



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 30 June 2008 is outlined below.

COAL TECHNOLOGY OPERATIONS

Joint Venture with PT Bayan Resources (WEC 51%)

As announced to the market on 29 July 2008, the Company continues to make good progress in conjunction with its project plan on all major activities relating to the construction of the Binderless Coal Briquetting plant at the Bayan Resources Tabang Mine in East Kalimantan, Indonesia.

Based on the latest project timetable developed by Thiess Indonesia, the Tabang plant project is approximately 45% complete as at the end of June 2008. In addition all critical equipment items have now landed in Indonesia which should significantly mitigate the risk of any construction delays.

Construction of the plant is on schedule with commissioning scheduled to take place during the first quarter of calendar year 2009. Production will be ramped up to full capacity over a 6 month period from April through September 2009 with coal sales of upgraded product expected during this period.

The construction of the core production module is well underway with structural steel erection well advanced. In addition, significant progress is being made regarding related site work activity. The most difficult and time consuming aspect of the construction program has been the site clearing and general foundation work, both of which are now complete.

The Company advanced a total of \$8.2 million during the quarter to its 51% owned subsidiary, PT Kaltim Supacoal, representing its share of funding required for construction activities at the plant. This was in accordance with budget.

Cessnock Production Plant

During the quarter the Company announced the completion of construction of the Company's commercial scale production plant at Cessnock, New South Wales. The Cessnock Plant, which utilises White Energy's licensed binderless coal briquetting technology, to upgrade lower rank coal to significantly increase its energy efficiency, has an installed capacity of 90,000 tonnes per annum.

The design and construction of the Cessnock Plant is representative of the design and construction process required for the one million tonne per annum commercial plant currently being built at the Tabang mine in Indonesia. The successful completion of

construction of the Cessnock Plant has provided invaluable practical experience for the Company ahead of the completion of construction of the Indonesian commercial plant.

Further expenditure of \$3.8 million was incurred during the quarter on construction related activities at the Cessnock Plant. This was in accordance with budget.

US Development Agreement – NRG and Buckskin Mining

As reported in the previous quarter, the Company announced that it had entered into a Development Agreement in North America with NRG Power Marketing, LLC (wholly owned subsidiary of NRG Energy Inc.) and Buckskin Mining Company (indirect wholly owned subsidiary of Kiewit Corporation).

The first phase of the Development Agreement involves the completion of a detailed feasibility study (funded equally by the parties) to evaluate the economic, technical and logistical viability of constructing a plant that is capable of producing at least one million tons of binderless coal briquettes at the Buckskin mine in Gillette, Wyoming, USA.

The feasibility process is currently in its final stages, with a decision by all parties in relation to proceeding to the next stage, which involves formulation of legal agreements and commercial contracts, due in the next quarter.

Other Business Development Initiatives

The Company is continuing to actively review a number of other business development opportunities in the United States, Indonesia, China, Mongolia, Africa and India.

International OTCQX Listing

On 24 July 2008 the Company announced that its American Depositary Receipt (“ADR”) program began listing on the International OTCQX effective 23 July 2008 (New York). The OTCQX listing will provide U.S. based investors with easier access to buy and sell White Energy securities and at the same time will provide White Energy with greater access to the U.S. capital markets. White Energy ADRs began trading on the International PrimeQX, under the ticker OTCQX WECFY.PK.

The International OTCQX is a listing service for international companies which are already listed on a qualified non U.S. stock exchange and is designed to provide greater access for the U.S. investor community to profile foreign companies. White Energy’s ADRs will now be able to be traded electronically and will provide U.S. investors with greater trading efficiency and access to information about the Company.

U.S. investment bank, Merriman Curhan Ford, will serve as White Energy’s Principal American Liaison (“PAL”) on the International OTCQX, responsible for providing guidance on the company’s International OTCQX-listing requirements and arranging a comprehensive suite of U.S. capital markets services.

