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 December 2009 is outlined below.

1. COAL TECHNOLOGY OPERATIONS

PT Kaltim Supacoal ("KSC") – Joint Venture with PT Bayan Resources (WEC 51%)

Production Ramp-Up and Operations

The core elements of PT Kaltim Supacoal's (KSC) BCB coal upgrading plant have now been trialed, are functional and at this stage are able to produce upgraded coal at approximately 300,000 tonnes per annum (30% of nameplate capacity).

It has been determined that a limited number of services ancillary to the operation of the core elements of the plant require some minor engineering modification work in order to optimize production rates and product quality. Principally, the plant's dust extraction and coal injection systems require some modification and upgrading to enhance the overall performance of the plant. As regard the dust extraction system, a relatively simple engineering solution to this issue has been identified and is in the process of being implemented. Coal injection data is still being collated with a view to finalising required modification work in the next few weeks.

It should be noted that the engineering modification works will be completed with minimal disruption to ongoing operations, with KSC continuing to run the plant at 30% capacity until these modifications have been completed. Having made the necessary modifications referred to above, it is anticipated that there will be an incremental build-up to full production from May 2010.

KSC is continuing to make progress with its sales and marketing initiatives. Small samples of KSC's upgraded coal are in the process of being delivered to potential customers. KSC then plans to sell test burn quantities of coal (cargo sizes 5,000-8,000 tonnes) to customers as soon as possible following the completion of appropriate stockpiling, handling and transportation tests. The pricing of test burn cargoes are currently in the process of being discussed with interested parties.

KSC Tabang Project Debt Financing

As reported in the last quarter, Standard Chartered Bank has agreed to provide KSC with an interim US$10 million working capital facility to assist with operating and production ramp-up expenses associated with the first coal upgrading plant at Tabang. KSC drew down US$6 million on this facility during December 2009.

SCB's due diligence work on the larger project financing for expansion of the Tabang facility is well underway.

North American Operations

During the past few months our North American team has been focused on finalising site designs and progressing the permitting efforts for the previously announced U.S. projects with Peabody Energy and at Buckskin Mining Company's mine. Both of these projects, which are located in the Powder River Basin in Wyoming, will initially be developed as 1 million tonne per annum production facilities. As previously reported, the Company has undertaken an initiative to modify the Tabang design to produce an American version of the BCB plant which meets U.S. engineering and environmental standards and incorporates best available control technology. Significant progress has been made on this initiative and the technical team is well on its way to producing the data necessary to finalize air permit applications for these two projects. Permits for each of these projects are expected to be filed with the Wyoming Department of Environmental Quality by mid 2010. Once permits are filed, the U.S. team will begin to focus on engineering, procurement and construction planning activities.

Our North American team is also pursuing development of a smaller scale (up to 500,000 tonnes per annum) commercial plant in the U.S., possibly to be located at a terminal on the Ohio River in Louisville, Kentucky. This project would enable White Energy to get a plant up and running in the U.S. by mid 2011, accelerate U.S. market acceptance of White Energy's cleaner coal and be relevant from a permitting perspective in respect of the Peabody and Buckskin projects. The Louisville, Kentucky site is centrally located within the U.S. with access to both barge and rail transportation. The location will allow a wide range of coals to be delivered to the plant, upgraded, potentially blended with other coals and conveniently shipped to U.S. utilities. As an incentive to construct a BCB facility in the State of Kentucky, the Company has been approved for an economic incentive in the form of an industrial revenue bond, which will reduce the state and county property tax burden on the project, by the Kentucky Economic Development Finance Authority. The project is currently under review and a detailed announcement is expected in the near future.

If it decides to proceed with the Kentucky facility, the Company also intends to utilize this smaller scale facility as a research and development site for the advancement of new, clean energy technologies. By locating its R&D activities at this location, the Company hopes to qualify for additional economic incentives under the Commonwealth of Kentucky Incentives for Energy Independence Act and other funding offered to encourage the development of new clean energy technologies.

