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## **Chairman's Address**

Shareholders and guests, welcome to the 2010 Annual General Meeting of White Energy Company Limited ("White Energy" or "the Company").

The past 12 months has been a period of progress and transition at White Energy. During the past financial year White Energy took steps to broaden its asset base as we seek to occupy a unique position in the Australian coal sector – that of a diversified coal company built around a mix of coal technology and conventional coal assets. The Company's progress in 2010 has been well supported by the market. Our entry to the S&P / ASX-200 is a significant milestone and one which we will continue to build upon as our Indonesian operations move into commercial production and we target acquisition opportunities across the coal sector.

Since the publication of your Company's Annual Report there have been some significant developments for shareholders with continued progress at our commercial coal upgrading plant in Tabang, Indonesia and today's announcement of the proposed acquisition of Cascade Coal Pty Limited.

During the meeting today I will address the annual FY2010 performance of White Energy and discuss the positioning of your Company as a broader player in the Australian coal sector. Your Managing Director, Mr. Brian Flannery, will deal with the Company's operational and technical activities in more detail.

I would like to take this opportunity to welcome your new Board members to their first White Energy Annual General Meeting. I have a long history of working with Mr. Flannery in coal asset development and have shared a prior professional relationship with all of your new Directors, most recently at Felix Resources Limited.

### **BCB coal upgrading technology**

Progress continues at our coal upgrading plant at the Tabang coal mine in Indonesia. Despite delays in supporting infrastructure the core BCB process is working.

Tabang is a pioneer project that will demonstrate the ability to upgrade the inherent value of uneconomic coal resources anywhere around the world. At times we need to remind ourselves that 'pathfinding' is rarely easy or smooth. We believe in the importance of getting right the first fully commercial scale coal upgrading plant because it will underpin the success of the next phase of our expansion. Of importance to our future coal upgrading modules is that our plant design and rectification works have been adequately captured and form part of our design and engineering intellectual capital which will be applied to future modules.

In addition to Indonesia, White Energy continues to focus considerable attention on its North American business development initiatives. WECNA, our wholly owned North American subsidiary, submitted the Air and Development Permit for the Peabody Caballo project in the Powder River Basin, Wyoming, in October this year and is expecting to lodge the Air and Development Permit for the Kiewit Buckskin project, Wyoming, in the coming weeks. It is anticipated that the approval process for both the Kiewit Buckskin and Peabody Caballo project will take between 12-18 months, after which WECNA will be able to start construction activities.

Our North American activities were assisted by the receipt in September this year of approval from the Louisville Metro Air Pollution Control District to build a coal upgrading facility located in Louisville, Kentucky, to be called



the Jefferson Riverport Project. The Board is currently assessing the financial and strategic merits of the Jefferson Riverport Project and will make an investment decision early in 2011. This proposed plant would be a trial plant and as such the merits of spending this capital will be subject to a final detailed feasibility study. White Energy continues to actively pursue opportunities associated with the deployment of our BCB technology to the upgrading and briquetting of discarded coal fines. During the year we have continued to work closely with River Energy (our 51% owned joint venture with Black River/Cargill) to commercialise this opportunity in Africa. Due to the vast quantities of high quality coal fines in all of the key coal producing markets, we are particularly interested by this opportunity and believe that there is significant scope to actively target other coal fines markets in the near future.

### **Coal sector acquisitions**

During the course of the year White Energy's management identified an opportunity to diversify its asset base and become a developer and operator of conventional coal assets. The ability to own and operate a mix of coal technology assets and traditional coal mine assets was seen as a driver of shareholder value. The acquisition of South Australian Coal Limited ("SACL") was completed in July 2010 after being targeted as a highly strategic asset due to the complementary nature of our coal upgrading technology with this higher moisture coal resource. In 2011 we will continue our drilling program at SACL and evaluate options as how best to commercialise this coal resource.

Importantly the SACL acquisition was transformative for White Energy as it gave us the capacity to pursue a 'strategic diversification' by drawing on the experience of the expanded Board and new executive management team under Brian Flannery. Together, they have brought us deep experience in coal project development and management.

