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**white energy** company

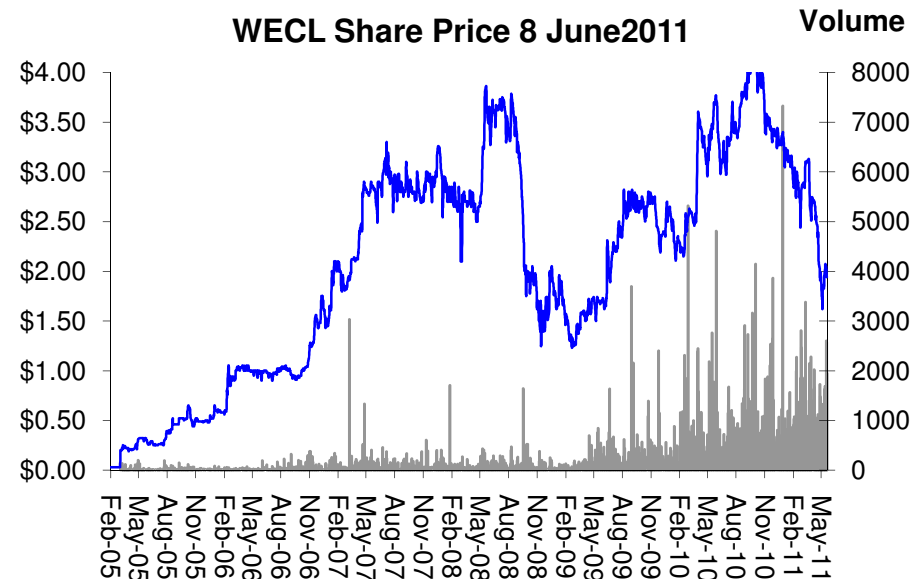
Investor Presentation June 2011

# White Energy



A diversified coal company listed on the ASX with significant global growth opportunities

- White Energy is exclusive worldwide licensee of a patented technology which upgrades high moisture low value sub-bituminous and lignite coals through a low cost process of dehydration and compaction
- White Energy has recently acquired South Australian Coal Limited
- White Energy is traded on the ASX and on the OTCQX in the United States
  - ASX: WEC / USA-OTCQX: WECFY
  - Shares: 316.1M / Options: 10.9M / Fully diluted: 327M
  - Share price @ 8 June 2011: ASX A\$1.94/ USA-OTCQX US\$10.22
  - 52 week range: ASX A\$1.60 - A\$4.27
  - Equity market capitalisation: A\$634.4M (US\$598.5M) on fully diluted basis