Other

Africa
The Company continues to progress its business development initiatives in Africa through its 51% owned joint venture operation, River Energy JV Limited. Having successfully briquetted African coal fines samples at its Cessnock facility, the Company is in active discussions with potential joint venture partners to establish the first BCB plant in Africa.

Other
The White Energy business development team continues to be actively involved in assessing the application of the BCB technology in other key sub-bituminous coal markets, including China and Russia.

2. CAPITAL RAISING

Equity Placement

As announced to the market on 11 November 2009 the Company accepted an unconditional offer from Southern Cross Equities, on behalf of its institutional client base, to provide White Energy with $100 million of equity financing by way of a placement of 41.67 million shares at $2.40 per share.

The Directors of White Energy determined that acceptance of the offer was in the best interests of the Company. The funds raised through the placement will be used to finance the rollout of the Company's business plan and for general working capital purposes.

The placement was completed in two tranches with 28.8 million shares issued during November 2009 pursuant to ASX Listing Rule 7.1, and the balance of 12.87 million shares issued following shareholder approval at an Extraordinary General Meeting held on 18 December 2009.

The Company also established a Share Purchase Plan in order to enable all Shareholders to have the opportunity to subscribe for shares on the same terms as the SCE placement. In this regard, a further 593,423 shares were issued under this offer during December 2009, raising and additional $1,424,215 in funds.

ASSAC Merger Transaction

The capital raising and Share Purchase Plan Offer outlined above replaced the previously proposed merger with Asia Special Situation Acquisition Corp. Inc. Following the despatch of the Scheme Booklet to Shareholders during October 2009 it became clear to the Board that a number of the conditions precedent and other matters fundamental to the successful completion of the merger transaction were unlikely to be achieved. As a consequence both parties agreed to withdraw from the proposed merger on mutually acceptable terms.

3. EXPLORATION OPERATIONS

White Energy has continued exploration at its 100% owned Bridgetown exploration project in Western Australia. Work carried out during the quarter was restricted to statutory reporting to the Western Australian Department of Mines and Petroleum. The Company is currently assessing the appropriate course of action for the drill targets for molybdenum and tin/tantalum/lithium mineralisation.

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.

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	Quarter ended ("current quarter")
62 071 527 083	31 December 2009

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors	0	0
1.2	Payments for (a) exploration and evaluation	(a) (33)	(a) (65)
	(b) development	(b) (1,170)	(b) (3,116)
	(c) production	(c) Nil	(c) Nil
	(d) administration	(d) Nil	(d) Nil
1.3	Dividends received	Nil	Nil
1.4	Interest and other items of a similar nature received	439	606
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	(3,788)	(7,724)
	Net Operating Cash Flows	(6,330)	(12,077)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects	(a) Nil	(a) Nil
	(b)equity investments	(b) Nil	(b) Nil
	(c) other fixed assets	(c) (4,576)	(c) (8,977)
1.9	Proceeds from sale of:(a)prospects	(a) Nil	(a) Nil
	(b)equity investments	(b) Nil	(b) Nil
	(c)other fixed assets	(c) 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	(4,576)	(8,977)
1.13	Total operating and investing cash flows (carried forward)	(10,906)	(21,054)

1.13	Total operating and investing cash flows (brought forward)	(10,906)	(21,054)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	103,015	126,066
1.15	Proceeds from sale of forfeited shares	Nil	Nil
1.16	Proceeds from borrowings	Nil	Nil
1.17	Repayment of borrowings	(1,141)	(1,735)
1.18	Dividends paid	Nil	Nil
1.19	Other (provide details if material) *	(11,317)	(11,317)
	Net financing cash flows	90,557	113,014
	Net increase (decrease) in cash held	79,651	91,960
1.20	Cash at beginning of quarter/year to date	37,874	25,565
1.21	Exchange rate adjustments to item 1.20	Nil	Nil
1.22	**Cash at end of quarter**	117,525	117,525

** includes fees paid on proceeds from the issue of shares, and costs associated with the termination of the proposed merger transaction with Asia Special Situation Acquisition Corp (ASSAC).*

