

White Energy Company Limited

ABN 62 071 527 083

Annual report - 30 June 2009

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Directors' report

The directors present their report on the consolidated entity, consisting of White Energy Company Limited (“**White Energy**”, “**the Company**” or “**parent entity**”) and the entities it controlled at the end of, or during, the year ended 30 June 2009.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

JV McGuigan

JC Atkinson

IT Khan

TW Duncan

Principal Activities

During the year the principal continuing activities of the consolidated entity consisted of ongoing development/exploitation of the binderless coal briquetting technology and evaluation of the mining exploration assets.

Dividends

No amounts have been paid or declared by way of dividend during the current financial year (2008: Nil).

Review of Operations

The Company, through its 51% owned Indonesian subsidiary, PT Kaltim Supacoal (KSC), has recently completed construction of its first major commercial cleaner coal facility at the Tabang coal mine in Indonesia. The plant is currently in the commissioning phase and has successfully produced its first batch of upgraded coal briquettes. The Company is now focused on production ramp-up activity over the coming months. Also during the financial year ended 30 June 2009, the Company constructed, commissioned and began operation of a smaller scale commercial facility in Cessnock, New South Wales. The combination of building the plant in Indonesia and the Cessnock facility has consumed significant resources during the year.

The consolidated entity's loss from ordinary activities was \$27,620,059 (2008: \$15,015,020). This includes the following major non-cash items of expense: amortisation of the coal technology licence fee of \$3,144,960, amortisation of costs of convertible notes issue of \$308,333, provision for employee share based payments of \$4,635,097, interest accrued on convertible notes of \$752,019, depreciation of \$714,349, write-down of investments (mainly explorations) of \$1,769,544 and foreign exchange gain of \$1,648,666. If the above non-cash items are added back the resultant cash loss is \$17,944,423. This net cash loss includes costs related to capital raising and business development activities, costs associated with the management of specific projects, research activities on related cleaner coal technologies and interest expense on convertible notes. Significant capital was invested during the year on the engineering, design and construction of the Tabang Production Plant in Indonesia (\$68,339,451 – representing 100% of the costs of the plant) and the Cessnock Production Plant in Australia (\$2,067,674), as well as the acquisition of briquetting machines (\$6,101,434) to be used in the construction of the next production plant.

Comments on the operations and the results of those operations are set out below:

- a) Revenue includes \$704,185 (2008: \$2,495,477) interest earned on the consolidated entity's cash deposits.
- b) White Energy and Bayan Resources have now successfully completed construction of the world's largest cleaner 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 in the commissioning phase. In May 2009 White Energy and Bayan Resources agreed to increase the target production capacity of their joint venture, KSC. Targeted capacity was increased from 5 million to 15 million tonnes per annum. KSC has provided Standard Chartered Bank with a mandate to provide a project financing facility to underpin expansion of the Tabang project to 5 million tonnes per annum in capacity.
- c) During the year the Company continued its research and development of the binderless coal briquetting technology at its Cessnock production plant.
- d) In July 2008 the Company's American Depository Receipt (ADR) program was listed on the International OTCQX platform, enabling US based investors to trade White Energy securities on a real-time basis.
- e) During November 2008 the Company signed a joint venture agreement with an entity managed by Black River Asset Management LLC, an independently managed subsidiary of Cargill Incorporated, under which White Energy and Black River will jointly develop and commercialise White Energy's coal upgrading technology throughout Africa.
- f) In August 2009 White Energy renegotiated the terms of the BHP Billiton finance facility, whereby the outstanding convertible notes and accrued interest were restructured into a commercial loan repayable over the next two financial years. As part of this arrangement, White Energy agreed to an early release from escrow of the 3,193,381 shares that BHP owns in the Company.

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Directors' report (continued)

- g) In January 2009 White Energy announced that it had entered into an agreement with Buckskin Mining Corporation (an indirect wholly owned subsidiary of the Kiewit Corporation) in relation to the development of a coal upgrading facility in the Powder River Basin near Gillette, Wyoming. Permitting, engineering and design activities in relation to this first 1 million tonne per annum plant are in progress, with ultimate target capacity of 8 million tonnes per annum at the Buckskin site.
- h) White Energy and Peabody Energy Inc. signed a joint development agreement in May 2009 regarding the formation of a partnership to construct and operate 20 million tonnes 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 the capital costs to be shared in proportion to the parties respective equity interests. As part of the transaction, Peabody received an option to acquire a 14.9% equity in White Energy at a future date.
- i) White Energy successfully raised \$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 resulted in a significant enhancement to White Energy's balance sheet. The placement was conducted in two tranches: 21.075 million shares were placed pursuant to the Directors discretionary power of allotment, with the balance of 15.592 million shares being placed subject to shareholder approval which was obtained on 3rd July 2009. Also, a related Share Purchase Plan Offer resulted in shareholders taking up 1.748 million shares and raising A\$2.623 million in new capital.
- j) In July 2009, the Company announced that it had reached agreement with Asia Special Situation Acquisition Corp. (ASSAC) to amend the terms of the previously announced transaction (March 2009) on a significantly more favourable basis to White Energy and its shareholders. The proposed merger will now take place via a Scheme of Arrangement, with the transaction expected to be voted upon by White Energy and ASSAC shareholders in November 2009. If successful, the transaction will provide White Energy with access to a minimum US\$100 million in additional capital, which will be used to fast-track the Company's business development initiatives worldwide.
- k) On advice of our consulting geologists and after taking into account the Company's overall focus in developing its coal technology, the Company relinquished its interests in the Mt Mundy and Glen Ayle projects during October 2008.

Earnings per share	2009	2008
	Cents	Cents
Basic and diluted earnings per share	(18.4)	(11.8)

Significant Changes in the State of Affairs

Changes to the contributed equity of the Company have resulted from:

Details	Notes	Number of shares	\$
Issue of shares on exercise of options at 25 cents per option	18	17,874,800	4,468,700
Issue of shares on exercise of options at \$1.40 per option	18	23,688	33,164
Issue of shares on exercise of options at \$1.20 per option.	18	570,000	684,000
Convertible notes issued	18	3,193,381	8,959,503
Issue of new shares under Listing Rule 7.1 at \$1.50 each	18	21,075,000	31,612,500

Increase in non-current liabilities – other payables of \$31,214,081 represents the funding contribution by Bayan Resources to PT Kaltim Supacoal (KSC) the Company's 51% owned Indonesian subsidiary, as detailed in Note 16.

Except for the matters discussed above, there were no other significant changes in the state of affairs of the consolidated entity during the financial year.

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Directors' report (continued)

Matters Subsequent to the End of the Financial Year

In July 2009, the Company announced that it has reached agreement with Asia Special Situation Acquisition Corp. (ASSAC) to amend the terms of the previously announced transaction (March 2009) on a significantly more favourable basis to White Energy and its shareholders. The proposed merger will now take place via a Scheme of Arrangement, with the transaction expected to be voted upon by White Energy and ASSAC shareholders in November 2009. If consummated, the transaction will provide White Energy with access to a minimum US\$100 million in additional capital, which will be used to fast-track the Company's business development initiatives worldwide.

During July 2009, following Shareholder Approval at an Extraordinary General Meeting, the Company placed 15.592 million shares which represented tranche two of the capital raising conducted in May 2009. In addition, a further 1.748 million shares were placed as a result of the Share Purchase Plan Offer established by the Directors. These initiatives provided a further \$26 million in cash proceeds after balance date.

No other matters or circumstances have arisen since 30 June 2009 that significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

White Energy Company Limited will continue to develop the coal upgrading technology as well as undertake work on its exploration projects.

Information on Directors

JV McGuigan LL.B, B.Ec., FCPA – Non-Executive Chairman

Mr McGuigan has both an accounting and legal background. He has been on the boards of a number of public and private companies and has maintained an active involvement in charitable and civic organisations. Mr McGuigan retired as a partner of Baker & McKenzie in June 1998 to co-found Hunter Bay Partners with Mr John Atkinson. Mr McGuigan became a director on 11 September 1998 and is a member of the audit committee and the remuneration/nomination committee.

Other current directorships : Non-executive director of RHG Limited since 27 July 2007.

Former directorships in last 3 years : Nil

JC Atkinson B.Juris., LL.B – Managing Director

Prior to joining the Company Mr Atkinson was a solicitor and partner with Baker & McKenzie in Hong Kong, where he practised principally as a mergers and acquisitions lawyer. He resigned as a partner of Baker & McKenzie in June 1998 to co-found Hunter Bay Partners with Mr McGuigan. Mr Atkinson became a director of the Company on 15 February 1999 and is a member of the audit committee and the remuneration/nomination committee. On 1 January 2003, Mr Atkinson was appointed managing director.

Other current directorships : Nil

Former directorships in last 3 years : Nil

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Directors' report (continued)

TW Duncan Dip. Eng. (Civil) F.I.E Aust– Executive Director.

Mr Duncan is a civil engineer with over 30 years of experience in the management of large coal mining and infrastructure development projects in Australia, India, Indonesia and Papua New Guinea. Mr Duncan's experience includes the successful financing and development of projects such as the Piparwar coal mine in India and the North Goonyella coal project in Queensland. Mr Duncan has played a key role in the White Group of companies, most recently as Chairman of White Mining Limited, with a particular focus on advancing White Mining's New South Wales projects. He leads a team in the development and commercialization of Ultra Clean Coal (UCC) technology, and he identified the Binderless Coal Briquetting process as a means of agglomerating Ultra Clean Coal for transport by conventional transport systems. Mr Duncan is a major shareholder and Chairman of ASX listed coal company Felix Resources Limited.

Other current directorships : Felix Resources Limited; Ashton Coal Mines Limited

Former directorships in last 3 years: Nil

IT Khan B.A. (Hons) – Non-Executive Director

Mr Khan, aged 47, is a non-executive director of White Energy Company Limited. He started his career at London Merchant Bank Schroders in London and has lived and worked in Hong Kong since 1989. Since 1998 he has been the founding Chairman of the TW Indus Group, an investment holding company that is the major shareholder of a number of businesses founded by Mr Khan, including Crosby Capital Limited. Mr Khan has worked at financial institutions such as Citicorp, UBS and Nomura where he initiated, built, and then managed regional corporate finance and capital market operations. Mr Khan is also the Chairman of London based charity Leonard Cheshire Group, a globally prominent NGO that works for the enhancement of the quality of life of disabled people. He is also the owner and publisher of the Asia Literary Review. Mr Khan is also an independent non-executive director of London listed Manx Financial Group Plc and the largest shareholder in music publishing group Connexion Media. He remains Chairman of Crosby Capital Limited and a non-executive director of Crosby Asset Management. He is also a non-executive director of Upstream Media Limited.

Other current directorships : Crosby Capital Limited; Crosby Asset Management; Upstream Limited

Former directorships in last 3 years: Speymill Limited; Conister Financial Services

Information on Company Secretary

The Company Secretary is David Franks BEc, CA, CFP, JP. Mr Franks was appointed on 3 February 2006 and is principal of Franks and Associates Pty Ltd (Chartered Accountants). He is currently company secretary of the following public companies: Allomak Limited, Amerod Exploration Limited, Australian Power and Gas Company Limited, Pulse Health Limited, Solar Sailor Holdings Limited, Van Eyk Research Limited, White Energy Technology Limited and White Energy Company Limited.

Particulars of Directors' Interests in Shares and Options

Details of the directors' interests in shares and options of the Company as at the date of this report are as follows:

Director	Ordinary shares	Options (1)	Options (2)	Options (5)	Options (6)
JV McGuigan	5,217,837	1,200,000	1,200,000	-	-
JC Atkinson	5,224,503	1,200,000	1,200,000	-	-
IT Khan (3)	-	400,000	400,000	-	-
TW Duncan (4)	13,610,448	-	-	1,200,000	1,200,000

(1) Director options pursuant to Service Agreements pursuant to shareholder approval at the Annual General Meeting on 27 November 2006, \$1.20 exercise price, expiring 31 August 2010, vesting in equal tranches immediately on grant, on 31 August 2007 and 31 August 2008.

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Directors' report (continued)

- (2) Director options pursuant to Service Agreements pursuant to shareholder approval at the Annual General Meeting on 30 November 2007, \$3.50 exercise price, expiring 30 November 2011, vesting in equal tranches upon the weighted average share price exceeding for a period of 30 days
- (a) \$3.456 between 30 November 2007 and 29 November 2008;
 - (b) \$3.600 between 30 November 2008 and 29 November 2009; and
 - (c) \$3.744 between 30 November 2009 and 29 November 2010.
- (3) Mr IT Khan is a director and minority shareholder in Techpacific.Com Digital Limited which holds 1,069,824 shares, 1,250,000 options with an exercise price of \$2.50 and expiring 12 October 2010.
- (4) Mr TW Duncan was appointed a director on 24 June 2008. Before this appointment he was a key management person. Shares and options shown above include all shares and options held by Mr Duncan, earned as a key management person as no amounts were earned when he was a director. The ordinary shares held by Mr TW Duncan are beneficially held by Gaffwick Pty Ltd of which he is a director and majority shareholder. Of these ordinary shares, 13,114,286 were escrowed until 6 July 2008.
- (5) Standard ESOP options: \$1.20 exercise price, expiring 31 August 2010, vesting in equal tranches immediately on grant, on 31 August 2007 and 31 August 2008.
- (6) Standard ESOP options: \$3.50 exercise price, expiring 30 November 2011, vesting in equal tranches upon the weighted average share price exceeding for a period of 30 days
- (a) \$3.456 between 30 November 2007 and 29 November 2008;
 - (b) \$3.600 between 30 November 2008 and 29 November 2009; and
 - (c) \$3.744 between 30 November 2009 and 29 November 2010.