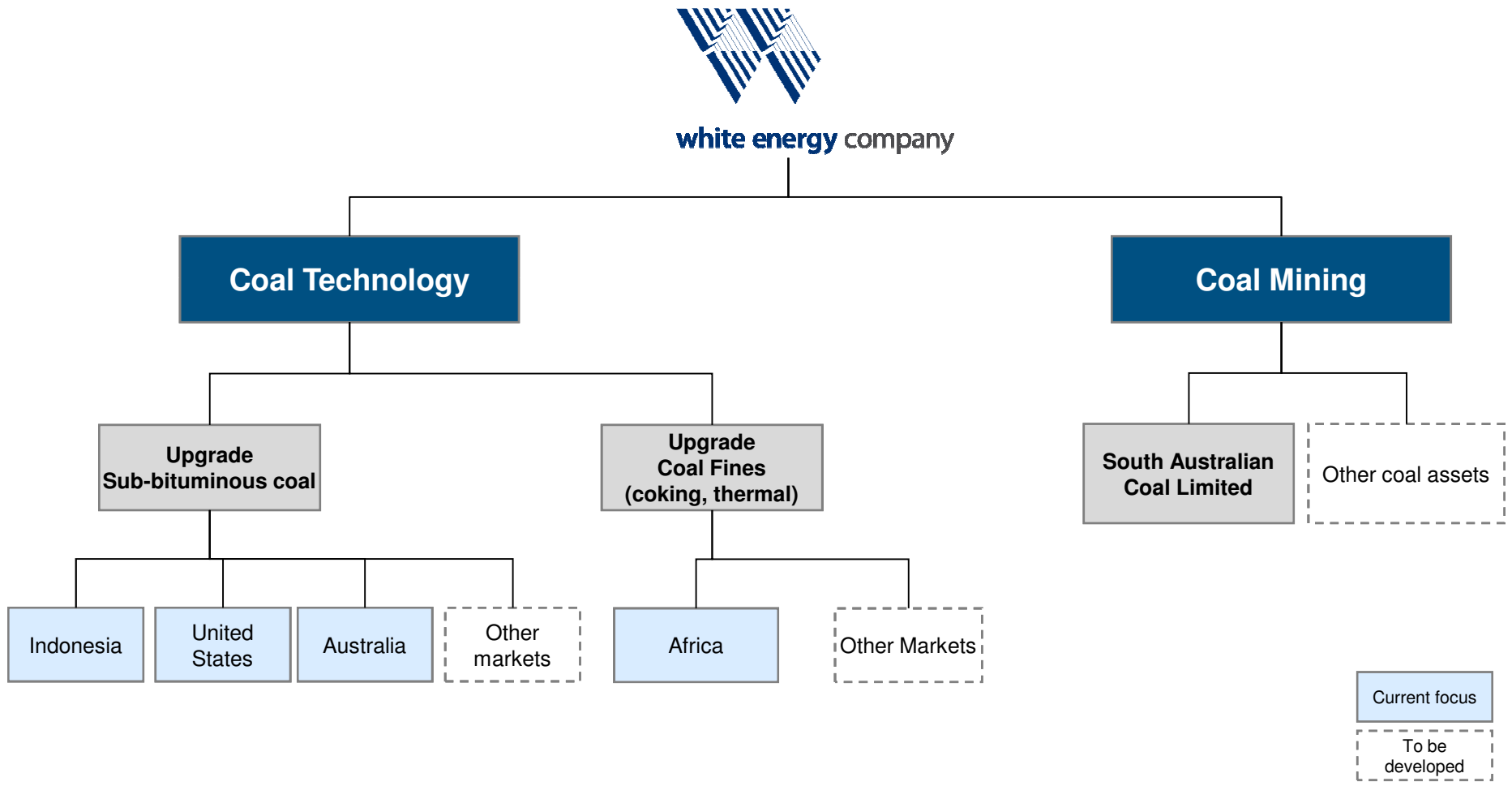


Notes: (1) Excludes 2011 Performance Shares outstanding (12.5M max. addit. Ord shares may be issued) and Convertible Notes outstanding (7.8M). Assuming these are issued / converted, market cap is A\$673.8M (US\$635.6M), (2) Exchange Rate A\$1.00 = US\$1.06

# Platform for Growth



White Energy is now organised around two distinct – *but related* – business divisions



