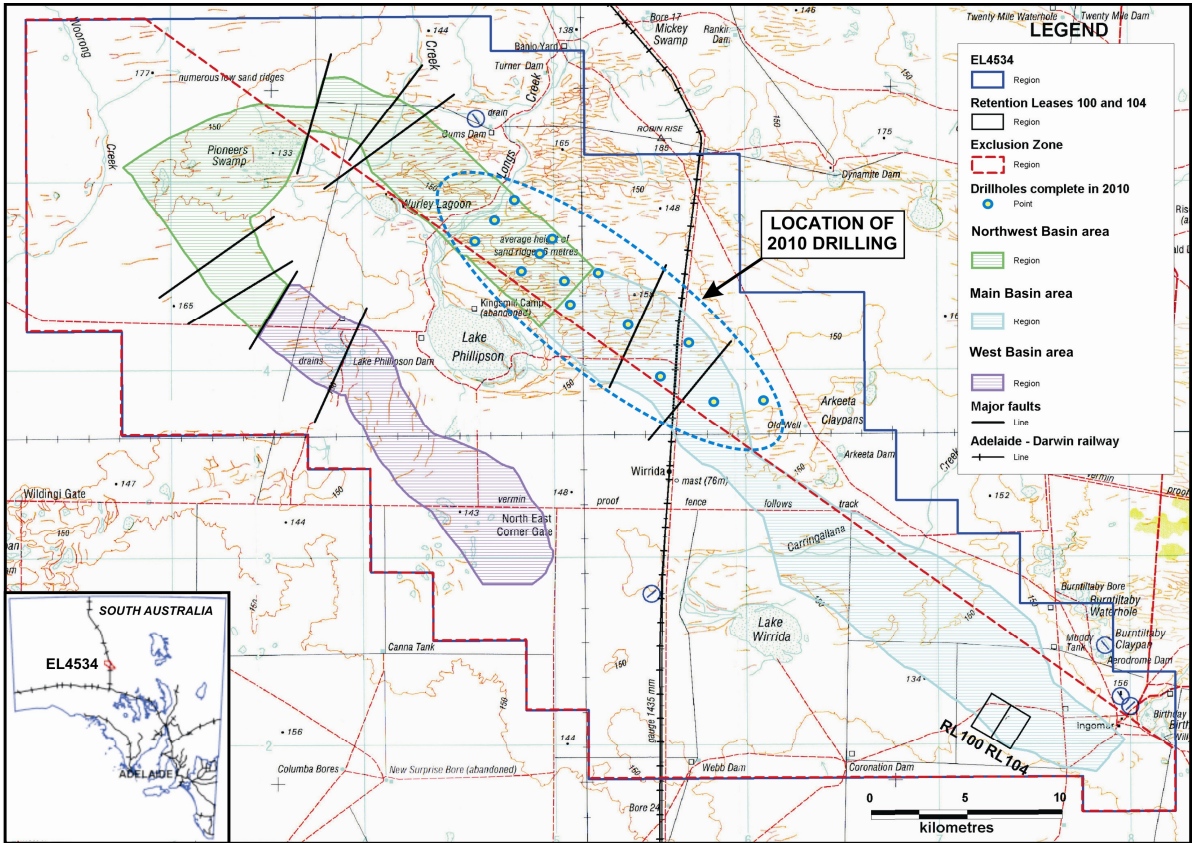
On 29 March 2011 the Company announced the results of the 2010 drilling program conducted at its Lake Phillipson coal deposit (EL 4534) located in northern South Australia.

Following the 2010 drilling program, the total JORC coal resources are now estimated at 684.2 million tonnes, representing an increase of 169.3 million tonnes on the previous JORC coal resource estimate of 514.9 million tonnes, as certified in July 2009. This is a significant increase in the available coal resource.

The following table summarises the current JORC coal resources at EL 4534 (formerly EL 3386):

Sub-basin	Inferred Mt	Indicated Mt	Measured Mt	Total Mt
Main	308.8	73.5	14.7	397.0
West	162.3	124.9	0.0	287.2
Total	471.1	198.4	14.7	684.2

The 2010 drilling program conducted by SAC consisted of a total of 14 drill holes located in the north west of the main basin of the deposit, being the area outside of the Department of Defence exclusion zone. This is illustrated by the blue circled drill holes in the diagram below.