Particulars of Key Management Personnel's Interests in Shares and Options

Details of the key management personnel's interests in shares and options of the Company as at the date of this report are as follows:

	Ordinary shares	Options (5)	Options (6)
I Maras – Chief Financial Officer	65,000	-	1,250,000
J Tanselle – North American President	-	-	1,000,000
D J Hitchings – General Manager - Operations	22,000	400,000	-
N D Whittaker – Chief Executive Officer - River Energy JV Limited	-	-	-

- (5) Standard ESOP options: \$1.20 exercise price, expiring 31 August 2010, vesting in equal tranches immediately on grant, on 31 August 2007 and 31 August 2008.
- (6) Standard ESOP options: \$3.50 exercise price, expiring 30 November 2011, vesting in equal tranches upon the weighted average share price exceeding for a period of 30 days
- (a) \$3.456 between 30 November 2007 and 29 November 2008;
 - (b) \$3.600 between 30 November 2008 and 29 November 2009; and
 - (c) \$3.744 between 30 November 2009 and 29 November 2010.

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Directors' report (continued)

Meetings of Directors

The numbers of meetings of the Company's Board of directors and of each Board committee held during the year ended 30 June 2009 and the number of meetings attended by each director were:

Non-executive directors	Meetings of Directors		Meetings of Audit & Finance Committee	
	Held ^a	Attended	Held ^a	Attended
JV McGuigan	18	18	b	b
IT Khan	18	18	c	c
Executive directors				
JC Atkinson	18	18	b	b
TW Duncan	18	18	c	c

^a reflects the numbers of meetings held while a director held office or was a member of the committee

^b Given the significant involvement by the Board in the operations of the business during the year it was not deemed necessary that the audit and finance committee meet during the financial year as all matters normally dealt with by the audit and finance committee were dealt with directly by the Board. Due to the increased size and scope of the business operations of the Company, the board has formed a new audit and risk committee in August 2009 comprising JV McGuigan (Chairman), IT Khan and TW Duncan. From this date, this committee will meet separately and report to the Board in relation to its Charter.

^c not a member of the Audit & Finance committee.

Retirement, Election and Continuation in Office of Directors

It is the Board's policy to consider the appointment and retirement of non-executive directors on a case-by-case basis. In doing so, the Board must take into account the requirements of the Australian Stock Exchange Listing Rules and the *Corporations Act 2001*.

In accordance with the Company's constitution, Mr I Khan will retire at the Company's forthcoming Annual General Meeting and offers himself for re-election.

Currently, all directors are required to be re-elected at least every three years, at least one-third of the directors must retire at each Annual General Meeting.

Remuneration report (audited)

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share based compensation – options
- E. Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

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Directors' report (continued)

A. Principles used to determine the nature and amount of remuneration

Remuneration of the managing director, executive directors and other senior executives and the remuneration policies of the Company generally are determined by the Board. Executive remuneration is reviewed annually by the Board, having regard to individual performance and comparative market rates. In addition to base salary, remuneration packages include superannuation and fringe benefits. Executives are also eligible to participate in the Company's Employee Share Option Plan (details are set out in Note 18). Remuneration and other terms of employment are formalised in service agreements. In relation to Mr Atkinson, managing director for the year ended 30 June 2009, the remuneration and other terms of employment have been formalised in a service agreement with effect from 1 July 2006 which has been agreed by the Board of directors.

Remuneration of non-executive directors is determined by the Board within the maximum approved by the shareholders from time to time. Non-executive directors are also eligible to participate in the Company's Employee Share Option Plan. At the Annual General Meeting held on 27 November 2006 shareholders agreed to a maximum aggregate amount of \$450,000 in cash salary and fees to be paid to non-executive directors of the Company for their services in each financial year which may be divided among those non-executive directors in the manner determined by the Board from time to time.

B. Details of remuneration

Details of the remuneration of the directors, the key management personnel of the consolidated entity (as defined in AASB 124 *Related Party Disclosures*) and specified executives of White Energy Company Limited and the consolidated entity are set out in the following tables.

Key management personnel of the consolidated entity are the directors of White Energy Company Limited (see pages 7 to 10) and those executives that report directly to the managing director being:

I Maras – Chief Financial Officer

N D Whittaker – Chief Executive Officer – River Energy JV Limited

J Tanselle – North American President

D J Hitchings – General Manager – Operations

Key management personnel of White Energy Company Limited

2009	<u>Short Term</u> <u>Benefits</u>	<u>Short Term</u> <u>Benefits</u>	<u>Post</u> <u>Employment</u>	<u>Share</u> <u>Based</u>	<u>Total</u>
Name	Cash salary and fees	Cash bonus	Superannuation	Options	Total
<i>Non –executive directors</i>	\$	\$	\$	\$	\$
JV McGuigan	100,000	-	8,700	-	108,700
ITKhan	65,000	-	-	-	65,000
	165,000	-	8,700	-	173,700
<i>Managing directors/</i>					
<i>Executive directors</i>					
JC Atkinson	504,585	-	45,415	-	550,000
TW Duncan	527,267	-	-	-	527,267

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Directors' report (continued)

Key management personnel of White Energy Company Limited (continued)

2009	<u>Short Term Benefits</u>	<u>Short Term Benefits</u>	<u>Post Employment</u>	<u>Share Based</u>	<u>Total</u>
Name	Cash salary and fees	Cash bonus	Superannuation	Options	Total
<i>Other key management personnel (Group)</i>					
I Maras	283,333	48,000	25,500	777,590	1,134,423
N D Whittaker	380,000	-	34,200	-	414,200
J Tanselle	401,230	57,510	-	706,900	1,165,640
D J Hitchings	445,135	-	-	-	445,135
Total key management personnel compensation (Group)	2,706,550	105,510	113,815	1,484,490	4,410,365

2008	<u>Short Term Benefits</u>	<u>Short Term Benefits</u>	<u>Post Employment</u>	<u>Share Based</u>	<u>Total</u>
Name	Cash salary and fees	Cash bonus	Superannuation	Options	Total
	\$	\$	\$	\$	\$
<i>Non-executive directors</i>					
JV McGuigan	80,000	-	7,200	848,320	935,520
IT Khan	65,000	-	-	282,773	347,773
	145,000	-	7,200	1,131,093	1,283,293
<i>Managing directors / Executive directors</i>					
JC Atkinson	504,585	-	45,415	848,320	1,398,320
TW Duncan ⁽¹⁾	550,200	-	-	848,320	1,398,520
<i>Other key management personnel (Group)</i>					
I Maras	175,000	48,000	15,750	28,278	267,028
Total key management personnel compensation (Group)	1,374,785	48,000	68,365	2,856,011	4,347,161

1) Mr TW Duncan was appointed a director on 24 June 2008. Before this appointment he was a key management person. Amounts shown above include all Mr Duncan's remuneration during the reporting period earned as a key management person with no amounts earned in the year in his position as a director. All fees were paid through Duncan Consulting Pty Ltd, amounts are shown exclusive of GST.

Key management personnel of White Energy Company Limited

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	<u>Fixed Remuneration</u>		<u>At risk – STI</u>		<u>At risk – LTI</u>	
	2009	2008	2009	2008	2009	2008
<i>Non-executive directors</i>						
JV McGuigan	100%	9%	-	-	-	91%
IT Khan	100%	19%	-	-	-	81%
<i>Managing directors / Executive directors</i>						
JC Atkinson	100%	39%	-	-	-	61%
TW Duncan	100%	39%	-	-	-	61%

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Directors' report (continued)

Key management personnel of White Energy Company Limited (continued)

Name	<u>Fixed Remuneration</u>		<u>At risk – STI</u>		<u>At risk – LTI</u>	
	2009	2008	2009	2008	2009	2008
<i>Other company and group executives</i>						
I Maras - Chief Financial Officer	31%	71%	-	18%	69%	11%
N D Whittaker	100%	-	-	-	-	-
J Tanselle	39%	-	-	-	61%	-
D J Hitchings	100%	-	-	-	-	-

Company Secretary of White Energy Company Limited

Name	<u>Short Term Benefits</u>	<u>Post Employment</u>	<u>Share Based</u>	<u>Total</u>
	Cash salary and fees \$	Superannuation \$	Options \$	Total \$
2009				
D Franks	74,059	-	-	74,059
2008				
D Franks	78,143	-	-	78,143

C. Service agreements

Remuneration and other terms of employment for the Managing Director and Executive Director were formalised in a service agreement with effect from 1 July 2006 which was approved by the Board of Directors. The Board of Directors will revisit the remuneration and other terms of employment when significant developments within the Company occur.

Arrangements relating to remuneration currently in place are set out below:

JC Atkinson, Managing Director

- Term of agreement – commencing 1 July 2006 on a rolling contract with base salary to be reviewed each financial year.
- For the period 1 July 2008 to 30 June 2009 - base salary, inclusive of superannuation, of \$45,833 per month.

T W Duncan, Executive Director

- Term of agreement – commencing 1 July 2006 on a rolling contract.
- For the period 1 July 2008 to 30 April 2009 – base salary of \$45,833 per month. For the period 1 May to 30 June 2009 – base salary of \$22,916 per month.

DJ Franks, Company Secretary

- Term of agreement – 12 months from 1 July 2008 with a new 12 month agreement signed on 1 August 2008.
- Retainer payable under the agreement ended 30 June 2009 and on the month to month basis before the new agreement was signed: \$2,750 (including GST) per month plus \$175 (including GST) per hour for work outside scope of retainer. Retainer payable under the new agreement is \$2,750 (including GST) per month plus \$175 (plus GST) per hour for work outside scope of retainer until 30 June 2010.

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Directors' report (continued)

D. Share based compensation – options

During the year ended 30 June 2008, pursuant to the approval of shareholders at the Annual General Meeting on 30 November 2007, 2,800,000 performance options with an exercise price of \$3.50 and an expiring date of 30 November 2011 were issued to the directors in the following amounts and with the following terms:

<u>Director</u>	<u>Number of Options</u>
JC Atkinson	1,200,000
JV McGuigan	1,200,000
IT Khan	400,000
TW Duncan (1)	-

(1) Mr TW Duncan was appointed a director on 24 June 2008. Before this appointment he was a key management person. In his capacity as a key management person Mr Duncan was issued with 1,200,000 options in the year ended 30 June 2008 with the following terms:

Standard options: \$3.50 exercise price, expiring 30 November 2011, vesting in equal tranches upon the weighted average share price exceeding for a period of 30 days

- (a) \$3.456 between 30 November 2007 and 29 November 2008;
- (b) \$3.600 between 30 November 2008 and 29 November 2009; and
- (c) \$3.744 between 30 November 2009 and 29 November 2010.

During the year ended 30 June 2007, pursuant to the approval of shareholders at the Annual General Meeting on 27 November 2006, 2,800,000 performance options with an exercise price of \$1.20 and an expiring date of 31 August 2010 were issued to the directors in the following amounts:

<u>Director</u>	<u>Number of Options</u>
JC Atkinson	1,200,000
JV McGuigan	1,200,000
IT Khan	400,000
TW Duncan (2)	-

These options were granted to secure the ongoing commitment of the Directors to the continued growth of the Company.

(2) In the year ended 30 June 2007 when Mr TW Duncan was a key management person he was issued with 1,200,000 options with the following terms:

Standard options: \$1.20 exercise price, expiring 31 August 2010, vesting in equal tranches immediately on grant, on 31 August 2007 and 31 August 2008.

Any other options granted during, since the end of or in the prior financial year have been in relation to capital raising and the incentive options scheme.

Shares Under Option

Shares under option at 30 June 2009 are as follows:

Date options granted	Expiry date	Issue price of Shares	Number under option
30 June 2006 (1)	30 August 2009	\$1.40	198,703
27 November 2006 (2)	30 August 2010	\$1.20	2,800,000
29 January 2007 (3)	30 August 2010	\$1.20	1,210,000
5 December 2007 (4)	30 November 2011	\$3.50	2,800,000
21 January 2008 (5)	12 October 2010	\$2.50	1,250,000
2 May 2008 (6)	30 November 2011	\$1.20	400,000
2 May 2008 (7)	30 November 2011	\$3.50	5,761,000
7 October 2008 (8)	7 October 2013	\$3.65	2,000,000
			<u>16,419,703</u>

Directors' report (continued)

- (1) Issued under Share Purchase Plan dated 24 May.
- (2) Issued pursuant to shareholder approval at the Annual General Meeting on 27 November 2006 to Directors, being Mr John Atkinson 1,200,000, Mr John McGuigan 1,200,000 and Mr Ilyas Khan 400,000.
- (3) Issued pursuant to Incentive Options Scheme pursuant to shareholder approval at the Extraordinary General Meeting on 28 June 2006.
- (4) Issued pursuant to shareholder approval at the Annual General Meeting on 30 November 2007 to Directors, being Mr John Atkinson 1,200,000, Mr John McGuigan 1,200,000 and Mr Ilyas Khan 400,000.
- (5) Issued to Crosby Investment Holdings Limited further to capital raising mandate.
- (6) Issued pursuant to Incentive Options Scheme pursuant to shareholder approval at the Extraordinary General Meeting on 28 June 2006.
- (7) Issued pursuant to Incentive Options Scheme pursuant to shareholder approval at the Extraordinary General Meeting on 28 June 2006.
- (8) Issued to brokers for services.