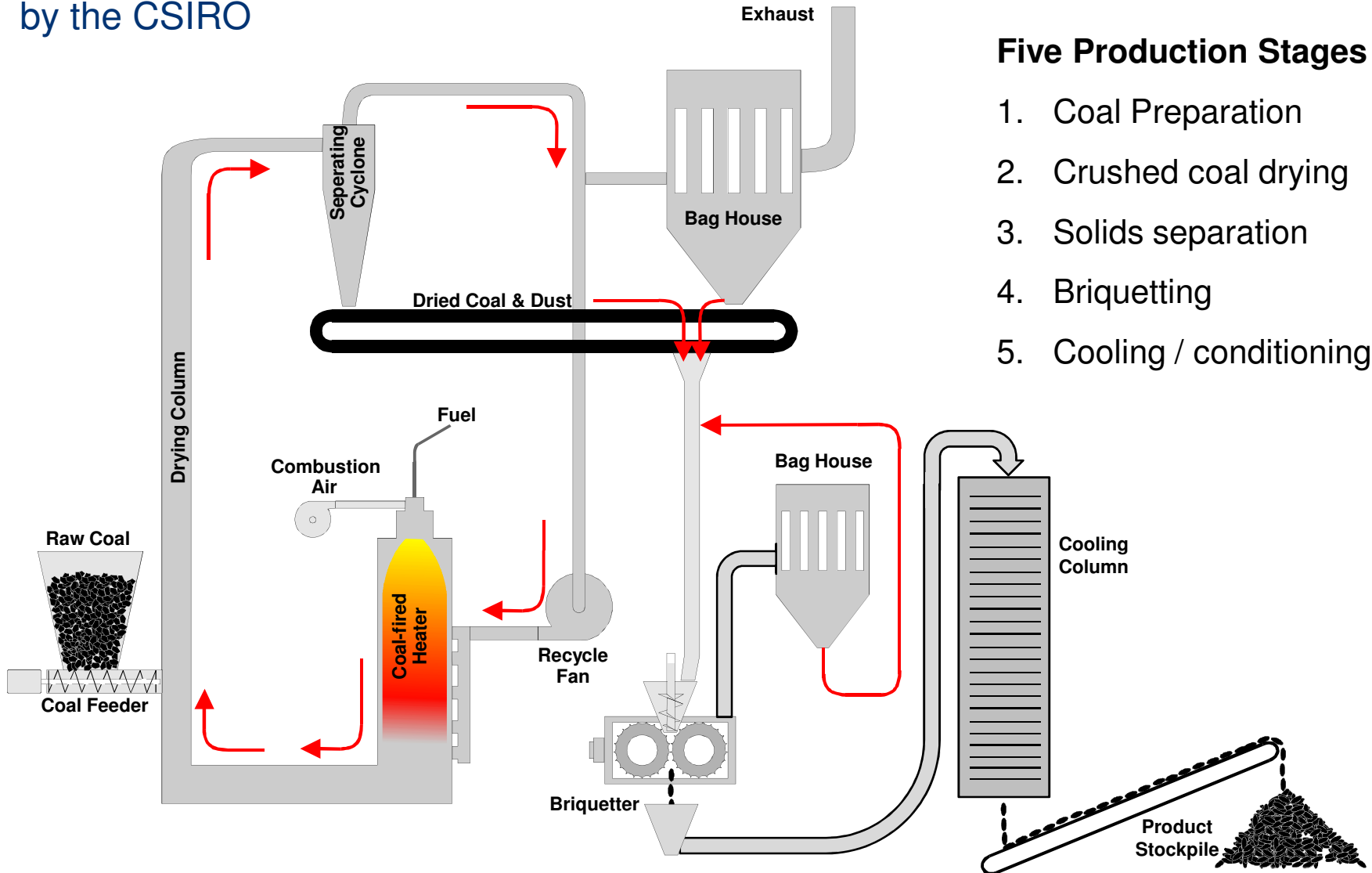
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# White Energy's Upgrading Process



The BCB process has been developed over 20 years, by a consortia led by the CSIRO



## Five Production Stages

1. Coal Preparation
2. Crushed coal drying
3. Solids separation
4. Briquetting
5. Cooling / conditioning

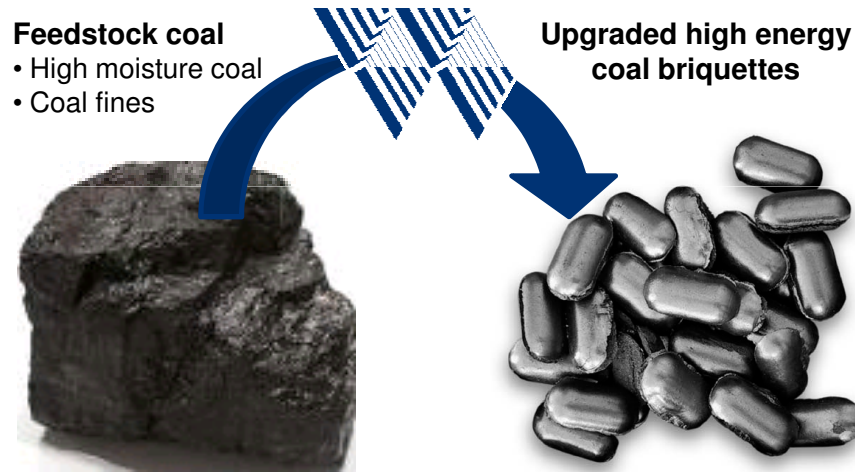
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# Value Proposition



White Energy's commercial proposition is simple – access low cost / low rank coals and upgrade the coal to more valuable and higher energy briquettes