Earlier today White Energy announced that it has signed a 28 day option and exclusivity agreement to acquire Cascade Coal Pty Limited ("Cascade"), a privately owned coal exploration and development company which owns the Mt Penny (EL 7406) and Glendon Brook (EL 7405) coal exploration licenses in NSW. The proposed acquisition of Cascade will provide an opportunity for White Energy's shareholder's to gain exposure to the NSW export coal industry at a time when quality coal assets are becoming more difficult to identify and acquire, due to competition from overseas interests.

Mt Penny is located in the Western Coalfields of New South Wales and has a resource of 173.7 Mt of export quality thermal coal calculated in accordance with the JORC code. The measured and indicated resources are amenable to open-cut development.

Mt Penny is divided into five separate resource blocks, with Cascade having focused its planning of approvals and planning for development to date on Resource Block 1, known as Open-Cut 1. The mine plan for Open-cut 1 is complete with a mineable resource of 119 Mt. A defining feature of Cascade is Mt Penny's proximity to infrastructure. The existing Sandy-Hollow – Ulan Railway is ideally situated and passes through Mt Penny and allows for primary access to the Port of Newcastle.

Glendon Brook (EL7405) is located in the heart of the Hunter Valley Coalfield, approximately 12km from Singleton, bordering Mitchell's Flat (ML 1306) owned by Xstrata. Cascade has commenced exploration at Glendon Brook and preliminary exploration results indicate an exploration target in the order of 50 Mt. As highlighted in this morning's announcement the vendors of the Cascade Coal assets include several directors of White Energy – myself, Mr. Brian Flannery, Mr. John Atkinson, Mr. John McGuigan and Mr. John Kinghorn. Due to the related party nature of the transaction an Independent Board Committee has been established with Mr. Graham Cubbin as committee chairman, to assess and implement the proposed acquisition on behalf of the Company. The independent board committee has appointed Citi as its financial advisor and Freehills as its the legal advisor.



Because of their involvement with White Energy, the owners of Cascade believed it was right that these quality opportunities should be offered first to White Energy. The option arrangement allows White Energy 'first choice', but without obligation. If White Energy shareholders decide against proceeding, then Cascade owners will be free to develop the assets independently.

Of particular note to the proposed Cascade acquisition is that Mt Penny (EL 7406) is located in the Western Coalfields, an area of the NSW coal basin that your Board and management team have considerable experience in developing. In the late 1970's to the early 1980's, White Mining Limited was responsible for the staged development of the Ulan coal mine, which was the first coal mine to implement an in-pit crusher and conveyor system as well as the largest longwall at the time. During that period, Mr. Flannery and Mr. Mike Chapman, White Energy's COO, were responsible for the commission of the Ulan Mine and the railway to Muswellbrook. More recently, Mr. Flannery and other newly appointed members of White Energy's operations team, including Mr. Chapman, were responsible for developing Felix Resource's Moolarben mine on budget and in record time. The benefit of our collective experience and expertise in the Western Coalfield cannot be understated for the near term development of Mt Penny.

The proposed acquisition of Cascade will be made via a mix of limited cash plus script, with White Energy able to deploy its balance sheet for the cash component of the acquisition. We look forward to providing additional material on Cascade and the merits of the transaction to shareholders in the coming weeks.

### **Thank you**

On a final, but very important note, I would like to thank the previous Chairman, Mr. McGuigan and the previous Managing Director, Mr. Atkinson for their outstanding work and efforts in recent times. During Mr. Atkinson's tenure as White Energy's Managing Director your Company has evolved from a technology based company to a diversified coal company in the S&P / ASX-200, generating significant shareholder value along the way. I look forward to continuing White Energy's working relationship with both Mr. McGuigan and Mr. Atkinson through their ongoing roles on the Board as non-executive directors.

I wish to thank all shareholders, employees and suppliers and strategic partners for their support through 2010, and look forward to an exciting future ahead for White Energy.

I recommend shareholder support of all seven resolutions to be voted on at today's 2010 Annual General Meeting. I now invite Brian Flannery, Managing Director of WECL, to address the meeting.