No option holder has any right under the options to participate in any other share issue of the company or of any other entity.

All options that had previously been issued to employees lapsed upon cessation of their employment pursuant to the Rules of the Employee Option Plan.

Shares Issued on Exercise of Options

A total of 23,468,488 options were exercised into 22,468,488 ordinary shares during the year ended 30 June 2009. In addition, shares in relation to the BHP option arrangement were exercised during the year ended 30 June 2009, resulting in the issue of 3,193,381 ordinary shares.

A total of 170,000 options lapsed during the year ended 30 June 2009.

There are a total of 16,419,703 options over ordinary shares on issue at 30 June 2009, with the terms and conditions outlined above.

Insurance of officers

During the financial year, the consolidated entity paid an insurance premium in respect of an insurance policy for the benefit of those named and referred to above and the directors, secretaries, executive officers and employees of any subsidiary bodies corporate as defined in the insurance policy.

In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

Environmental regulation

The consolidated entity is committed to environmental care and aims to carry out its activities in an environmentally responsible and scientifically-sound way. In performing exploration activities, some disturbances of the land in the creation of tracks, drill rig pads, sumps and the clearing of vegetation occur. These activities have been managed in a way that reduced environmental impact to a practical minimum. Rehabilitation of any land disturbances would occur as soon as practicable after exploration activity in an area has been completed.

The consolidated entity has, as far as the Directors are aware, complied with all statutory requirements relating to its exploration activities.

Greenhouse gas and energy data reporting requirements

The Group is not subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007*, however monitoring of all emissions and energy usage at the Cessnock site is carried out on a regular basis to ensure compliance under the current regulations.

WHITE ENERGY COMPANY LIMITED

ABN 62 071 527 083

Directors' report (continued)

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in Note 22 to the Financial Statements.

The Board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 21 to the Financial Statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

	Consolidated	
	2009	2008
	\$	\$
Other assurance services		
PricewaterhouseCoopers -audit of regulatory returns	178,963	111,725
Taxation Services		
Tax advice on acquisitions, group reorganisation, losses review and tax compliance	67,925	75,745
	246,888	187,470


Auditor's independence declaration

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on Page 13.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the directors.


John Atkinson
Managing Director

Sydney
30th September 2009

PricewaterhouseCoopers
ABN 52 780 433 757

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201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of White Energy Company Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of White Energy Company Limited and the entities it controlled during the period.



BK Hunter
Partner
PricewaterhouseCoopers

30 September 2009

WHITE ENERGY COMPANY LIMITED

ABN 62 071 527 083

Corporate Governance Statement

The Board of directors of White Energy is responsible for the corporate governance of the Company. The Board acknowledges and seeks to embrace the Corporate Governance Principles set by the Australian Securities Exchange (ASX).

The Company has recently reviewed its Corporate Governance policies and procedures and has revised its practices to ensure more consistent compliance with the best practice recommendations of the ASX. The Company complies with all of the ASX Best Practice Recommendations other than as follows:

- The majority of Directors do not meet the ASX test for independence (Recommendation 2.1); and
- The composition of the Audit and Risk Committee does not strictly meet the Best Practice Recommendation (Recommendation 4.2).

The ASX Listing Rules require listed companies to disclose in their Annual Report the extent to which ASX Best Practice Recommendations have not been followed and provide reasons for their decisions.

The table below outlines each Principle, the associated Best Practice Recommendations and the Company's response. A copy of all policies and procedures referred to in the table below are available on the Company's website.

Best Practice Recommendation

Principle / Recommendation	Company's response
<i>Principle 1: Lay solid foundations for management and oversight</i>	
(1.1) Companies should formalise the functions reserved to the board and those delegated to senior executives and disclose those functions	<ul style="list-style-type: none">▪ The Company recognises and distinguishes between the respective roles and responsibilities of the Board and senior management.▪ A Board Charter has been adopted which sets out the respective roles and responsibilities of the Board and senior management. A copy of the Board Charter can be found on the Company's website.▪ The Board's functions include:<ul style="list-style-type: none">- overseeing the Company's corporate strategy;- oversight of management;- ensuring effective communication with shareholders and other stakeholders;- oversight of financial and capital management; and- establishing and overseeing the Company's compliance and risk management procedures.▪ Senior management, led by the Managing Director (who is the Chief Executive Officer) is accountable to the Board for day-to-day management of the Company.
(1.2) Companies should disclose the process for evaluating the performance of senior executives	<ul style="list-style-type: none">▪ The Managing Director is responsible for evaluating the performance of senior executives against performance indicators established for senior management.▪ The Board is responsible for evaluating the performance of the Managing Director against set criteria.▪ The performance of all senior executives was evaluated during the financial year.

Corporate Governance Statement (continued)

<i>Principle 2: Structure the Board to Add Value</i>	
(2.1) A majority of the board should be independent directors	<ul style="list-style-type: none"> ▪ Mr McGuigan and Mr Khan are the independent directors on the Board of four directors. ▪ Mr Atkinson and Mr Duncan are not considered to be independent directors. ▪ Therefore half of the Board is independent as opposed to an absolute majority as prescribed by the best practice recommendations. However, under the Constitution of the Company, the independent non executive chairman has a casting vote if required in any ‘deadlock’ voting scenarios. ▪ The Board is presently seeking the appointment of further independent non executive directors. ▪ The Company recognises the importance of having a Board of appropriate composition, size and diversity particularly in the light of the increased size and scope (including geographic diversity) of the business operations of the Company. The Board believes the individuals on the board have the appropriate skill and composition given the nature and size of the Company.
(2.2) The chairperson should be an independent director	<ul style="list-style-type: none"> ▪ Mr McGuigan as Chair of the Board is independent.
(2.3) The role of the chair and chief executive officer should not be exercised by the same individual	<ul style="list-style-type: none"> ▪ The role of chair and chief executive officer is separated, with Mr McGuigan acting as Chair and Mr Atkinson as Chief Executive Officer.
(2.4) The Board should establish a nomination committee	<ul style="list-style-type: none"> ▪ The Board has established a Nomination and Remuneration Committee. The Nomination and Remuneration committee is comprised of Mr McGuigan (Chair), Mr Khan and Mr Duncan. The Nomination and Remuneration Committee is responsible for the selection and appointment of new directors and oversees the re-election of incumbent directors. The charter of the Nomination and Remuneration committee is on the Company’s website.
(2.5) Companies should disclose the process for evaluating the performance of the board, its committee and individual directors	<ul style="list-style-type: none"> ▪ This Annual Report includes detailed information on directors that meet the requirements in “Guide to Reporting on Principle 2”, including each individual’s skills, experience, expertise and their term of office. ▪ The Board recognises that there are occasions when the Board of Directors believe that it is in their best interest and the interest of the Company to seek independent professional advice. Directors can seek independent professional advice at the Company’s expense in furthering their duties. ▪ The Board is responsible for evaluating the performance of each of its committees and of each individual director. The Board is accountable to shareholders for the performance of the Company.

Corporate Governance Statement (continued)

<i>Principle 3: Promote Ethical and Responsible Decision-Making</i>	
<p>(3.1) Companies should establish a code of conduct and disclose the code or a summary as to:</p> <ul style="list-style-type: none"> - (3.1.1) the practices necessary to maintain confidence in the company's integrity; - (3.1.2) the practices necessary to take into account their legal obligations and the expectations of their stakeholders; - (3.1.3) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	<ul style="list-style-type: none"> ▪ The Company promotes ethical and responsible decision making and has adopted a Code of Conduct for this purpose. ▪ The Code of Conduct provides that all directors, employees and officers of the Company must act in good faith and in the best interests of the Company. In doing so, all directors, officers and employees must: <ul style="list-style-type: none"> - comply with the law; - maintain the confidentiality of any confidential information received in the performance of duties; - be responsible and accountable for their actions; - observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts; and - report any actual or suspected behaviour which is not in compliance with the Code of Conduct. • A copy of the Code of Conduct is available on the Company's website
<p>(3.2) Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary</p>	<ul style="list-style-type: none"> ▪ The Company's policy regarding directors, senior executives and employees trading in securities, is set out in the Share Trading Policy, which restricts, directors, senior executives and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflect in the security's prices. ▪ A copy of the Code of Conduct is available on the Company's website. ▪ A copy of the Share Trading Policy is available on the Company's website.
<i>Principle 4: Safeguard Integrity in Financial Reporting</i>	
<p>(4.1) The Board should establish an audit committee</p>	<ul style="list-style-type: none"> ▪ The Company has systems in place to independently verify and safeguard the integrity of the Company's financial reporting. ▪ The Board has established an Audit and Risk Committee which works within the framework of the Audit and Risk Charter.
<p>(4.2) The audit committee should be structured so that it consists only of non-executive directors; consist of a majority of independent directors; is chaired by an independent chair, who is not chair of the board and has at least 3 members</p>	<ul style="list-style-type: none"> ▪ The Committee consists of: <ul style="list-style-type: none"> - John McGuigan (Chair and Independent); - Ilyas Khan (Independent); - Travers Duncan (Non Independent) ▪ The composition of the committee does not meet the best practice guidelines as follows: <ul style="list-style-type: none"> (a) The Audit and Risk Committee does not consist of only non-executive directors. However the overriding premise in determining the composition of the committee is that the committee consists of members with relevant experience and expertise. However the board is presently seeking the appointment of further independent non executive directors which will allow for full non executive director membership at this committee level.

Corporate Governance Statement (continued)

	<p>(b)The Chair of the Audit and Risk Committee is also the Chair of the Board. This was necessitated due to the geographic locations of the various available committee members. It was considered desirable for the Chairman of the Audit and Risk Committee to be independent, and with the independent Directors being the Chairman of the Board and an overseas based Director, the Chairman of the full Board is also the Chairman of the Committee.</p>
<p>(4.3) The audit committee should have a formal charter</p>	<ul style="list-style-type: none"> ▪ The Audit and Risk Committee works within the framework of the Audit and Risk Committee Charter adopted by the Board. ▪ The Audit and Risk Committee will meet at least twice per year. ▪ The Audit and Risk Committee is responsible for the selection and appointment of the external auditors. ▪ A copy of the Audit and Risk Committee Charter is available on the Company's website.
<p><i>Principle 5: Make timely and balanced disclosures</i></p>	
<p>(5.1) Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary</p>	<ul style="list-style-type: none"> ▪ The Company has a Disclosure and Communication Policy and a Disclosure and Materiality Guideline for Officers and Employees. ▪ These policies ensure timely and balanced disclosure of material matters concerning the Company. ▪ The Disclosure and Communication Policy provides that the Company must immediately disclose to the market any information concerning the company that a reasonable person would expect to have a material effect on the price or value of the Company's securities. Disclosure of any such price sensitive information is not required where: <ul style="list-style-type: none"> - a reasonable person would not expect the information to be disclosed; - the information is confidential and the ASX has not taken a contrary view; - one or more of the following applies: <ul style="list-style-type: none"> - it would be a breach of law to disclose the information; - the information concerns an incomplete proposal or negotiation; - the information comprises matters of supposition or is insufficiently definite; -the information is generated for internal management purposes; - the information is a trade secret. ▪ Senior Management is responsible for monitoring all information regarding the Company's day to day activities and if a potential disclosure obligation arises, senior management is to report to the Managing Director and CFO who will determine whether disclosure to the ASX is required. ▪ A copy of the Disclosure and Communication Policy and the Disclosure and Materiality Guidelines is available on the Company's website.