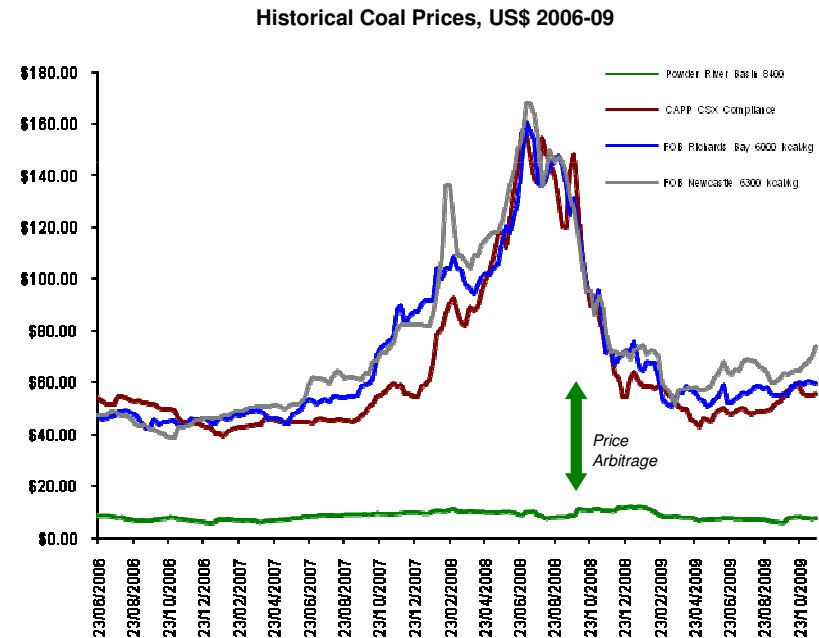
## Product Upgrade



Sub-bituminous coal example	Indonesia Approx. 4,400 Kcals/kg GAR	→	Target Approx. 6,100 Kcals/kg GAR
	PRB Coal Approx. 8,400 Btu/lb GAR	→	Approx. 11,350 Btu/lb GAR

\* GAR = Gross As Received

## Historical Price Arbitrage



Source: Ventyx

# White Energy Upgraded Coal vs Sub-Bituminous Coal



White Energy upgraded coal results in improved energy content, lower emissions and enhanced transportation efficiencies when compared to lower rank feedstock coal

## Benefits of White Energy Upgraded Coal compared to typical Sub-Bituminous feedstock coal

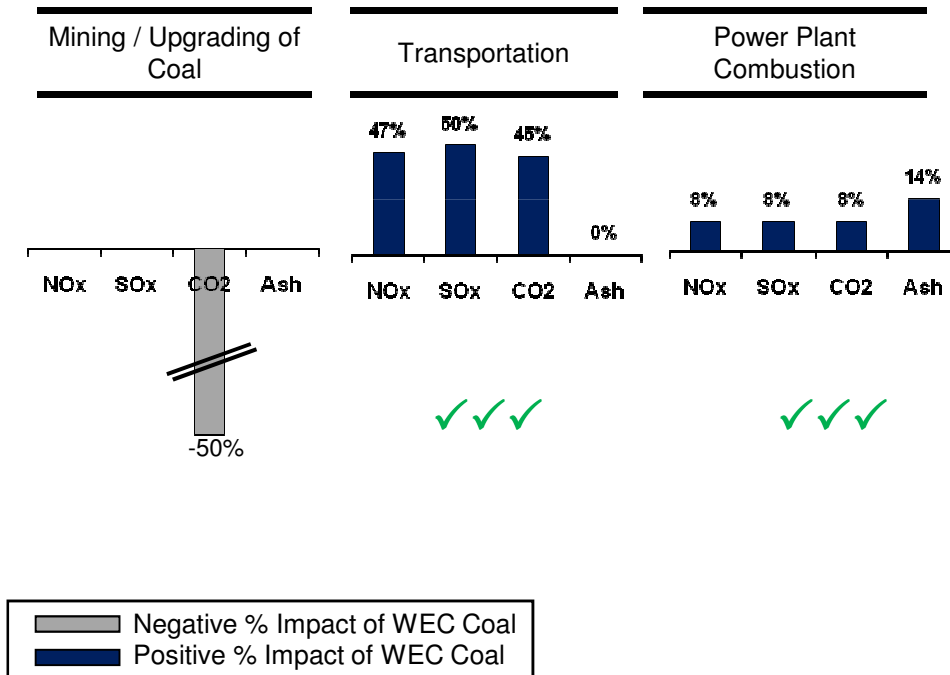
<b>Higher energy content</b>	<ul style="list-style-type: none"><li>▪ 30% - 100% increased energy content compared to low rank feedstock coal</li></ul>
<b>Reduced CO<sub>2</sub> emissions per Kwh</b>	<ul style="list-style-type: none"><li>▪ In comparison to sub-bituminous feedstock coal, White Energy's upgraded coal has a reduced CO<sub>2</sub> and other emission profile at the point of combustion</li></ul>
<b>Lower risk of spontaneous combustion</b>	<ul style="list-style-type: none"><li>▪ White Energy Coal has improved physical and chemical stability, enhancing handling, storage and transportation options</li></ul>
<b>Improved performance at power stations</b>	<ul style="list-style-type: none"><li>▪ Increased power output and improved heat rate, enabling higher capacity utilisation and efficiency at point of combustion</li><li>▪ White Energy Coal mitigates exposure to stricter environmental emissions regulations</li></ul>
<b>Enhanced transport efficiency</b>	<ul style="list-style-type: none"><li>▪ Reduced moisture content results in an up to 30% decrease in load volumes and associated transportation costs</li></ul>