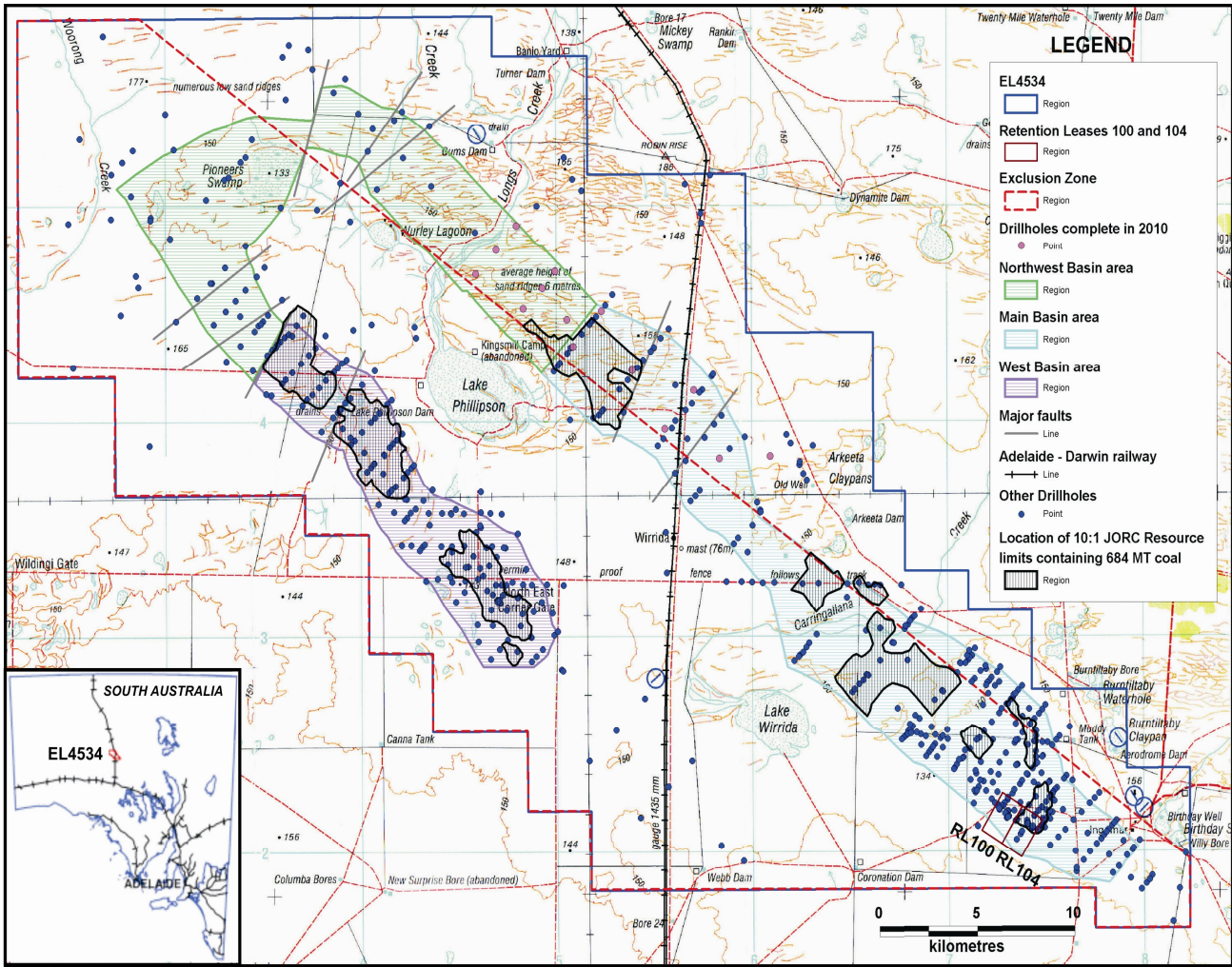


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Earlier extensive exploratory work over the entire EL 4534 area, consisting of over 850 drill holes, is illustrated by the blue drill holes in the diagram below. The areas within EL 4534 which contain the current total JORC coal resource of 684 million tonnes are shown as the areas outlined in black in the diagram below.

SAC believes that the Final Report of the Hawke Review into the Woomera Prohibited Area (WPA) will shortly be due for release and should, as indicated in the Interim Hawke Report dated November 2010, promote greater co-existence between all parties within the WPA, paving the way for greater access to the WPA, including potentially increased access to areas within EL 4534.