Corporate Governance Statement (continued)

<i>Principle 6: Respect the rights of shareholders</i>	
(6.1) Design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose a summary of the policy	<ul style="list-style-type: none"> • The Company’s Disclosure and Communication Policy outlines the procedures in place to ensure effective communication with Shareholders. • The Company seeks to ensure that shareholders are well informed of the Company’s activities. • The Company communicates with shareholders through annual, half yearly and quarterly reports, ASX releases, general meetings and the Company’s website. • The Company encourages shareholder participation at general meetings.
<i>Principle 7: Recognise and manage risk</i>	
(7.1) Companies should establish policies on risk management and oversight and disclose a summary of those policies	<ul style="list-style-type: none"> • The Company recognises the importance of risk management and has adopted a Risk Management Policy and Procedure.
(7.2) The board should require management to design, assess, monitor and review the risk management internal control framework in place to manage the company’s material business risks. The board should disclose that management has reported to it as to the effectiveness of the company’s management of its material business risks and whether the board is satisfied that those risks are being managed in accordance with the Company’s risk appetite	<ul style="list-style-type: none"> • The Risk Management Policy adopted by the Board establishes the framework for identifying, assessing, controlling and managing risks. • The Audit and Risk Committee oversees the Company’s risk management system. • Senior management of each business unit, such as Finance, Business Development, Operations and Technology, is responsible for monitoring and mitigating all risks within that business unit. • Senior management of each business unit is required to report to the board on whether the material risks associated with that business unit are being managed effectively.
(7.3) The board should disclose whether it has received assurance from the CEO and the CFO that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound framework of risk management and internal control and that the framework is operating effectively in all material respects	<ul style="list-style-type: none"> • The Board requires that the Managing Director and CFO formally confirm that: <ul style="list-style-type: none"> - the statement given in accordance with ASX Best Practice Recommendation R4.1 (the integrity of financial statements) is founded on a system of risk management and internal compliance and control which implements policies adopted by the board; and - the Company’s risk management and internal compliance and control system is operating efficiently and effectively in all material respects. <p>The Board has received such confirmation from the Managing Director and CFO in respect of this financial year.</p>
<i>Principle 8: Remunerate fairly and responsibly</i>	
(8.1) The Board should establish a remuneration committee	<ul style="list-style-type: none"> • The Company aims to remunerate in line with industry benchmarks and the Company’s circumstances. <p>The Board has established a Nomination and Remuneration Committee which works within the Nomination and Remuneration Charter.</p>

Corporate Governance Statement (continued)

<p>(8.2) Companies should clearly distinguish the structure of non-executive directors remuneration from that of executive directors and senior executives</p>	<ul style="list-style-type: none">• Remuneration of directors and senior executives is reviewed by the Nomination and Remuneration Committee and the Board generally.• Remuneration of non-executive directors is determined within the maximum amount approved by shareholders from time to time.• The remuneration report contained in the Directors Report of this Annual Report details the remuneration of directors and senior executives.
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Annual financial report - 30 June 2009

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This financial report covers both the separate financial statements of White Energy Company Limited as an individual entity and the consolidated financial statements for the consolidated entity consisting of White Energy Company Limited and its controlled entities. The financial report is presented in the Australian currency.

White Energy Company Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office

White Energy Company Limited
Suite 206 The Bentleigh
1 Katherine Street
Chatswood NSW 2067

Principal Place of Business

White Energy Company Limited
Level 11,
213 Miller Street
North Sydney NSW 2060

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 1-12 which is not part of this financial report.

The financial report was authorised for issue by the directors on 30th September 2009. The directors have the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Investor Centre on our website www.whiteenergyco.com.

WHITE ENERGY COMPANY LIMITED

ABN 62 071 527 083

Income statements

For the year ended 30 June 2009

	Notes	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
Other income	5	2,854,644	3,987,891	1,056,783	3,873,873
Accounting and audit fees		(270,385)	(262,071)	(232,799)	(231,710)
Employee benefits expense	6	(8,876,138)	(5,984,221)	(7,585,194)	(5,432,531)
Depreciation, amortisation and write-off of tenement expenditure	6	(4,468,438)	(3,594,665)	(441,918)	(273,568)
Finance costs	6	(4,620,021)	(2,610,767)	(4,620,021)	(2,610,484)
External advisory fees		(7,355,828)	(3,902,512)	(1,431,956)	(1,986,393)
Travel		(950,420)	(995,104)	(638,867)	(734,411)
Occupancy expenses		(1,168,187)	(686,309)	(906,709)	(574,102)
Writedown of investment	6	(1,278,878)	-	(1,278,878)	-
FX Loss		-	-	(932,453)	-
Other expenses		(1,486,408)	(967,262)	(514,954)	(419,293)
(Loss) before income tax expense		(27,620,059)	(15,015,020)	(17,526,966)	(8,388,619)
Income tax expense	7	-	-	-	-
Net (loss) for the year		(27,620,059)	(15,015,020)	(17,526,966)	(8,388,619)
Loss is attributable to:					
Equity holders of White Energy Company Limited		(26,739,145)	(14,541,649)	(17,526,966)	(8,388,619)
Minority interest	20	(880,914)	(473,371)	-	-
		(27,620,059)	(15,015,020)	(17,526,966)	(8,388,619)
Basic and diluted loss per share	29	Cents (18.4)	Cents (11.8)		

The above income statements should be read in conjunction with the accompanying notes.

WHITE ENERGY COMPANY LIMITED

ABN 62 071 527 083

Balance sheets As at 30 June 2009

	Notes	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	8	26,283,781	34,955,888	25,567,501	33,781,974
Other receivables	9	13,155,827	5,099,841	81,691,707	44,225,496
Total current assets		39,439,608	40,055,729	107,259,208	78,007,470
Non-current assets					
Investments in subsidiaries	10	-	-	56,381,510	57,660,388
Property, plant and equipment	11	127,807,975	52,013,765	6,737,195	657,024
Exploration assets	12	1,124,789	2,581,034	-	-
Intangible assets	13	53,194,983	53,518,329	-	-
Total non-current assets		182,127,747	108,113,128	63,118,705	58,317,412
Total assets		221,567,355	148,168,857	170,377,913	136,324,882
Current liabilities					
Trade and other payables	14	29,579,793	8,879,273	5,197,662	2,247,239
Borrowings	15	752,019	742,654	752,019	742,655
Total current liabilities		30,331,812	9,621,927	5,949,681	2,989,894
Non-current liabilities					
Other payables	16	51,683,285	20,163,796	-	-
Borrowings	17	57,218,463	47,387,570	57,218,463	47,387,570
Total non-current liabilities		108,901,748	67,551,366	57,218,463	47,387,570
Total liabilities		139,233,560	77,173,293	63,168,144	50,377,464
Net assets		82,333,795	70,995,564	107,209,769	85,947,418
Equity					
Contributed equity	18	131,931,145	97,130,925	131,931,145	97,130,925
Reserves	19	6,890,583	2,866,309	9,010,123	5,021,026
Accumulated losses	19	(53,701,846)	(26,962,701)	(33,731,499)	(16,204,533)
Capital and reserves attributable to equity holders of White Energy Company Limited		85,119,882	73,034,533	107,209,769	85,947,418
Minority interest	20	(2,786,087)	(2,038,969)	-	-
Total equity		82,333,795	70,995,564	107,209,769	85,947,418

The above balance sheets should be read in conjunction with the accompanying notes.

WHITE ENERGY COMPANY LIMITED

ABN 62 071 527 083

Statements of changes in equity For the year ended 30 June 2009

Consolidated	Attributable to equity holders of White Energy Company Limited				Minority interest \$	Total equity \$
	Contributed equity	Reserves	Accumulated losses \$	Total \$		
Balance at 1 July 2007	84,611,297	4,440,642	(12,150,611)	76,901,328	567,739	77,469,067
Loss for the year	-	-	(14,541,649)	(14,541,649)	(473,371)	(15,015,020)
Total recognised income and expense for the year	-	-	(14,541,649)	(14,541,649)	(473,371)	(15,015,020)
Issue shares and exercise of options	5,193,519	-	-	5,193,519	-	5,193,519
Issue of convertible notes	8,209,734	-	-	8,209,734	-	8,209,734
Less: interest payable on convertible notes	-	-	(270,441)	(270,441)	-	(270,441)
Share based payment (management performance options)	-	525,095	-	525,095	-	525,095
Share based payment (capital raising costs)	-	-	-	-	-	-
Less: transaction costs	(883,625)	-	-	(883,625)	-	(883,625)
Exchange differences on translation of foreign operation	-	(2,099,428)	-	(2,099,428)	(2,133,337)	(4,232,765)
Balance at 30 June 2008	97,130,925	2,866,309	(26,962,701)	73,034,533	(2,038,969)	70,995,564
Loss for the year	-	-	(26,516,022)	(26,516,022)	(880,914)	(27,396,936)
Total recognised income and expense for the year	-	-	(26,516,022)	(26,516,022)	(880,914)	(27,396,936)
Issue shares and exercise of options	38,194,127	-	-	38,194,127	-	38,194,127
Less: Interest on convertible notes	-	-	(223,123)	(223,123)	-	(223,123)
Share based payment (management performance options)	-	2,446,697	-	2,446,697	-	2,446,697
Share based payment (capital raising costs)	-	1,542,400	-	1,542,400	-	1,542,400
Less: transaction costs	(3,393,907)	-	-	(3,393,907)	-	(3,393,907)
Exchange differences on translation of foreign operation	-	35,177	-	35,177	133,796	168,973
Balance at 30 June 2009	131,931,145	6,890,583	(53,701,846)	85,119,882	(2,786,087)	82,333,795

The above statements of changes in equity should be read in conjunction with the accompanying notes.

WHITE ENERGY COMPANY LIMITED

ABN 62 071 527 083

Statements of changes in equity For the year ended 30 June 2009

Parent	Contributed equity	Reserves	Accumulated losses	Total
			\$	\$
Balance at 1 July 2007	84,611,297	4,495,931	(7,545,473)	81,561,755
Loss for the year	-	-	(8,388,619)	(8,388,619)
Total recognised income and expense for the year	-	-	(8,388,619)	(8,388,619)
Issue shares	5,193,519	-	-	5,193,519
Issue of convertible notes	8,209,734	-	-	8,209,734
Less: interest on convertible notes	-	-	(270,441)	(270,441)
Share based payment (management performance options)	-	525,095	-	525,095
Share based payment (capital raising costs)	-	-	-	-
Less: transaction costs	(883,625)	-	-	(883,625)
Balance at 30 June 2008	97,130,925	5,021,026	(16,204,533)	85,947,418
Loss for the year	-	-	(17,303,843)	(17,303,843)
Total recognised income and expense for the year	-	-	(17,303,843)	(17,303,843)
Issue shares	38,194,127	-	-	38,194,127
Less: Interest on convertible notes	-	-	(223,123)	(223,123)
Share based payments (management performance options)	-	2,446,697	-	2,446,697
Share based payment (capital raising costs)	-	1,542,400	-	1,542,400
Less: transaction costs	(3,393,907)	-	-	(3,393,907)
Balance at 30 June 2009	131,931,145	9,010,123	(33,731,499)	107,209,769

The above statements of changes in equity should be read in conjunction with the accompanying notes.

WHITE ENERGY COMPANY LIMITED

ABN 62 071 527 083

Statements of cash flows For the year ended 30 June 2009

	Notes	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash flow from operating activities					
Receipts from customers (inclusive of goods & services tax)		1,089,720	1,639,631	150,765	434,165
Payments to suppliers and employees (inclusive of goods & services tax)		(15,102,460)	(10,439,041)	(10,034,272)	(7,115,751)
		(14,012,740)	(8,799,410)	(9,883,507)	(6,681,586)
Interest received		704,185	2,583,519	691,618	2,531,934
Borrowing costs		(4,620,021)	(1,777,966)	(4,620,021)	(1,777,966)
Net cash (outflows) from operating activities	28	(17,928,576)	(7,993,857)	(13,811,910)	(5,927,618)
Cash flows from investing activities					
Payments for exploration assets		(119,470)	(207,016)	-	-
Payments for property, plant and equipment		(76,508,559)	(42,866,342)	(6,213,757)	(519,685)
Payments for intangibles		(2,821,614)	(933,719)	-	-
Net cash (outflows) from investing activities		(79,449,643)	(44,007,077)	(6,213,757)	(519,685)
Cash flows from financing activities					
Proceeds from shares and options issued		36,798,356	2,003,144	36,798,356	2,003,144
Loans from related parties		43,784,699	14,862,890	(35,691,338)	(31,084,643)
Proceeds of convertible notes issue		10,042,605	55,018,314	10,042,605	55,018,314
Costs of share issue		(270,882)	-	(270,882)	-
Net cash inflows from financing activities		90,354,778	71,884,348	10,878,741	25,936,815
Net increase (decrease) in cash and cash equivalents		(7,023,441)	19,883,414	(9,146,926)	19,489,512
Cash and cash equivalents at the beginning of the financial year		34,955,888	15,072,474	33,781,974	14,292,462
Effects of exchange rate changes on cash and cash equivalents		(1,648,666)	-	932,453	-
Cash and cash equivalents at the end of the financial year	8	26,283,781	34,955,888	25,567,501	33,781,974
Non-cash investing and financing activities	28				

The above cash flow statements should be read in conjunction with the accompanying notes.

WHITE ENERGY COMPANY LIMITED

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Notes to the financial statements

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for White Energy Company Limited as an individual entity and the consolidated entity consisting of White Energy Company Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of White Energy Company Limited complies with International Financial Reporting Standards (IFRSs).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of White Energy Company Limited ("**White Energy**", "**the Company**" or "**parent entity**") as at 30 June 2009 and the results of all subsidiaries for the year then ended. White Energy Company Limited and its subsidiaries together are referred to in this financial report as the consolidated entity or the Group

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1(i)).

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals of minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of White Energy Company Limited.

Note 1. Summary of significant accounting policies (continued)**(c) Segment reporting**

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is White Energy Company Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

(e) Revenue recognition

Interest income is recognised on a time proportion basis using the effective interest method.