# White Energy Upgraded Coal vs Sub-Bituminous Coal



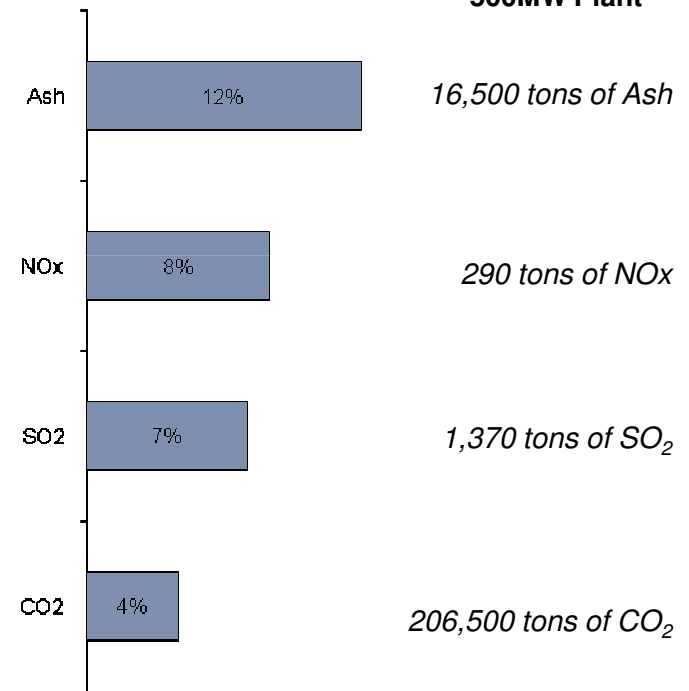
Significantly, the White Energy process leads to lower emissions during transportation and at the point of combustion

**% Difference in Pollutants Emitted by WEC Upgraded Coal versus PRB Coal Across Process Lifecycle**



**Net % Reduction in Pollutants<sup>1</sup>**

**Actual Reduction in Tonnage for a 500MW Plant**



Note: (1) The percentage reduction in emission tonnage is based off a 1MW plant running continuously for 1 year, producing 8,762 MWhrs

Source: White Energy internal research

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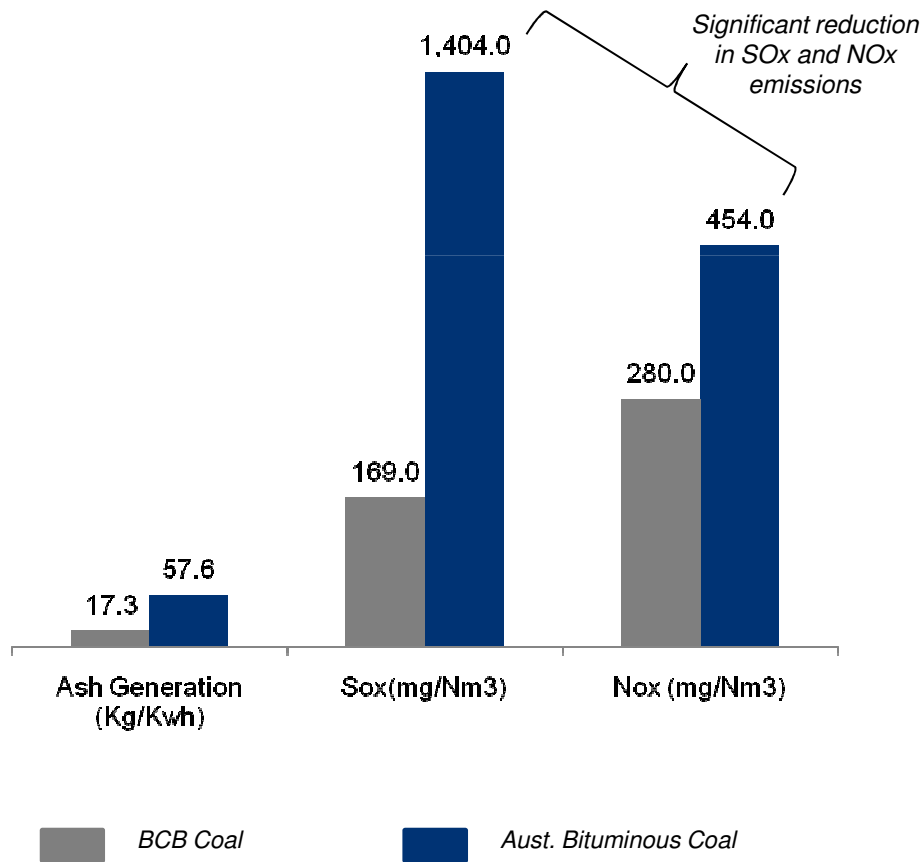
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# White Energy Upgraded Coal vs Bituminous Coal