With increased access to EL 4534, SAC believes that it will be able to quantify significant further JORC coal resources by utilizing the existing drill holes as shown in blue in the diagram below and performing additional infill drilling and exploration works. During 2011, SAC will continue its exploration and drilling program to further prove up additional coal resources within EL 4534.



2010 Performance Shares

As part of the consideration of the takeover of SAC by White Energy in 2010, SAC shareholders who validly accepted the offer in accordance with the terms of the takeover offer and who elected to receive the Share Alternative, were issued with 2010 Performance Shares and 2011 Performance Shares. The 2010 Performance Shares were consolidated and converted into 2.7 million ordinary shares in White Energy on 31 March 2011, as determined by reference to the total JORC Coal resources estimate as at 31 December 2010 and as described in section 3.7 of the Bidder's Statement issued by White Energy on 7 June 2010.

The results of the drilling work to be conducted by SAC in 2011 will be used as the basis of determination of the quantum of ordinary shares to be issued to relevant shareholders in connection with the 2011 Performance Shares, the findings of which will be communicated to shareholders in early 2012.

Purchase of Ingomar Station

On 24 February 2011, White Energy's wholly owned subsidiary, South Australian Property Pty Limited, signed and exchanged contracts for the purchase of Ingomar Station. The Ingomar Station property spans almost the entire area covered by SAC's Lake Phillipson EL 4534 deposit.

2. MINERALS EXPLORATION – BRIDGETOWN – AMEROD RESOURCES

During the quarter White Energy continued to progress permitting to drill geochemical anomalies at the Cosy Creek Molybdenum and BT020 Tin/Tantalum/Lithium targets within the Bridgetown Exploration Project, which is located in the south-west corner of Western Australia. The Company expects all approvals for drilling to be granted during the June Quarter and field work to commence around September 2011, subject to drill availability.

The Bridgetown projects are operated through Amerod Exploration Limited, a wholly-owned subsidiary of White Energy.

GENERAL CORPORATE

1. PROPOSED ACQUISITION OF CASCADE COAL PTY LIMITED ("CASCADE")

On 12 April 2011 the Company announced the mutual termination of the proposed acquisition of Cascade. This announcement is available on the White Energy website.

Appendix 5B**Mining exploration entity quarterly report**

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/ 2001.

Name of entity

White Energy Company Limited

ABN

62 071 527 083

Quarter ended ("current quarter")

31 March 2011

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	0	0
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration *	(a) (792) (b) (558) (c) (2,715) (d) (4,410)	(a) (2,024) (b) (1,866) (c) (17,013) (d) (13,880)
1.3	Dividends received	Nil	Nil
1.4	Interest and other items of a similar nature received	2,371	6,005
1.5	Interest and other costs of finance paid	Nil	(1,776)
1.6	Income taxes paid	Nil	Nil
1.7	Other (provide details if material) Staff costs, legal and accounting, administration	Nil	Nil
Net Operating Cash Flows		(6,104)	(30,554)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(a) Nil (b) Nil (c) (98)	(a) Nil (b) Nil (c) (1,137)
1.9	Proceeds from sale of:(a)prospects (b)equity investments (c)other fixed assets	(a) Nil (b) Nil (c) Nil	(a) Nil (b) Nil (c) Nil
1.10	Loans to other entities	Nil	Nil
1.11	Loans repaid by other entities	Nil	Nil
1.12	Other (provide details if material)	(259)	(259)
Net investing cash flows		(357)	(1,396)
1.13	Total operating and investing cash flows (carried forward)	(6,461)	(31,950)

*Year-to-date administration costs includes \$9,470k reallocated from item 1.7 "Other" in Dec 2010 App 5B

1.13	Total operating and investing cash flows (brought forward)	(6,461)	(31,950)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	Nil	136,726
1.15	Proceeds from sale of forfeited shares	Nil	Nil
1.16	Proceeds from borrowings	Nil	Nil
1.17	Repayment of borrowings	(2,388)	(8,564)
1.18	Dividends paid	Nil	Nil
1.19	Other (provide details if material) *	(81)	2,438
	Net financing cash flows	(2,469)	130,600
	Net increase (decrease) in cash held	(8,930)	98,650
1.20	Cash at beginning of quarter/year to date	210,365	102,785
1.21	Exchange rate adjustments to item 1.20	Nil	Nil
1.22	Cash at end of quarter	201,435	201,435

*Year-to-date mainly includes cash on hand in SAC on completion of takeover (\$8,705,248), net of professional fees and duties relating to the acquisition of South Australian Coal Limited (SAC)