Sampling income is recognised as revenue on completion of coal testing.

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is

Note 1. Summary of significant accounting policies (continued)

determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

White Energy and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, White Energy Company Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, White Energy also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidation group.

Assets or liabilities arising from the tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in Note 7.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(h) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 23). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(i) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Note 1. Summary of significant accounting policies (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(j) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

Exploration assets are reviewed for impairment annually on tenement renewal.

(k) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Other Receivables

All trade receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(m) Exploration and Evaluation Costs

Exploration and evaluation expenditure on exploration tenements and rights to farm-in are accumulated separately for each area of interest. Such expenditure is comprised of net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration expenditure for each area of interest is carried forward as an asset provided one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or
- alternatively, by its sale; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Exploration expenditure that fails to meet at least one of the conditions outlined above is written off or a provision made. Provisions are made where farm-in partners are sought and there is a possibility that carried-forward expenditures may have to be written off in the future. In the event that farm-in agreements are reached or the Company undertakes further exploration in its own right on those properties, the provisions would be reviewed and if appropriate, written back.

Note 1. Summary of significant accounting policies (continued)

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off. Expenditure is not carried forward in respect of any area of interest unless the Company's right of tenure to that area of interest is current.

No amortisation has been, or will be, charged until the asset is available for use, that is, when the asset has been sufficiently developed so that production is in progress.

(n) Investments and other financial assets***Classification***

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At the reporting date the only financial assets held were as follows:

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Receivables are included in trade and other receivables (note 9) in the balance sheet.

(o) Investments and other financial assets (continued)***Subsequent measurement***

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(p) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in fair value are recognised in the income statement and are included in the income or other expenses.

At balance date the amount receivable and payable under the foreign exchange contracts are disclosed on a net basis representing the future cash flow required to settle the contracts.

(q) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is calculated on a straight-line basis to allocate their cost or revalued amounts, net of residual values, over their estimated useful lives as follows:

Plant and equipment 2 –3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Note 1. Summary of significant accounting policies (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Assets under construction

The determination of useful life of assets currently under construction is determined once the plant is operational.

(r) Intangible assets**(i) Licences**

Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives, which at present are estimated to be 17.33 years.

(ii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which at present are estimated to be 5 years.

(s) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(t) Borrowings

Borrowings are initially recognised at fair value. Fees paid on the establishment of loan facilities are recognised as transaction costs and accounted for in the income statement.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as non-current in line with current agreements.

(u) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. Borrowing costs include interest on bank overdrafts, bank fees and charges.

(v) Provisions

Provisions for legal claims and service warranties are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Note 1. Summary of significant accounting policies (continued)**(w) Employee benefits****(i) Retirement benefit obligation**

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(iii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(x) Share-based payments

Share-based compensation benefits are provided to employees via the employee option plan and an employee share scheme.

The fair value of options granted under the employee option plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(y) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Incremental costs directly attributable to the issue of new shares or options, or options for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(z) Earnings per share**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Note 1. Summary of significant accounting policies (continued)**(aa) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(ab) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) – AASB 8 Operating Segments and AASB2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2207-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in significant change in the approach to segment reporting, as it requires adoption of “management approach” to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) – Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

(iii) – Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

A revised AASB 101 was issued in September 2007 and is applicable to annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being at the beginning of the comparative period. The Group intends to apply the

(iv) – AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (effective 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

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Note 2. Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on liquidity and cash flow management.

Risk management is carried out by senior management under policies approved by the Board of Directors, who evaluate financial risks in close co-operation with the Group's key management personnel.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposure to the US dollar.

Foreign exchange risk arises from future commercial transactions and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis. Refer to the sensitivity analysis' outlined in the table below.

To manage the foreign exchange risk going forward, management plan to maintain a USD dollar bank account from which all future overseas income received will be deposited and maintained so that future transactions can be directly settled in USD, without the need to transact in multiple currencies.

The table below summarises the assets and liabilities which are denominated in US dollars as at reporting date using the exchange rate at reporting date and which are included in the balance sheet of the Group.

	Consolidated entity		Parent entity	
	2009	2008	2009	2008
Assets				
Cash and cash equivalents	1,063,674	1,075,449	499,862	-
Other receivables	9,782,348	3,593,214	-	-
Property, plant and equipment	85,682,452	36,169,474	-	-
Total assets	96,528,474	40,838,137	499,862	-
Liabilities				
Trade and other payables	73,452,239	21,277,747	1,552,387	141,823
Borrowings	10,237,212	2,975,970	10,237,212	2,975,970
Total liabilities	83,689,451	24,253,717	11,789,599	3,117,793

(ii) Fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk if the borrowings are carried at fair value. Group policy is to maintain approximately 75% of its borrowings at fixed rates.

As at the reporting date, all of the Group's borrowings were of a fixed rate nature. The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

An analysis of maturities of the Group's fixed rate borrowings is outlined in the following tables.

Consolidated entity		Interest rate risk			
		-100bps	-100bps	+50bps	+50bps
30 June 2009					
	Carrying Amount \$	Loss (\$)	Other Equity (\$)	Loss (\$)	Other Equity (\$)
Financial Assets					
Cash and cash equivalents	26,283,781	(70,419)	-	35,209	-
Trade and other receivables	13,155,827	-	-	-	-
Financial liabilities					
Trade and other payables	81,263,077	-	-	-	-
Borrowings	57,970,482	-	-	-	-
Total increase/(decrease)		(70,419)	-	35,209	-

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Note 2. Financial risk management (continued)

Consolidated entity		Interest rate risk			
30 June 2008		-100bps	-100bps	+50bps	+50bps
	Carrying Amount \$	Loss (\$)	Other Equity (\$)	Loss (\$)	Other Equity (\$)
Financial Assets					
Cash and cash equivalents	34,955,888	(249,548)	-	124,774	-
Trade and other receivables	5,099,841	-	-	-	-
Financial liabilities					
Trade and other payables	29,043,069	-	-	-	-
Borrowings	48,130,224	-	-	-	-
Total increase/(decrease)		(249,548)	-	124,774	-

Parent entity		Interest rate risk			
30 June 2009		-100bps	-100bps	+50bps	+50bps
	Carrying Amount \$	Loss (\$)	Other Equity (\$)	Loss (\$)	Other Equity (\$)
Financial Assets					
Cash and cash equivalents	25,567,501	(69,162)	-	34,581	-
Trade and other receivables	81,691,707	-	-	-	-
Financial liabilities					
Trade and other payables	5,197,662	-	-	-	-
Borrowings	57,970,482	-	-	-	-
Total increase/(decrease)		(69,162)	-	34,581	-

Parent entity		Interest rate risk			
30 June 2008		-100bps	-100bps	+50bps	+50bps
	Carrying Amount \$	Loss (\$)	Other Equity (\$)	Loss (\$)	Other Equity (\$)
Financial Assets					
Cash and cash equivalents	33,781,974	(246,254)	-	123,127	-
Trade and other receivables	44,225,496	-	-	-	-
Financial liabilities					
Trade and other payables	2,247,239	-	-	-	-
Borrowings	48,130,225	-	-	-	-
Total increase/(decrease)		(246,254)	-	123,127	-

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and committed transactions.

For banks and financial institutions, only independently related parties with a minimum rating of AA- are accepted. Credit risk in relation to customers as at the reporting date was not significant due to the stage of production of the business.

(i) Impaired receivables

The amount of the provision for doubtful receivables was \$nil at reporting date (2008: \$nil). The amount of the provision for doubtful receivables was calculated by specifically analysing each receivables likelihood of recoverability.

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Note 2. Financial risk management (continued)

(ii) *Receivables past due but not impaired*

As of 30 June 2009, trade receivables of \$221,081 (2008:\$381,051) were past due for the Group. These relate to customers where there is no current evidence of an unwillingness or inability to settle the amount due but where payment has been delayed

The aging of receivables past due but not impaired is as follows:

	Consolidated Entity	
	2009	2008
	\$	\$
1 to 3 months overdue	161,815	267,475
Over 3 months overdue	59,266	113,576

	Parent Entity	
	2009	2008
	\$	\$
1 to 3 months overdue	1,284,153	513,290
Over 3 months overdue	1,585,564	562,224

(iii) *Other receivables*

These amounts generally arise from transactions outside the normal operating activities of the Group.

(iv) *Interest rate risks*

The Group has no exposure to interest rate risk in respect of receivables as they are non interest bearing.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group ensures that there are sufficient cash funds available to meet expenses incurred. Where cash is forecast to be needed in order to meet the needs of the business, management has and will continue to conduct initiatives such as capital raising to meet such demands.

(i) *Financing arrangements*

The Group and the parent entity did not have access to any undrawn borrowing facilities as at reporting date.

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Note 2. Financial risk management (continued)

(ii) *Maturities of financial liabilities*

The tables below analyse the Group's and the parent entity's maturity profile of the financial liabilities held as at reporting date.

Group – at 30 June 2009	Less than 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/liabilities
	\$	\$	\$	\$	\$
Non interest bearing	29,579,793	47,877,877		77,022,767	81,263,078
Fixed rate	752,019	11,427,798	1,188,929	13,368,746	57,970,482
Total non-derivatives	30,331,812	59,305,675	1,188,929	90,391,513	139,233,560

Group – at 30 June 2008	Less than 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/liabilities
	\$	\$	\$	\$	\$
Non interest bearing	8,879,273	16,663,796	-	25,543,069	29,043,069
Fixed rate	742,654	2,802,590	291,577	3,836,821	48,130,224
Total non-derivatives	9,621,927	19,466,386	291,577	29,379,890	77,173,293

Parent – at 30 June 2009	Less than 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/liabilities
	\$	\$	\$	\$	\$
Non interest bearing	5,197,662	-	-	5,197,662	5,197,662
Fixed rate	752,019	11,427,798	1,188,929	13,368,746	57,970,482
Total non-derivatives	5,949,681	11,427,798	1,188,929	18,566,408	63,168,144

Parent – at 30 June 2008	Less than 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/liabilities
	\$	\$	\$	\$	\$
Non interest bearing	2,247,239	-	-	2,247,239	2,247,239
Fixed rate	742,655	2,802,590	291,577	3,836,822	48,130,225
Total non-derivatives	2,989,894	2,802,590	291,577	6,084,061	50,377,464

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of intangible assets

Where an intangible asset is subject to amortisation the Group tests for impairment only when an event or change in circumstances indicates the carrying value may not be recoverable.

The intangible asset – license: is being amortised over the license term of 17.33 years and the directors have determined that no event or circumstance has occurred that would result in its carrying value exceeding its recoverable amount.

Where an intangible asset is not subject to amortisation the Group tests annually whether the asset has suffered any impairment, in accordance with the accounting policy stated in Note 1.

The intangible asset – detailed plant design: is to be amortised over 5 years.

(ii) Exploration and evaluation costs

Exploration expenditure is reviewed annually to ensure, for each area of interest carried forward as an asset, one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or
- alternatively, by its sale; or
- exploration activities in the area of interest have not yet reached a stage which permit a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

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Note 4. Segment Information

(a) Description of segments

Business segments

The consolidated entity is organised on a global basis into the following sectors:

Coal Technology: Exclusive licence to patented technology developed by the CSIRO which processes relatively poor quality coal into a higher quality product. This activity commenced in June 2006 when the Company acquired White Energy Technology Limited.

Mining: Mining exploration assets.

Unallocated: Corporate and listed holding company activities.

Geographical segments

Although the consolidated entity's sectors are managed on a global basis they operate in four main geographical areas:

Australia: The home country of the parent entity which is also the main operating entity. The areas of operation are Coal Technology, Mining and unallocated activities.

South East Asia: Comprises operations carried on in Indonesia and Singapore. The areas of operation are Coal Technology, Mining and unallocated activities.

South Africa: Currently undertaking marketing activities.

United States: Currently undertaking marketing activities to bring the White Energy Coal Technology to the North American market.

