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## **CHAIRMAN'S ADDRESS – GENERAL MEETING OF SHAREHOLDERS 3<sup>RD</sup> JULY 2009**

I am pleased to provide shareholders with an update on progress over the past several months. In summary the Company has continued to achieve designated milestones. The more significant of these are:

- Completion of construction at Tabang - White Energy and Bayan Resources have now successfully completed construction of the world's largest clean coal upgrading plant at Bayan's Tabang mine in East Kalimantan, Indonesia. The plant has the capacity to produce 1 million tonnes per annum of upgraded coal and is currently being commissioned. Commissioning is scheduled to be completed by the end of July 2009, thereby enabling operational ramp-up activities to commence;
- Indonesia Production Capacity - White Energy and Bayan Resources agreed in May 2009 to increase the target production capacity of their joint venture, PT Kaltim Supacoal (KSC). Targeted capacity was increased from 5 million to 15 million tonnes per annum. As regards to the funding of this increase in targeted capacity White Energy and Bayan Resources are in the final stages of selecting a Bank to underwrite the financing of the next 4 million tonne phase of the project;
- North American Partnership - White Energy and Peabody Energy Inc. (the largest coal company in the USA) signed a Joint Development Agreement in May 2009 regarding the formation of a partnership to jointly construct and operate 20 million tons per annum of binderless coal briquetting plants in North America. Once definitive transaction documents have been finalised, the joint venture will be 55% owned by White Energy and 45% owned by Peabody with capital costs to be shared in proportion to the parties respective equity interests. As part of the transaction, Peabody receives a right to acquire a 14.9% equity interest in White Energy;
- Buckskin Project – Permitting, engineering and design activities in relation to the development of the Company's 1 million tonne per annum project (in the Powder River Basin) continue to proceed as planned.
- Capital Base - Subject to shareholder approval at this meeting, White Energy has successfully raised A\$55 million in a share placement to local and overseas institutions conducted over a 24 hour book-build period at the end of May 2009. This will result in a significant enhancement to White Energy's balance sheet. Also, recently concluded Share Purchase Plan Offer resulted in shareholders taking up 1,748,975 million shares and raising \$2,623,463 million in new capital.



In addition to the specific achievements of the Company it is appropriate to note that there has been significant interest shown in clean coal activity over the past few months as a direct consequence of the growing realisation of the importance of creating a cleaner fuel to satisfy environment concerns. Clean Energy and Carbon Emission legislation is now being actively progressed in a number of countries which has placed an even greater emphasis on the importance of clean coal technologies such as White Energy's patented Binderless Coal Briquetting process.

As a result of the above developments, the Company has addressed both the financial metrics and the structure of the proposed transaction with Asia Special Situations Acquisition Company Inc. (ASSAC) which was announced to shareholders in March 2009. In this regard White Energy and ASSAC have agreed to amend the key terms of the transaction as follows:

1. ASSAC will acquire 100% of all White Energy Company Limited (WEC) shares on issue at the date of settlement at a price of US\$2.50 (AUD \$3.15 at current exchange rate) per WEC share (the product of which shall be the White Energy Market Value - as defined in the Share Exchange Agreement dated 16 March 2009 (SEA)).
2. It is a condition precedent of the Transaction that at settlement, ASSAC shall have minimum Adjusted Funds (as defined in the SEA) of US\$100 million and maximum Adjusted Funds of US\$140 million.
3. WEC shareholders will be issued shares in ASSAC such that following settlement of the Transaction, WEC shareholders shall hold a Percentage Interest in ASSAC equal to the White Energy Market Value divided by White Energy Market Value + Adjusted Funds.
4. Immediately post settlement ASSAC shall be dual listed on the main board of the NYSE and on the ASX.
5. Prior to settlement of the Transaction, WEC shall be entitled to issue ordinary shares in WEC without ASSAC's consent subject to any such issues being on commercial terms (for the avoidance of doubt this shall include WEC's recent placement of 36.667 million shares and the 1.748 million shares issued under the related Share Purchase Plan completed on 26 June 2009).
6. On settlement of the Transaction, WEC will take control of both the management and Board of ASSAC.
7. On settlement of the Transaction, ASSAC shall change its name to "White Energy Company Inc" or a similar name determined by WEC, if for legal or other reasons "White Energy Company Inc" is not available.



8. As part of the amended terms of the Transaction, no Performance Shares (as defined in the SEA) will be issued to management. However, post settlement of the Transaction, the ASSAC board of directors will establish a director, management and staff option plan typical of companies listed on the NYSE if they so determine and on terms they regard as appropriate.
9. The economic benefit attributable to all current WEC option holders pre settlement of the Transaction shall be preserved post settlement of the Transaction (on a basis to be determined).
10. It is a requirement of the Transaction that the 5,725,000 insider warrants will be re-purchased by ASSAC immediately after settlement of the Transaction on terms satisfactory to WEC.
11. From a WEC perspective, the transaction will require Shareholder consent and will be consummated through a Scheme of Arrangement (in accordance with the Corporations Act 2001) and ASSAC will need to obtain its shareholder approval to the Transaction as already envisaged under the SEA.

The successful completion of the revised transaction in accordance with the above terms will provide White Energy with a significant capital base from which it can fast track its current business development initiatives.

We will revert to Shareholders with a definitive timetable immediately an amended Share Exchange Agreement (and related documents) has been executed. However, at this stage, White Energy estimates the key events regarding the Transaction will occur as follows:

| <b>Estimated Date</b>  | <b>Event</b>  |
|--|---|
| July 2009  | White Energy and ASSAC execute Merger Integration Agreement.  |
| September 2009   | White Energy makes Court application to convene a meeting of shareholders to consider the proposed Scheme of Arrangement.   |
| September 2009   | Scheme Booklet despatched to White Energy Shareholders.   |
| October 2009 (or such other date as determined by the Court) | White Energy Shareholders to vote on the proposed Scheme of Arrangement.  |
| November 2009  | ASSAC Shareholders to vote on the transaction.<br>White Energy makes Court application seeking orders that the Court approves the Scheme of Arrangement.<br>Merger Completion.<br>Merged White Energy / ASSAC Shares trade on the NYSE and ASX. |