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.7	1,728
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities (#)	Nil	14,130
3.2 Credit standby arrangements	Nil	Nil

(#) BHP Finance Facility. Excludes PT Kaltim Supacoal (51% owned Indonesian subsidiary) working capital facility with Standard Chartered Bank.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	500
4.3 Production	3,000
4.4 Administration	4,000
Total	8,500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,583	806
5.2 Deposits at call	196,852	209,559
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	201,435	210,365

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				

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6.2 Interests in mining tenements acquired or increased

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	N/A	N/A	N/A	N/A
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 *Ordinary securities				
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Opening 307,225,811 (a) 6,211,200 (a) 2,667,230 (b) N/A Closing 316,104,241	Opening 307,225,811 (a) 6,211,200 (a) 2,667,230 (b) N/A Closing 316,104,241	\$3.22 \$3.10 N/A	\$3.22 \$3.10 N/A
*Performance securities 2010				
Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Opening 15,055,452 (a) N/A (b) N/A Closing 0	Not Listed	N/A N/A	N/A N/A
*Performance securities 2011				

	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Opening 15,055,452 (a) N/A (b) N/A Closing 15,055,452	Not Listed	N/A N/A	N/A N/A
7.5	+Convertible debt securities <i>(description)</i>	(a) Unlisted convertible note with face value of \$250,000, 7.90%pa coupon convertible at \$3.22 per share, maturing on 12/10/2012	(a) Not listed	\$250,000	\$250,000
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Opening 180 (a) 0 (b) (80) Closing 100	Opening 0 (a) N/A (b) N/A Closing 0	N/A	N/A
7.7	Options <i>(description and conversion factor)</i>	(a) Director /ESOP – Closing 2,742,666 (b) Director /ESOP– Closing Nil (c) Director /ESOP– Closing 2,766,668 (d) Standard – Closing 2,000,000 (e) Standard – Closing 750,000 (f) Director / ESOP – Closing 2,611,667	(a) Not listed 2,742,666 (b) Not listed Nil (c) Not listed 2,766,668 (d) Not Listed 2,000,000 (e) Not Listed 750,000 (f) Not Listing 2,611,667	<i>Exercise price</i> (a) \$3.50 (b) \$3.50 (c) \$3.50 (d) \$3.65 (e) \$3.65 (f) \$3.50	<i>Expiry date</i> (a) 30/11/11 with vesting conditions (b) 30/11/11 with vesting conditions (c) 30/11/11 with vesting conditions (d) 07/10/13 (e) 31/10/13 (f) 31/03/14

7.8	Issued during quarter	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil	N/A	N/A
7.9	Exercised during quarter	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil	(a) \$3.50 (b) \$3.50 (c) \$3.50 (d) \$3.65 (e) \$3.65 (f) \$3.50	(a) 30/11/11 (b) 30/11/11 (c) 30/11/11 (d) 07/10/13 (e) 31/10/13 (f) 31/03/14
7.10	Expired during quarter	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil	(a) \$3.50 (b) \$3.50 (c) \$3.50 (d) \$3.65 (e) \$3.65 (f) \$3.50	(a) 30/11/11 (b) 30/11/11 (c) 30/11/11 (d) 07/10/13 (e) 31/10/13 (f) 31/03/14
7.11	Debentures <i>(totals only)</i>	N/A	N/A		
7.12	Unsecured notes <i>(totals only)</i>	N/A	N/A		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date 29 April 2011
 Managing Director & CEO
 Print name: Brian Flannery

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 **The definitions in, and provisions of, AASB 1022:** Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 5 **Accounting Standards:** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

For further information please contact:

Brian Flannery
Director
WHITE ENERGY COMPANY LIMITED
Level 20, 201 Kent Street
Sydney, NSW, 2000
Ph: +612-9959-0000
Fax: +612-9959-0099

www.whiteenergyco.com

The information in this report, which relates to Exploration Results, Mineral Resources or Ore Reserves in EL 4534 (previously EL 3386), for coal, is based on information compiled by Jonathan Barber, who is a member of the Australasian Institute of Mining and Metallurgy. Jonathan Barber is an employee of Jon Barber Consulting Pty Ltd and is engaged as a consultant to South Australian Coal Limited. Jonathan Barber has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Jonathan Barber consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves at the Bridgetown project is based on information compiled by Richard Monti, who is a member of The Australasian Institute of Mining and Metallurgy. Richard Monti is employed as a consultant to the Company. Richard Monti has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Richard Monti consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.