(b) Primary reporting format – business segments

2009	Coal Technology \$	Mining \$	Unallocated \$	Inter-segment eliminations \$	Total \$
Other revenue	2,730,305	9	124,330	-	2,854,644
Expenses	(12,499,331)	(324,075)	(17,651,297)	-	(30,474,703)
Loss before tax	(9,769,026)	(324,066)	(17,526,967)	-	(27,620,059)
Depreciation, amortisation and write off of tenement expenditure	3,729,684	296,836	441,918	-	4,468,438
Segment assets	321,125,045	1,135,034	108,420,235	(209,112,959)	221,567,355
Segment liabilities	292,094,677	1,013,313	53,583,127	(207,457,557)	139,233,560
Acquisitions of plant and equipment, exploration and intangible assets	79,274,123	119,470	56,050	-	79,449,643

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Note 4. Segment Information (continued)

(b) Primary reporting format – business segments (continued)

2008	Coal Technology \$	Mining \$	Unallocated \$	Inter-segment eliminations \$	Total \$
Other revenue	224,250	126	3,763,515	-	3,987,891
Expenses	(6,335,387)	(25,286)	(12,642,238)	-	(19,002,911)
Loss before tax	(6,111,137)	(25,160)	(8,878,723)	-	(15,015,020)
Depreciation, amortisation and write off of tenement expenditure	3,316,734	631	277,300	-	3,594,665
Segment assets	159,842,371	2,587,662	81,944,912	(96,206,088)	148,168,857
Segment liabilities	118,299,663	862,997	51,270,212	(93,259,579)	77,173,293
Acquisitions of plant and equipment, exploration and intangible assets	43,444,123	207,016	355,938	-	44,007,077

(c) Secondary reporting format – geographical segments

2009	Other external revenue \$	Segment assets \$	Acquisitions of plant and equipment, exploration and intangible assets \$
Australia	2,685,556	76,751,147	4,265,053
South East Asia	164,496	116,783,635	75,046,754
South Africa	2,602	-	-
USA	1,990	1,500,422	137,836
	2,854,644	195,035,204	79,449,643

Unallocated assets 26,532,151

Total assets 221,567,355

2008	Other external revenue \$	Segment assets \$	Acquisitions of plant and equipment, exploration and intangible assets \$
Australia	3,954,969	69,383,095	11,246,114
South East Asia	32,222	42,041,849	32,730,601
USA	700	416,313	30,362
	3,987,891	111,841,257	44,007,077

Unallocated assets 36,327,600

Total assets 148,168,857

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

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Note 5. Other income

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Other income				
Interest income	704,185	2,495,477	691,618	2,462,537
Government Grants	259,491	-	150,000	-
Sampling Income – Potential Customers	242,302	1,172,575	215,165	980,439
FX gain	1,648,666	319,839	-	430,897
	2,854,644	3,987,891	1,056,783	3,873,873

Export market development grant of \$150,000 (2008: nil) and Commercial ready grant of \$108,726 (2008: nil) were recognised as other income by the Group during the financial year. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

Note 6. Expenses

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Loss before income tax includes the following specific expenses:				
Depreciation expense PP&E	714,349	230,551	133,585	55,165
Amortisation - intangibles	3,148,920	3,145,711	-	-
Amortisation – borrowing costs	308,333	218,403	308,333	218,403
Write-off of tenements expenditure	296,836	-	-	-
Exploration rights write-off	1,278,878	-	1,278,878	-
Finance costs	4,620,021	2,610,767	4,620,021	2,610,484
Operating lease rental	713,040	377,017	695,040	358,717
Employee benefit expense	238,615	156,903	238,615	156,903
Employee benefits expense (excl. Super)	8,637,523	5,827,318	7,346,579	5,275,628
FX Loss	-	-	932,453	-

Finance costs includes \$1,040,955 (2008: \$360,588) of capitalised interest on BHP finance facility.

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Note 7. Income tax expense

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Numerical reconciliation of income tax expense to prima facie tax payable				
Loss from continuing operations before income tax expense	(27,620,059)	(15,015,020)	(17,526,966)	(8,388,619)
Tax at the Australian tax rate of 30% (2008 - 30%)	(8,286,018)	(4,504,506)	(5,258,090)	(2,516,586)
Tax effect of amounts which are not deductible				
Share option expense	1,196,729	849,960	1,196,729	849,960
Other non deductible items	2,625	8,533	2,625	6,993
Tax losses and timing differences not brought to account	5,485,605	3,203,505	4,058,736	1,659,633
Tax on overseas operations	(1,601,059)	(442,508)	-	-
Differences in overseas operations tax rates	1,601,059	442,508	-	-
Income Tax Expense	-	-	-	-

(b) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	33,254,975	16,690,772	-	-
Potential tax benefit at 30%	9,976,493	5,007,232	-	-

Due to a change in ownership in the year ended 2002/03 and a change in the business carried on by the Group, tax losses to 30 June 2006 are not able to be recouped.

(c) Unrecognised temporary differences

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Temporary differences for which a deferred tax (liability)/asset has not been recognised				
Employee benefits	1,435	24,427	1,435	24,427
Other accruals	620,109	8,694	542,510	8,694
Deferred expenditure	-	89,455	-	89,455
Unrealised foreign exchange	(447,352)	-	279,736	-
River Energy licence fee	3,602,593	-	-	-
Deferred Income AusIndustry Grant	254,711	1,050,000	-	-
Write-off of tenements expenditure	472,714	(139,735)	383,663	-
	4,504,210	1,032,841	1,207,344	122,576

Tax consolidation legislation

White Energy Company Limited and its wholly-owned Australian subsidiary have decided to implement the tax consolidation legislation as of 1 July 2003. The Australian Taxation was notified of this decision on 7 October 2005. With effect from 30 June 2006 White Energy Technology Limited and subsidiary companies joined the White Energy Company Limited tax consolidated group. BCBC Pty Limited and Amerod Resources Pty Limited, two entities incorporated on 31 August 2006 and 1 September 2006 respectively, also joined the tax consolidated group. The Australian Taxation Office was notified of this on 15 March 2007.

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Note 8. Current assets – Cash and cash equivalents

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank and on hand	26,283,781	34,955,888	25,567,501	33,781,974
	26,283,781	34,955,888	25,567,501	33,781,974

(a) Reconciliation to cash at end of year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.

Cash at call

In 2009, the cash at call bears interest at rate of 0% to 3.5% (2008: 0% to 8.05%).

(b) Risk exposure

The consolidated entity's and the parent entity's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

Restricted cash

At 30 June 2009 there exist bank guarantees issued as security for property bonds in the amount of \$242,884.

Note 9. Current assets – Other receivables

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Loans to related parties	-	-	78,028,252	42,336,914
VAT refunds – KSC	9,320,206	-	-	-
Prepayments	642,195	3,692,165	91,000	140,152
Other	3,193,426	1,407,676	3,572,455	1,748,430
	13,155,827	5,099,841	81,691,707	44,225,496

(a) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to other receivables is provided in note 2.

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group.

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Note 10. Non-current assets - Other financial assets

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Investments in subsidiaries				
Shares in controlled entities (Note 25)	-	-	56,381,510	57,660,388
	-	-	56,381,510	57,660,388

These financial assets are carried at cost.

Note 11. Non-current assets – Property, plant & equipment

	Plant & equipment	Assets under construction	Total
	\$	\$	\$
Consolidated			
At 30 June 2007			
Cost	575,969	8,881,489	9,457,458
Accumulated depreciation	(79,484)	-	(79,484)
Net book amount	496,485	8,881,489	9,377,974
Year ended 30 June 2008			
Opening net book amount	496,485	8,881,489	9,377,974
Additions	969,236	41,897,106	42,866,342
Depreciation	(230,551)	-	(230,551)
Closing net book amounts	1,235,170	50,778,595	52,013,765
At 30 June 2008			
Cost	1,545,205	50,778,595	52,323,800
Accumulated depreciation	(310,035)	-	(310,035)
Net book amount	1,235,170	50,778,595	52,013,765
Year ended 30 June 2009			
Opening net book amount	1,235,170	50,778,595	52,013,765
Additions	11,166,803	65,341,756	76,508,559
Depreciation	(714,349)	-	(714,349)
Closing net book amounts	11,687,624	116,120,351	127,807,975
At 30 June 2009			
Cost	12,712,008	116,120,351	128,832,359
Accumulated depreciation	(1,024,384)	-	(1,024,384)
Net book amount	11,687,624	116,120,351	127,807,975

In accordance with “*The Principals of Consolidation*” as outlined in note 1(b), Assets under Construction reflects 100% of expenditure incurred by PT Kaltim Supacoal (KSC), the Company’s 51% owned Indonesian subsidiary.

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Note 11. Non-current assets – Property, plant & equipment (continued)

	Plant & equipment	Total
	\$	\$
Parent		
At 30 June 2007		
Cost	252,040	252,040
Accumulated depreciation	(59,536)	(59,536)
Net book amount	<u>192,504</u>	<u>192,504</u>
Year ended 30 June 2008		
Opening net book amount	192,504	192,504
Additions	519,685	519,685
Depreciation	(55,165)	(55,165)
Closing net book amounts	<u>657,024</u>	<u>657,024</u>
At 30 June 2008		
Cost	771,725	771,725
Accumulated depreciation	(114,701)	(114,701)
Net book amount	<u>657,024</u>	<u>657,024</u>
Year ended 30 June 2009		
Opening net book amount	657,024	657,024
Additions	6,213,756	6,213,756
Depreciation	(133,585)	(133,585)
Closing net book amounts	<u>6,737,195</u>	<u>6,737,195</u>
At 30 June 2009		
Cost	6,985,481	6,985,481
Accumulated depreciation	(248,286)	(248,286)
Net book amount	<u>6,737,195</u>	<u>6,737,195</u>

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Note 12. Non-current assets – Exploration assets

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Exploration Tenements				
<i>Glen Ayle : E69/1963</i>				
Cost at beginning of reporting period	89,660	66,987	-	-
Additional expenditure	206	22,673	-	-
Expenditure written off	(89,866)	-	-	-
Net book amount	-	89,660	-	-
<i>Glen Ayle : E69/1964</i>				
Cost at beginning of reporting period	60,985	38,295	-	-
Additional expenditure	223	22,690	-	-
Expenditure written off	(61,208)	-	-	-
Net book amount	-	60,985	-	-
<i>Bridgetown : E70/2723</i>				
Cost at beginning of reporting period	121,184	67,912	-	-
Additional expenditure	17,130	53,272	-	-
Expenditure written off	-	-	-	-
Net book amount	138,314	121,184	-	-
<i>Bridgetown : E70/2724</i>				
Cost at beginning of reporting period	119,941	67,257	-	-
Additional expenditure	17,921	52,684	-	-
Expenditure written off	-	-	-	-
Net book amount	137,862	119,941	-	-
<i>Mt Mundy : E37/771</i>				
Cost at beginning of reporting period	144,209	123,244	-	-
Additional expenditure	1,553	20,965	-	-
Expenditure written off	(145,762)	-	-	-
Net book amount	-	144,209	-	-
<i>Bridgetown : E70/2855</i>				
Cost at beginning of reporting period	62,054	32,701	-	-
Additional expenditure	13,368	29,353	-	-
Expenditure written off	-	-	-	-
Net book amount	75,422	62,054	-	-
<i>Bridgetown : E70/2856</i>				
Cost at beginning of reporting period	33,554	33,684	-	-
Additional expenditure (reversal of overcharges)	64,871	(130)	-	-
Expenditure written off	-	-	-	-
Net book amount	98,425	33,554	-	-

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Note 12. Non-current assets – Exploration assets (continued)

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
<i>Bridgetown : E70/3381</i>				
Cost at beginning of reporting period	5,509	-	-	-
Additional expenditure	4,197	5,509	-	-
Expenditure written off	-	-	-	-
Net book amount	9,706	5,509	-	-
<i>McMahons Reef EL Application: 2647</i>				
Cost at beginning of reporting period	10,000	10,000	-	-
Additional expenditure	-	-	-	-
Expenditure written off	-	-	-	-
Net book amount	10,000	10,000	-	-
<i>Exploration rights</i>				
Cost at beginning of reporting period	1,933,938	1,933,938	-	-
Additional expenditure	-	-	-	-
Write down of investment	(1,278,878)	-	-	-
Net book amount	655,060	1,933,938	-	-
Total exploration assets	1,124,789	2,581,034	-	-

The exploration rights of \$1,124,789 represents the amount paid by the Group in excess of carrying book values in acquiring the portfolio of mining assets less current year write down. The Group monitors and reports, on a quarterly basis, the viability of all exploration leases. During the financial year ended 30 June 2009 the Group relinquished its interest in three mining leases and adjusted the carrying value accordingly.

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Note 13. Non current assets – Intangible assets

	Licence \$	Detailed design \$	Total \$
Consolidated			
At 30 June 2007			
Cost	55,983,130	2,891,404	58,874,534
Accumulated amortisation	(3,144,963)	-	(3,144,963)
Net book amount	<u>52,838,167</u>	<u>2,891,404</u>	<u>55,729,571</u>
Year ended 30 June 2008			
Opening net book amounts	52,838,167	2,891,404	55,729,571
Additions	-	933,718	933,718
Amortisation	(3,144,960)	-	(3,144,960)
Closing net book amounts	<u>49,693,207</u>	<u>3,825,122</u>	<u>53,518,329</u>
At 30 June 2008			
Cost	55,983,130	3,825,122	59,808,252
Accumulated amortisation	(6,289,923)	-	(6,289,923)
Net book amount	<u>49,693,207</u>	<u>3,825,122</u>	<u>53,518,329</u>
Year ended 30 June 2009			
Opening net book amounts	49,693,207	3,825,122	53,518,329
Additions	-	2,821,614	2,821,614
Amortisation	(3,144,960)	-	(3,144,960)
Closing net book amounts	<u>46,548,247</u>	<u>6,646,736</u>	<u>53,194,983</u>
At 30 June 2009			
Cost	55,983,130	6,646,736	62,629,866
Accumulated amortisation	(9,434,883)	-	(9,434,883)
Net book amount	<u>46,548,247</u>	<u>6,646,736</u>	<u>53,194,983</u>

The Detailed Design costs of \$6,646,736 (2008 \$3,825,122) represents the amount paid by the Group in respect of the BCB Plant Module Design.