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	862
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 (#)	Nil	14,130
3.2	Credit standby arrangements *(#) BHP Finance Facility. Excludes PT Kaltim Supacoal (51% owned Indonesian subsidiary) working capital Facility with Standard Chartered Bank.*	Nil	Nil

Estimated cash outflows for next quarter *

		$A'000
4.1	Exploration and evaluation	50
4.2	Development	750
4.3	Production	Nil
4.4	Administration	Nil
	Total	**800**

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

<u>Reconciliation of cash</u>

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	199	124
5.2	Deposits at call	117,326	37,750
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22) *	117,525	37,874

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** *(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 192,502,761 (a) 42,613,423 (b) N/A Closing 235,116,184	Opening 192,502,761 (a) 42,613,423 (b) N/A Closing 235,116,184	 N/A N/A	 N/A N/A
7.5	**+Convertible debt securities** *(description)*	(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 (a) Increases through issues (b) Decreases through securities matured, converted	Opening 180 (a) 0 (b) N/A Closing 180	Opening 0 (a) N/A (b) N/A Closing 0	N/A	N/A

				Exercise price	Expiry date
7.7	**Options** *(description and conversion factor)*	(a) Standard – Closing Nil	(a) Not listed Nil	(a) 25 cents	(a) 30/11/08
		(b) Performance - Closing Nil	(b) Not listed Nil	(b) 25 cents	(b) 30/11/08
		(c) Performance - Closing Nil	(c) Not listed Nil	(c) 40 cents	(c) 30/11/08
		(d) Standard – Closing Nil	(d) Not listed Nil	(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 – 1,343,334	(i) Not listed 1,343,334	(i) $1.20	(i) 30/08/10 Vesting 31/8/08
		(j) Director /ESOP – Closing 2,806,666	(j) Not listed 2,806,666	(j) $3.50	(j) 30/11/11 with vesting conditions
		(k) Director /ESOP– Closing Nil	(k) Not listed Nil	(k) $3.50	(k) 30/11/11 with vesting conditions
		(l) Director /ESOP– Closing 2,806,668	(l) Not listed 2,806,668	(l) $3.50	(l) 30/11/11 with vesting conditions
		(m) BHP – Closing Nil	(m) Not listed Nil	(m) Aggregate exercise price US$20m (remaining US$0m)	(m) Full terms outlined in Annexure A of App 3B lodged 25/1/08

		(n) Standard – Closing 1,250,000 (o) ESOP – Closing Nil (p) Standard – Closing 2,000,000	(n) Not Listed 1,250,000 (o) ESOP Nil (p) Not Listed 2,000,000	(n) $2.50 (o) $1.20 (p) $3.65	(n) 12/10/10 (o) 30/11/11 (p) 07/10/13
7.8	Issued during quarter	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) Nil (l) Nil (m) Nil (n) Nil (o) Nil (p) Nil	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) Nil (l) Nil (m) Nil (n) Nil (o) Nil (p) Nil	N/A	N/A
7.9	Exercised during quarter	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) Nil (l) Nil (m) Nil (n) Nil (o) 350,000 (p) Nil	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) Nil (l) Nil (m) Nil (n) Nil (o) 350,000 (p) 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) $1.20 (j) $3.50 (k) $3.50 (l) $3.50 (m) BHP (n) $2.50 (o) $1.20 (p) $3.65	(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) 30/11/11 (p) 07/10/13

7.10	Expired during quarter	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) 2,806,666 (l) Nil (m) Nil (n) Nil (o) Nil (p) Nil	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) 2,806,666 (l) Nil (m) Nil (n) Nil (o) Nil (p) 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) $1.20 (j) $3.50 (k) $3.50 (l) $3.50 (m) BHP (n) $2.50 (o) $1.20 (p) $3.65	(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) 30/11/11 (p) 07/10/13
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: 29 January 2010
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:

John Atkinson
Director
WHITE ENERGY COMPANY LIMITED
Level 11, 213 Miller Street
North Sydney, NSW, 2060
Ph: +612-9959-0000
Fax: +612-9959-0099

www.whiteenergyco.com

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