EXPLORATION OPERATIONS

White Energy has continued exploration of its portfolio of exploration projects in Western Australia. Details of exploration undertaken in the June quarter are provided below:

Bridgetown (White Energy 100%)

The Company has furthered exploration with infill and extension soil and rock sampling at the Cosy Creek Mo anomaly as well as acquiring Ikonos satellite imagery over the project area.

Cosy Creek Molybdenum Anomaly

80 infill geochemical samples were collected on the Cosy Creek Mo target and have outlined two areas of anomalism. The southern area measures 300m by 400m and is open to the west and east. The northern area measures 300m by 300m and is open to the north and west where it extends into farm land. A further 104 soil samples have been collected on the farm land and during this sampling gossanous rocks were discovered. Seven rock chip samples were collected of this gossanous material. Sample results are pending for both the soil and rock samples.

Iron Ore target

A gravity survey has been undertaken to further define an elongated magnetic high which is interpreted to be a magnetite rich rock. Modeling of the gravity survey has been completed and coupled with the previous magnetic data, indicates that the density and magnetic susceptibility contrasts are reasonably low, and do not suggest significant economic mineralisation potential for either magnetite or haematite in the areas surveyed.

Mt Mundy (White Energy 100%)

No work has been carried out on this project during the quarter.

Glen Ayle (White Energy 100%)

No work has been carried out on this project during the quarter.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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.

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")

30 June 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	Nil	Nil
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(a) (44) (b) Nil (c) Nil (d) Nil	(a) (288) (b) Nil (c) Nil (d) Nil
1.3 Dividends received	Nil	Nil
1.4 Interest and other items of a similar nature received	739	2,372
1.5 Interest and other costs of finance paid	(1,778)	(1,778)
1.6 Income taxes paid	Nil	Nil
1.7 Other (provide details if material) Staff costs, legal and accounting, administration	(2,560)	(7,777)
Net Operating Cash Flows	(3,643)	(7,471)
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) (12,387)	(a) Nil (b) Nil (c) (30,028)
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)	Nil	Nil
Net investing cash flows	(12,387)	(30,028)
1.13 Total operating and investing cash flows (carried forward)	(16,030)	(37,499)

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	99	2,012
1.15	Proceeds from sale of forfeited shares	Nil	Nil
1.16	Proceeds from borrowings	Nil	55,943
1.17	Repayment of borrowings	Nil	Nil
1.18	Dividends paid	Nil	Nil
1.19	Other (provide details if material)	Nil	(925)
Net financing cash flows		99	57,030
Net increase (decrease) in cash held			(15,931) 19,531
1.20	Cash at beginning of quarter/year to date	49,480	14,460
1.21	Exchange rate adjustments to item 1.20	Nil	(442)
1.22	Cash at end of quarter	33,549	49,480

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	220
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

--

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 (#)	26,001	10,943
3.2 Credit standby arrangements <i>(#) BHP Finance Facility</i>	Nil	Nil

Estimated cash outflows for next quarter *

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	Nil
Total	150

* on mining exploration business (does not include other business operations being Coal Technology business operations)

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	229	2,100
5.2 Deposits at call	33,320	47,380
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	33,549	49,480

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			

6.2 Interests in mining tenements acquired or increased

--	--	--	--

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 <i>(description)</i>	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 127,972,633 (a) 197,500 (a) 30,259 (b) N/A Closing 128,200,392	Opening 110,058,519 (a) 197,500 (a) 30,259 (b) N/A Closing 110,286,278 Noting that escrowed shares are: 17,914,114 to 06-7-08	\$0.25 \$1.40 N/A	\$0.25 \$1.40 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 \$3.44 per share, maturing on 12/10/2012	(a) Not listed	\$250,000	\$250,000

7.6	Changes during quarter	Opening 180	Opening 0	N/A	N/A
	(a) Increases through issues	(a) 0	(a) N/A		
	(b) Decreases through securities matured, converted	(b) N/A	(b) N/A		
		Closing 180	Closing 0		