Note 14. Current liabilities – Trade and other payables

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Trade creditors	4,468,999	3,833,644	2,505,450	1,139,029
Loans from subsidiaries (a)	-	-	517,062	492,881
Loans from shareholders – Black River	10,146,994	-	-	-
Other creditors - KSC	11,825,867	-	-	-
Other creditors	2,703,030	5,045,629	2,175,150	615,329
Government grant deferred income - current	434,903	-	-	-
	<u>29,579,793</u>	<u>8,879,273</u>	<u>5,197,662</u>	<u>2,247,239</u>

In accordance with “*The Principals of Consolidation*” as outlined in Note 1(b), total current liabilities of \$29,579,793 includes 100% of the external liabilities of PT Kaltim Supacoal (KSC), the Company’s 51% owned Indonesian subsidiary.

(a) There are no fixed repayment terms attached to the loan and no interest is payable.

(b) Risk exposure – Information about the Group’s and the parent entity’s exposure to foreign exchange risk is provided in note 2.

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Note 15. Current liabilities – Borrowings

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Interest accrued on borrowings	752,019	742,654	752,019	742,655
	752,019	742,654	752,019	742,655

Interest accrued on convertible notes issued October 2007.

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 2.

Note 16. Non-current liabilities – Other payables

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Loan from Shareholders – Bayan Resources	47,877,877	16,663,796	-	-
Deferred income – Commercial Ready Grant	3,805,408	3,500,000	-	-
	51,683,285	20,163,796	-	-

100% of funding contributed by Bayan Resources into PT Kaltim Supacoal (KSC) is shown as a non-current liability.

Note 17. Non-current liabilities – Borrowings

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
BHP convertible note facility	11,215,184	2,733,579	11,215,184	2,733,579
Interest accrued - BHP convertible note facility	1,401,543	360,588	1,401,543	360,588
Convertible notes – Issued October 2007	45,000,000	45,000,000	45,000,000	45,000,000
Cost of convertible notes issue	(925,000)	(925,000)	(925,000)	(925,000)
Accrued amortisation	526,736	218,403	526,736	218,403
	57,218,463	47,387,570	57,218,463	47,387,570

In August 2009 White Energy renegotiated the terms of the BHP Billiton finance facility, whereby the outstanding convertible notes and accrued interest were restructured into a commercial loan repayable over the next two financial years. As part of this arrangement, White Energy agreed to an early release from escrow of the 3,193,381 shares that BHP owns in the Company.

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Note 18. Contributed equity

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Share capital				
Paid up capital ordinary shares each fully paid	131,931,145	88,921,191	131,931,145	88,921,191
(b) Other equity securities				
Value of conversion rights – convertible notes	-	8,209,734	-	8,209,734
Total Contributed Equity	131,931,145	97,130,925	131,931,145	97,130,925

(c) Movements in ordinary share capital

Date	Details	Notes	Number of shares	Number of options	\$
30 June 2007	Balance		123,632,586		84,611,297
1 Aug 2007	Exercise of 25 cent options expiring 30 Nov 2008	(d)	44,050		11,013
1 Aug 2007	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	3,632		5,062
13 Aug 2007	Exercise of 25 cent options expiring 30 Nov 2008	(d)	10,800		2,700
13 Aug 2007	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	22,495		31,493
17 Aug 2007	Exercise of 25 cent options expiring 30 Nov 2008	(d)	5,000		1,250
17 Aug 2007	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	2,632		3,685
30 Aug 2007	Exercise of 25 cent options expiring 30 Nov 2008	(d)	15,200		3,800
11 Sep 2007	Exercise of 25 cent options expiring 30 Nov 2008	(d)	3,500		875
24 Sep 2007	Exercise of 25 cent options expiring 30 Nov 2008	(d)	250,000		62,500
3 Oct 2007	Exercise of 25 cent options expiring 30 Nov 2008	(d)	442,500		110,625
3 Oct 2007	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	3,632		5,085
18 Oct 2007	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	22,495		31,493
1 Nov 2007	Exercise of \$1.20 options expiring 30 Aug 2010	(d)	130,000		258,860
1 Nov 2007	Exercise of 25 cent options expiring 30 Nov 2008	(d)	380,000		95,000
13 Nov 2007	Exercise of 25 cent options expiring 30 Nov 2008	(d)	30,000		7,500
28 Nov 2007	Exercise of 25 cent options expiring 30 Nov 2008	(d)	100,000		25,000
5 Dec 2007	Exercise of 25 cent options expiring 30 Nov 2008	(d)	217,500		54,375
5 Dec 2007	Issue options for nil consideration	(e)	-	2,800,000	-
17 Dec 2007	Exercise of \$1.20 options expiring 30 Aug 2010	(d)	460,000		915,964
21 Jan 2008	Issue options for nil consideration	(e)	-	1,250,000	-
23 Jan 2008	Exercise of 25 cent options expiring 30 Nov 2008	(d)	1,150,000		287,500
6 Feb 2008	Exercise of 25 cent options expiring 30 Nov 2008	(d)	700		175
5 Mar 2008	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	17,000		23,800
14 Mar 2008	Exercise of 40 cent options expiring 30 Nov 2008	(d)	1,000,000		400,000
18 Mar 2008	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	28,911		40,475
15 Apr 2008	Exercise of 25 cent options expiring 30 Nov 2008	(d)	62,500		15,625
2 May 2008	Issue options for nil consideration	(e)	-	400,000	-
2 May 2008	Issue options for nil consideration	(e)	-	2,911,000	-
28 May 2008	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	19,863		27,808
28 May 2008	Exercise of 25 cent options expiring 30 Nov 2008	(d)	20,000		5,000
2 Jun 2008	Exercise of 25 cent options expiring 30 Nov 2008	(d)	95,000		23,750
26 Jun 2008	Exercise of 25 cent options expiring 30 Nov 2008	(d)	20,000		5,000
26 Jun 2008	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	10,396		14,555
	Reclass of exercised options				2,723,551
	Less: Transaction costs arising on share issues				(883,625)
30 June 2008	Balance		<u>128,200,392</u>		<u>88,921,191</u>

Note 18. Contributed equity (continued)

Date	Details	Notes	Number of shares	Number of options	\$
07 Jul 2008	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	7,896		11,055
14 Jul 2008	Exercise of 25 cents options expiring 30 Nov 2008	(d)	255,000		63,750
14 Jul 2008	Exercise of \$1.40 options expiring 30 Aug 2008	(d)	5,264		7,370
08 Aug 2008	Exercise of 25 cents options expiring 30 Nov 2008	(d)	14,900		3,725
08 Aug 2008	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	2,632		3,685
01 Oct 2008	Exercise of 25 cents options expiring 30 Nov 2008	(d)	1,520,000		380,000
01 Oct 2008	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	2,632		3,685
01 Oct 2008	Exercise of \$1.20 options expiring 30 Aug 2010	(d)	130,000		258,856
01 Oct 2008	Exercise of BHP options at \$2.81 cents	(g)	3,193,381		8,959,503
07 Oct 2008	Issue options for nil consideration	(e)	-	2,000,000	-
22 Oct 2008	Exercise of \$1.20 options expiring 30 Aug 2010	(d)	340,000		677,024
31 Oct 2008	Exercise of 25 cents options expiring 30 Nov 2008	(d)	15,000		3,750
17 Nov 2008	Exercise of 25 cents options expiring 30 Nov 2008	(d)	250,000		62,500
17 Nov 2008	Exercise of 25 cents options expiring 30 Nov 2008	(d)	1,500,000		449,993
17 Nov 2008	Exercise of \$1.20 options expiring 30 Aug 2010	(d)	100,000		199,120
24 Nov 2008	Exercise of 25 cents options expiring 30 Nov 2008		1,851,400		462,850
05 Dec 2008	Exercise of 25 cents options expiring 30 Nov 2008	(d)	7,968,500		2,112,125
05 Dec 2008	Exercise of 25 cents options expiring 30 Nov 2008	(d)	4,500,000		1,125,000
05 Dec 2008	Exercise of 25 cents options expiring 30 Nov 2008	(d)	4,000,000		-
05 Dec 2008	Lapsing of options for nil consideration	(e)	-	(1,170,000)	-
02 Apr 2009	Issue options for nil consideration	(e)	-	2,850,000	-
29 May 2009	Exercise of \$1.40 options expiring 30 Aug 2009	(d)	5,264		7,370
01 Jun 2009	Placement	(f)	21,075,000		31,612,500
	Less: Transaction costs arising on share issues				(3,393,907)
					-
30 June 2009	Balance		<u>174,937,261</u>		<u>131,931,145</u>

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Subject to any rights or restrictions for the time being attached to any class of shares, at a meeting of shareholders each shareholder is entitled to vote, may vote in person, or by proxy or attorney or, being a corporation, by representative duly authorised under the *Corporations Act 2001*, and has one vote on a show of hands and one vote per fully paid share on a poll.

(e) Options

2,000,000 unlisted options exercisable at \$3.65, expiring on 7 October 2013 were issued on 7 October 2008 to brokers for services, and have been accounted for as a cost of capital (Note: 30) at 30 June 2009.

Pursuant to the approval of shareholders at the Annual General Meeting on 28 June 2006, 2,850,000 options were issued to directors on 2 April 2009 pursuant to Service Agreements. The options are exercisable at \$3.50 per option, expiring 30 November 2011. The options vest in equal portions upon the weighted average share price exceeding for a period of 30 days

(a) \$3.456 between 30/11/07 & 29/11/08

(b) \$3.600 between 30/11/08 & 29/11/09

(c) \$3.744 between 30/11/09 & 29/11/10

The options have been accounted for in the Share Based Payments Reserve at 30 June 2009.

(f) Issue of shares

On 1 June 2009, 21,075,000 shares were issued to Sophisticated Investors under Listing Rule 7.1, at \$1.50 per share raising a total of \$31,612,500.

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Note 18. Contributed equity (continued)

(g) Convertible notes

On 30 September 2008, the BHP Billiton convertible notes of US\$7.5 million were converted to ordinary shares of the parent entity.

(h) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to maintain a low cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, return capital to shareholders or issue new shares.

The Group is currently managing capital by obtaining funding through equity issues.

Note 19. Reserves and accumulated losses

Reserves

	Consolidated		Parent	
	2009	2008	2009	2008
<i>Reserves</i>	\$	\$	\$	\$
Share Based Payment Reserve	9,010,123	5,021,026	9,010,123	5,021,026
Foreign Exchange Reserves	(2,119,540)	(2,154,717)	-	-
	6,890,583	2,866,309	9,010,123	5,021,026

(a) Share based payments reserve

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
<i>Share based payments reserve</i>				
Balance 1 July	5,021,026	4,495,931	5,021,026	4,495,931
Options expense	4,635,097	3,715,469	4,635,097	3,715,469
Options exercised	(646,000)	(3,190,374)	(646,000)	(3,190,374)
Balance 30 June	9,010,123	5,021,026	9,010,123	5,021,026

(b) Foreign exchange reserve

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
<i>Foreign exchange reserve</i>				
Balance 1 July	(2,154,717)	(55,289)	-	-
Currency translation difference	35,177	(2,099,428)	-	-
Balance 30 June	(2,119,540)	(2,154,717)	-	-

(c) Accumulated losses

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Accumulated losses at the beginning of the financial year	(26,962,701)	(12,150,611)	(16,204,533)	(7,545,473)
Loss attributable to members of White Energy Company Limited	(26,739,145)	(14,812,090)	(17,526,966)	(8,659,060)
Accumulated losses at the end of the financial year	(53,701,846)	(26,962,701)	(33,731,499)	(16,204,533)

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Note 19. Reserves and accumulated losses (continued)

(d) Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the investment is disposed of.

Note 20. Minority interest

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Interest in:				
Share capital	781,547	781,498	-	-
Reserves	(2,052,710)	(2,186,457)	-	-
Accumulated losses	(1,514,924)	(634,010)	-	-
	<u>(2,786,087)</u>	<u>(2,038,969)</u>	<u>-</u>	<u>-</u>

Note 21. Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	2,812,060	1,422,785	1,380,918	1,422,785
Post-employment benefits	113,815	68,365	113,815	68,365
Share-based payments	1,484,490	2,856,011	777,590	2,856,011
Total	<u>4,410,365</u>	<u>4,347,161</u>	<u>2,272,323</u>	<u>4,347,161</u>

Detailed remuneration disclosures are provided in sections A-E of the remuneration report on pages 6 to 10.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on page 10.

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Note 21. Key management personnel disclosures (continued)

Option holdings

The numbers of options over shares in the Company held during the financial year by each director of White Energy Company Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below.