Upgraded White Energy coal has an improved pollution profile as it maintains the positive environmental attributes of the lower rank feedstock coal

Superior environmental performance as compared to typical Australian bituminous coal



- **Ash:**
  - Reduction in ash as a waste product and consequent dust particles
- **Sulphur Oxide:**
  - Sulphur % of 0.1% is amongst the lowest in the world, leading to significant reduction in sulphur dioxide emissions
- **Nitrogen Oxide:**
  - Lower levels of nitrogen oxide are emitted when BCB Coal is combusted

Many of the high moisture coals (particularly Indonesian) have very low ash and sulphur contents. Therefore, when the moisture is removed the resultant higher energy product is very attractive from an energy, ash and sulphur viewpoint

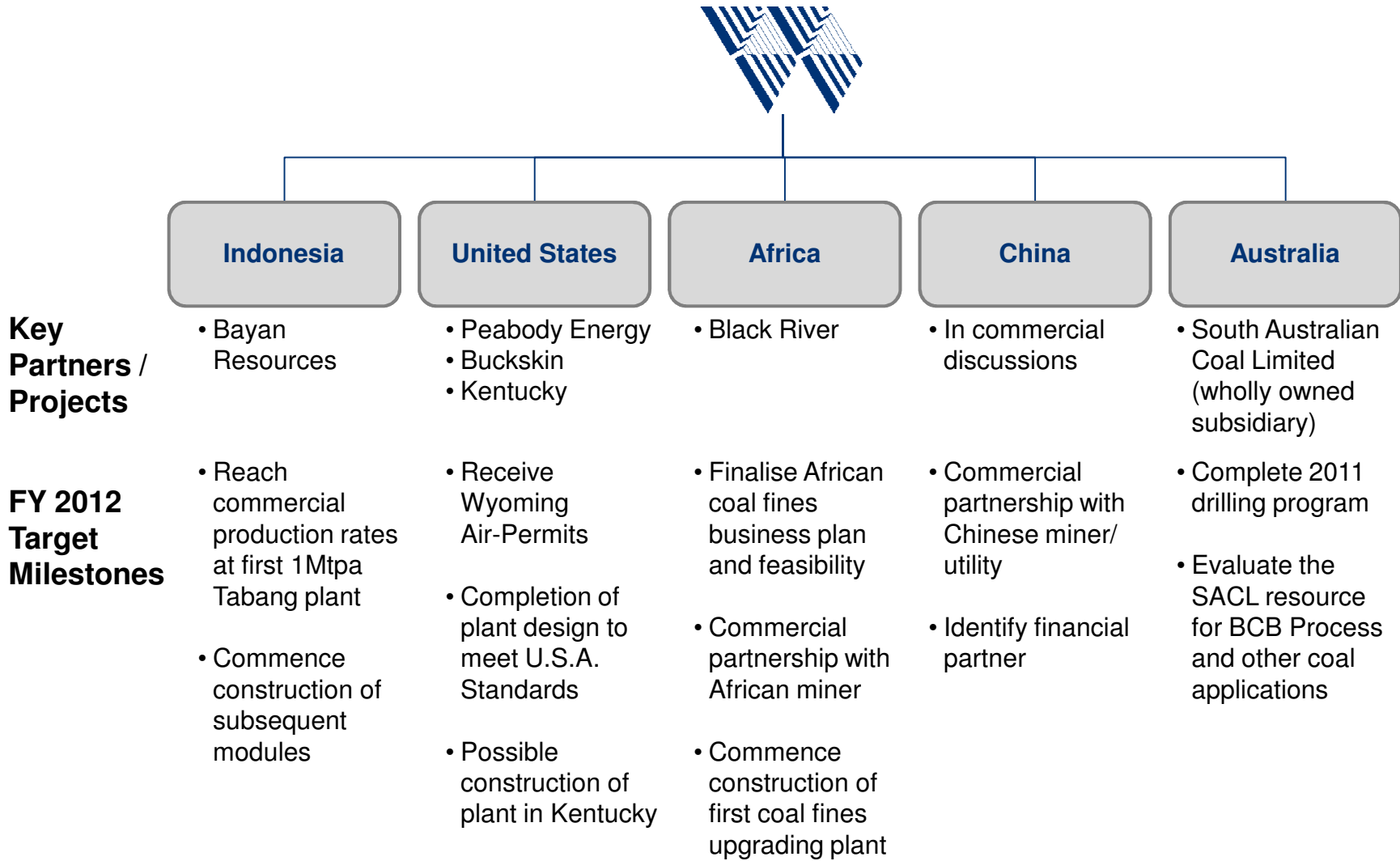
Source: BHP Evaluation Test Report



## Growth Platform for White Energy Upgraded Coal



Significant progress has been made in our prioritised coal markets



# Tabang – The First Commercial Scale Coal Upgrading Plant



Using White Energy’s design and project management skills, construction of the world’s first 1 million tonne per annum coal upgrading plant has been completed



East Kalimantan, Indonesia



- Located in East Kalimantan, Indonesia
- Owned and operated by KSC, White Energy’s 51% owned joint venture company with Bayan Resources
- Well positioned to take advantage of Asian coal markets

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# Tabang – The First Commercial Scale Coal Upgrading Plant (cont)



1 Mtpa Coal Upgrading Plant

10MW coal fired power station

TABANG COAL UPGRADING FACILITY

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## Update on KSC's Tabang Operation



KSC is currently ramping-up production with a focus on improving product quality and production rates, whilst continuing to address remaining technical issues

- Dust issues at the Plant are currently being addressed through installation of screening systems and dust separation hoods on the briquetting machines, which is only a temporary solution
- Upgraded product cooling and handling systems require some further modification to ensure a consistent, stable product is produced
- The Plant is currently producing upgraded coal with an energy content of approximately 5,900 Kcals/kg GAR (target 6,100 Kcals/kg GAR), a significant increase on the feedstock coal with an average energy content of 4,300 Kcals/ks GAR
- Current focus in on improving the quality and consistency of the product, as well as overall optimisation of the plant