7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	(a) Standard – Closing 12,044,900	(a) Not listed 12,044,900		(a) 25 cents	(a) 30/11/08
	(b) Performance - Closing 6,000,000	(b) Not listed 6,000,000		(b) 25 cents	(b) 30/11/08
	(c) Performance - Closing 5,000,000	(c) Not listed 5,000,000		(c) 40 cents	(c) 30/11/08
	(d) Standard – Closing 222,391	(d) Not listed 222,391		(d) \$1.40	(d) 30/08/09
	(e) Standard – Closing NIL	(e) Not listed NIL		(e) \$0.01	(e) 7/07/11
	(f) Standard – Closing NIL	(f) Not listed NIL		(f) \$0.01	(f) 30/08/11
	(g) Director /ESOP – Closing 1,333,333	(g) Not listed 1,333,333		(g) \$1.20	(g) 30/08/10
	(h) Director /ESOP – Closing 1,333,333	(h) Not listed 1,333,333		(h) \$1.20	(h) 30/08/10 Vesting 31/8/07
	(i) Director /ESOP – 1,913,334	(i) Not listed 1,913,334		(i) \$1.20	(i) 30/08/10 Vesting 31/8/08
	(j) Director – Closing 1,903,666	(j) Not listed 1,903,666		(j) \$3.50	(j) 30/11/11 with vesting conditions
	(k) Director – Closing 1,903,666	(k) Not listed 1,903,666		(k) \$3.50	(k) 30/11/11 with vesting conditions
	(l) Director – Closing 1,903,668	(l) Not listed 1,903,668		(l) \$3.50	(l) 30/11/11 with vesting conditions
	(m) BHP – Closing Aggregate exercise price	(m) Not listed Aggregate exercise price US\$20m		(m) Aggregate exercise price US\$20m	(m) Full terms outlined in Annexure A of App 3B
		US\$20m	Page 10 of 12		lodged 25/1/08

		(n) Standard – Closing 1,250,000	(n) Not Listed 1,250,000	(n) \$2.50	(n) 12/10/10
		(o) ESOP – Closing 400,000	(o) ESOP 400,000	(o) \$1.20	(o) 30/11/11
7.8	Issued during quarter	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) 970,333 (k) 970,333 (l) 970,334 (m) Nil (n) Nil (o) 400,000	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) 970,333 (k) 970,333 (l) 970,334 (m) Nil (n) Nil (o) 400,000	N/A	N/A
7.9	Exercised during quarter	(a) 197,500 (b) Nil (c) Nil (d) 30,259 (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) Nil (l) Nil (m) Nil (n) Nil (o) Nil	(a) 197,500 (b) Nil (c) Nil (d) 30,259 (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) Nil (l) Nil (m) Nil (n) Nil (o) Nil	(a) 25 cents (b) 25 cents (c) 40 cents (d) \$1.40 (e) \$0.01 (f) \$0.01 (g) \$1.20 (h) \$1.20 (i) N/A (j) N/A (k) N/A (l) N/A (m) N/A (n) \$2.50 (o) \$1.20	(a) 30/11/08 (b) 30/11/08 (c) 30/11/08 (d) 30/08/09 (e) 7/07/11 (f) 30/08/11 (g) 30/08/10 (h) 30/08/10 (i) 30/08/10 (j) 30/11/11 (k) 30/11/11 (l) 30/11/11 (m) Various (n) 12/10/10 (o) 30/11/011
7.10	Expired during quarter	N/A	N/A	N/A	N/A
7.11	Debentures (totals only)	N/A	N/A		
7.12	Unsecured notes (totals only)	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: 30 July 2008
Director

Print name: John Atkinson

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:

Ivan Maras
Chief Financial Officer
WHITE ENERGY COMPANY LIMITED
Level, 5, Grafton Bond Building
201 Kent Street, Sydney, NSW, 2000
Ph: +612-9251-1311
Fax: +612-9251-1638

www.whiteenergyco.com.au

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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.