- KSC has successfully stockpiled approx. 15,000 tonnes of upgraded coal briquettes for over 6 months without issues related to moisture re-absorption
- KSC has made its first upgraded coal sales through Bayan Resources



## Update on KSC's Tabang Operation (cont)



Work to address the remaining technical issues at the Plant is well underway and due to be completed by September 2011

- **Coal Drying** – the coal drying column is in the process of being lengthened to achieve optimum coal drying conditions. This will not only enable the moisture content in the upgraded coal to be reduced to 6%-7% at the briquetting machines and hence produce a better quality briquette, but will also provide greater flexibility in running the plant at varying operating capacities. The extension is due to be completed during the June 2011 shutdown and is a relatively straight-forward mechanical fix.
- **Dust Extraction** – the current dust extraction system which collects the fine dust generated through the briquetting process is undersized and has limited overall plant operating capacity to 25%-30% thus far. KSC is currently in the process of fabricating a much larger dust extraction system to retrofit at the plant, which will enable the plant to run at its design capacity of 1 million tonnes per annum. This will be installed during a planned shutdown of the plant in September 2011. In the meantime, the plant continues to operate as a result of the engineering modifications to the briquetting machine hoods completed during 2010, albeit at a reduced capacity.
- **Briquette Handling and Stockpiling** – the briquette cooling tower is being relocated and approximately 400 metres of additional product conveyor system installed at the site. This is designed to cool the briquettes down to ambient temperature before stockpiling. These modifications will be completed during the September 2011 shutdown.
- **Power Station** – following the retrofit of new valves and bearings, the 10MW power station on site is now operating with much greater reliability and apart from the installation of a soot blower during the June 2011 shutdown, no further modifications are necessary at this stage.
- **Briquetting Machines** – KSC has worked closely with its briquetting machine supplier on the necessary modifications to gearboxes on the briquetting machines, and is in the process of retrofitting each machine. This rectification work will not cause any production downtime.

## Update on KSC's Tabang Operation (cont)



The extension of the coal drying column is currently underway and will be completed during the June 2011 plant shutdown





## Update on KSC's Tabang Operation (cont)



Key milestones to date include the successful stockpiling of 15,000 tonnes of briquetted coal for over 6 months without any moisture re-absorption





## Takeover of South Australian Coal Limited



The SACL takeover in 2010 provided the foundations for White Energy to be a diversified company

**Exploration asset**

- A large deposit of sub-bituminous coal - EL4534
- 684 million tonnes of JORC resources as at 31 Dec 2010
- Further drilling during 2011 to prove up additional resources

**Industry leading management team**

- Board and management team experienced in coal sector
- Proven record, acquisitive & organic growth

**Value creative strategy for all shareholders**

- Game changing transaction for White Energy shareholders
- Significant increase in size, scope and diversity of operations

**Mid-tier coal company positioned for growth**

- Ability to participate in coal industry consolidation
- Attractive platform for growth

**Explore base metal opportunities**

- Initial exploration has indicated a possible base metals environment

# Potential Uses of the Lake Phillipson Deposit



## Lake Phillipson Coal Deposit

### Upgrade coal via BCB Technology

- The high moisture coal is a potential feedstock for BCB Process
- Produce higher energy briquettes suitable for export market
- Positive transport dynamics to Asia from Darwin or South Australian ports
- Opportunity to develop an Australian centric project

### Sell high moisture coal domestically

- South Australia needs new base load capacity
- Port Augusta Power Station currently uses high moisture, lower energy coal from Leigh Creek (similar)
- Lake Phillipson is a potential alternate coal source for Port Augusta
- Opportunity to use the more efficient, upgraded BCB coal

### Identify new coal technologies

- As an owner of a coal asset, WEC may wish to test/pursue other coal technologies
- Size of the reserve may present opportunities associated with gasification and coal to liquids

## Gawler Craton

### Develop minerals and base metals

- Olympic Dam and Prominent Hill are located in a geological province known as the Gawler Craton, as is the Lake Phillipson EL4534
- Some of EL4534 will be tested for potential base metal mineralisation
- Opportunity to develop a more diversified portfolio of assets outside of coal

# Board and Management



A highly regarded board and management team with an industry wide reputation for delivery and execution of major coal projects

- The addition in 2010 of the ex-Felix Resources management team complements the existing skill-set
- Strengthens White Energy’s coal mining expertise and adds project execution skills and experience
- Enables an evolution into a more diversified company
- Unique mix of design, technical, operational, financial and strategic skill-sets



Travers Duncan  
Chairman



Brian Flannery  
Managing Director  
and CEO



John Kinghorn  
Non-executive  
Director



Graham Cubbin  
Non-executive  
Director



Hans Mende  
Non-executive  
Director



John Atkinson  
Non-executive  
Director



John McGuigan  
Non-executive  
Director



Vincent O'Rourke  
Non-executive  
Director

## Forward looking statements

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*Except for the historical information contained herein, the matters discussed in this presentation contain forward-looking statements, including statements, containing the words “planned”, “expects”, “believes”, “strategy”, “opportunity”, “anticipates”, and similar words. Such forward-looking statements are subject to known and unknown risks, uncertainties, or other factors that may cause the company’s actual results to be materially different from historical results or any results expressed or implied by such forward-looking statements. We assume no obligation to update any forward-looking statements to reflect events or circumstances arising after the date hereof. In addition where comparisons are made between White Energy Company and other companies, we have made best efforts to properly interpret publicly made information by these companies but cannot be certain that such comparisons are completely accurate.*

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# Competent Person Statement

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## **South Australian Coal Limited**

*The information in this presentation, which relates to Exploration Results, Mineral Resources or Ore Reserves in EL4534 (previously EL3386), 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 presentation of the matters based on his information in the form and context in which it appears in both.*



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