2009					
Name	Balance at the start of the year	Granted during the year as remuneration	Exercised	Balance at the end of the year	Vested and Exercisable at the end of the year
<i>Non-executive directors of White Energy Company Limited</i>					
J.V. McGuigan	3,950,000	-	(1,550,000)	2,400,000	1,600,000
I.T. Khan (1)	2,300,000	-	(1,500,000)	800,000	533,333
<i>Managing director/Executive director of the consolidated entity</i>					
J.C. Atkinson	3,930,000	-	(1,530,000)	2,400,000	1,600,000
T W Duncan	2,400,000	-	-	2,400,000	1,600,000
<i>Other key management personnel of the Group</i>					
I Maras	190,000	1,100,000	(40,000)	1,250,000	416,667
N D Whittaker	-	-	-	-	-
J Tanselle	-	1,000,000	-	1,000,000	333,333
D J Hitchings	500,000	-	(100,000)	400,000	400,000
(1) Mr IT Khan is a director and minority shareholder in Techpacific.com Investments Ltd which holds 1,250,000 options exercisable at \$2.50, expiring on 12 October 2010					

2008					
Name	Balance at the start of the year	Granted during the year as remuneration	Exercised	Balance at the end of the year	Vested and Exercisable at the end of the year
<i>Non-executive directors of White Energy Company Limited</i>					
J.V. McGuigan	2,750,000	1,200,000	-	3,950,000	2,350,000
I.T. Khan	1,900,000	400,000	-	2,300,000	1,766,667
<i>Managing director / Executive director of the consolidated entity</i>					
J.C. Atkinson	2,730,000	1,200,000	-	3,930,000	2,330,000
T.W. Duncan	1,200,000	1,200,000	-	2,400,000	800,000
<i>Other key management personnel of the Group</i>					
I. Maras	80,000	150,000	(40,000)	190,000	40,000

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Note 21. Key management personnel disclosures (continued)

Share holdings

The numbers of shares in the Company held during the financial year by each director of White Energy Company Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2009 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
<i>Non-executive directors of White Energy Company Limited</i>				
J.V. McGuigan (1)	3,730,280	1,550,000	(62,443)	5,217,837
I.T. Khan (2)	-	1,500,000	(1,500,000)	-
<i>Managing director / Executive director of the consolidated entity</i>				
J.C. Atkinson (1)	3,695,144	1,530,000	(641)	5,224,503
T W Duncan	13,600,449	-	9,999	13,610,448
<i>Other key management personnel of the Group</i>				
I Maras	40,000	40,000	(15,000)	65,000
N D Whittaker	-	-	-	-
J Tanselle	-	-	-	-
D J Hitchings	-	100,000	(100,000)	-
(1) Mr J.V. McGuigan and Mr J.C. Atkinson held shares jointly in 2008. During 2009, they reorganised their holding such that shares were transferred into individual names, resulting in movements between the parties and a reduction in shares on an individual basis. However, it is noted that neither individual sold shares to external parties during this restructuring process.				
(2) Mr I.T Khan is a director and minority shareholder in Techpacific.Com Investments Limited which holds 1,069,824 shares.				

2008 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
<i>Non-executive directors of White Energy Company Limited</i>				
J.V. McGuigan	3,730,280	-	-	3,730,280
I.T. Khan (1)	-	-	-	-
<i>Managing director / Executive director of the consolidated entity</i>				
J.C. Atkinson	3,695,144	-	-	3,695,144
T.W. Duncan	14,298,143	-	(697,694)	13,600,449

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Note 21. Key management personnel disclosures (continued)

2008 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
<i>Other key management personnel of the group</i>				
I. Maras	40,000	40,000	(40,000)	40,000
(1) Mr IT Khan is a director and minority shareholder in Techpacific.Com Digital Limited which holds 523,528 shares and in Crosby Investment Holdings Limited which holds 2,136,296 shares.				

(c) Loans to key management personnel

No loans were made to any key management personnel during the year.

(d) Other transactions with key management personnel

Hunter Bay Partners Pty Ltd, a director related entity, and Hunter Bay Services Pty Limited related entities of Mr McGuigan and Mr Atkinson, were paid \$81,687 (2008: \$276,013) for the provision of office accommodation, parking and the use of certain office-related facilities and services on normal commercial terms and conditions.

Ventnor Capital, a director related entity of Richard Monti (a director of Amerod Exploration Limited), was paid \$35,972 (2008: \$42,758) for the provision of mining exploration consultancy services on normal commercial terms and conditions.

Arthur Phillip, a director related entity of Richard Poole (a director of Amerod Exploration Limited) was paid \$225,900 (2008: Nil) for the provision of corporate advisory services on normal commercial terms and conditions.

UCC Energy Pty Ltd and Felix Resources Ltd, related entities of Mr Duncan were paid \$78,390 (2008: Nil) for the provision of plant operation services on normal commercial terms and conditions.

During the current financial year, employee benefits of \$152,600 (2008: \$120,000) were paid to A. Duncan, a director related employee.

Aggregate amounts of each of the above types of other transactions with key management personnel of White Energy Company Limited:

	2009 \$	2008 \$
Amounts recognised as expense		
Occupancy costs	81,687	276,013
Consulting services	261,872	42,758
Plant operations services	78,390	-
Employee benefit expense	152,600	120,000
	<u>574,549</u>	<u>438,771</u>

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Note 22. Remuneration of auditors

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
During the year the following services were paid to the auditor of the parent entity and its related practices:				
Fees paid to PricewaterhouseCoopers – Australia				
Audit and review of financial reports	178,963	111,725	173,963	107,225
Tax advice on acquisitions, group reorganisation, losses review and tax compliance	67,925	75,745	67,925	75,745
	246,888	187,470	241,888	182,970

The parent entity bears the cost of the audit for all companies within the group. It is the consolidated entity's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the consolidated entity are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the consolidated entity's policy to seek competitive tenders for all major consulting projects.

Note 23. Commitments

In order to maintain an interest in the mining and exploration tenements in which the consolidated entity is involved, the consolidated entity is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the consolidated entity are subject to the minimum expenditure commitments required by the relevant state department of Minerals and Energy, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

(a) Exploration Work

The Company has certain obligations to perform minimum exploration work and expend minimum amounts of money on its mining tenements. Obligations for the next 12 months are expected to amount to \$212,500 (2008: \$322,000). No estimate has been given of expenditure commitments beyond 12 months as this is dependent on the directors' ongoing assessment of operations and, in certain instances, Native Title negotiations.

In June 1992 the High Court of Australia held in the Mabo case that the common law of Australia recognises a form of native title. The full impact that the Mabo decision may have on tenements held by the Company is not yet known. The Company is aware of native title claims that have been lodged with the National Native Title Tribunal ("the Tribunal") over several areas in Western Australia in which the Company holds interests. The native title claims have been accepted by the Tribunal for determination under section 63(1) of the Native Title Act 1993 (Commonwealth).

(b) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Property, plant and equipment				
Payable:				
Within one year	-	4,201,161	-	4,201,161
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	4,201,161	-	4,201,161

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Note 23. Commitments (continued)

(c) Operating leases

Commitments in relation to operating leases not provided for in the financial report and payable are as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Payable:				
Within one year	325,004	528,108	195,450	528,108
Later than one year but not later than five years	301,145	713,907	166,415	713,907
Later than five years	-	-	-	-
	626,149	1,242,015	361,865	1,242,015

Note 24. Related party transactions

Directors and key management personnel

a) Disclosures relating to directors and key management personnel are set out in Note 21.

b) Loans to/from related parties

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Loans to:				
<i>Subsidiaries</i>				
Beginning of the year	-	-	42,336,914	11,237,274
Advances	-	-	35,691,338	31,099,640
End of the year	-	-	78,028,252	42,336,914
Loans from:				
<i>Subsidiaries</i>				
Beginning of the year	-	-	492,881	497,279
Advances	-	-	24,181	(4,398)
End of the year	-	-	517,062	492,881

c) Terms and conditions

Loans to and from subsidiaries are interest free and at call.

d) Ownership interests in related parties

Interests held in controlled entities is set out in Note 25.

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Note 25. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Name of entity	Country of incorporation	Class of share	Equity Holding		Cost of parent entity's investment	
			2009 %	2008 %	2009 \$	2008 \$
Spike Services Pty Ltd	Australia	Ordinary	100	100	450,000	450,000
Spike Licenses, Inc.	United States	Ordinary	100	100	155	155
Amerod Exploration Ltd	Australia	Ordinary	100	100	1,931,817	1,931,817
Amerod Holdings Pty Ltd	Australia	Ordinary	100	100	-	-
White Energy Technology Limited	Australia	Ordinary	100	100	55,278,571	55,278,571
Binderless Coal Briquetting Company Pty Ltd	Australia	Ordinary	100	100	-	-
Coking BCB Pty Ltd	Australia	Ordinary	100	100	-	-
BCBC Pty Ltd	Australia	Ordinary	100	100	-	-
White Investments North America Pty Ltd	Australia	Ordinary	100	100	-	-
White Manufacturing Pty Ltd	Australia	Ordinary	100	100	-	-
Amerod Resources Pty Ltd	Australia	Ordinary	100	100	-	-
White Energy Coal North American Inc	United States	Ordinary	100	100	-	-
White Energy China Ltd	Hong Kong	Ordinary	100	-	-	-
BCBC Singapore Pte Ltd	Singapore	Ordinary	100	100	-	-
PT Kaltim Supacoal Singapore Pte. Ltd	Singapore	Ordinary	51	51	-	-
PT Kaltim Supacoal	Indonesia	Ordinary	51	51	-	-
River Energy JV Company	South Africa	Ordinary	51	-	-	-
Shares in controlled entities – at cost					57,660,543	57,660,543
Less: provision for write down to recoverable amount					(1,279,033)	(155)
Shares in controlled entities – at recoverable amount					56,381,510	57,660,388

WHITE ENERGY COMPANY LIMITED

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Note 26. Deed of cross guarantee

White Energy Company Limited, White Energy Technology Limited and its subsidiaries Binderless Coal Briquetting Company Pty Ltd and Coking BCB Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated income statement and a summary of movements in consolidated accumulated losses

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by White Energy Company Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated income statement and a summary of movements in consolidated accumulated losses for the year ended 30 June 2009 of the Closed Group consisting of White Energy Company Limited, White Energy Technology Limited and its subsidiaries Binderless Coal Briquetting Company Pty Ltd and Coking BCB Pty Ltd.

	2009	2008
	\$	\$
Income statement		
Revenue from continuing operations		
Other income	2,960,029	3,635,004
Accounting & audit	(233,799)	(231,710)
Employee benefits expense	(7,585,194)	(5,530,071)
Depreciation and amortisation expense	(3,858,605)	(3,418,649)
Finance costs	(4,327,753)	(2,880,871)
External advisory fees	(4,447,100)	(3,493,656)
Travel	(761,800)	(864,543)
Occupancy	(927,683)	(582,581)
Loss - feasibility	(193,830)	-
Loss investment	(1,278,878)	-
Other expenses	(1,304,519)	(418,196)
Loss before income tax	(21,959,132)	(13,785,273)
Income tax expense	-	-
Loss for the year	(21,959,132)	(13,785,273)

(b) Summary of movements in consolidated accumulated losses

	2009	2008
	\$	\$
Summary of movements in consolidated accumulated losses		
Accumulated losses at the beginning of the financial year	(25,607,561)	(11,822,288)
Loss for the year	(21,959,132)	(13,785,273)
Accumulated losses at the end of the financial year	(47,566,693)	(25,607,561)

WHITE ENERGY COMPANY LIMITED

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Note 26. Deed of cross guarantee (continued)

(c) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2009 of the Closed Group consisting of White Energy Company Limited, White Energy Technology Limited and its subsidiaries Binderless Coal Briquetting Company Pty Ltd and Coking BCB Pty Ltd.

	2009	2008
	\$	\$
Current assets		
Cash and cash equivalents	25,578,670	33,831,096
Trade and other receivables	69,716,267	28,884,199
Total current assets	<u>95,294,937</u>	<u>62,715,295</u>
Non-current assets		
Other financial assets	1,105,498	2,382,910
Property, plant and equipment	22,209,685	13,598,188
Intangible assets	53,194,980	53,518,329
Total non-current assets	<u>76,510,163</u>	<u>69,499,427</u>
Total assets	<u>171,805,100</u>	<u>132,214,722</u>
Current liabilities		
Payables	7,410,781	8,070,917
Related party borrowings	482,286	482,286
Borrowings	752,019	-
Total current liabilities	<u>8,645,086</u>	<u>8,553,203</u>
Non-current liabilities		
Borrowings	69,785,439	47,387,570
Total liabilities	<u>78,430,525</u>	<u>55,940,773</u>
Net assets	<u>93,374,575</u>	<u>76,273,949</u>
Equity		
Contributed equity	131,931,145	96,860,484
Reserves	9,010,123	5,021,026
Accumulated losses	(47,566,693)	(25,607,561)
Total equity	<u>93,374,575</u>	<u>76,273,949</u>

WHITE ENERGY COMPANY LIMITED

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Note 27. Events occurring after the balance sheet date

In July 2009, the Company announced that it has reached agreement with Asia Special Situation Acquisition Corp. (ASSAC) to amend the terms of the previously announced transaction (March 2009) on a significantly more favourable basis to White Energy and its shareholders. The proposed merger will now take place via a Scheme of Arrangement, with the transaction expected to be voted upon by White Energy and ASSAC shareholders in October and November 2009 respectively. If consummated, the transaction will provide White Energy with access to a minimum US\$100 million in additional capital, which will be used to fast-track the Company's business development initiatives worldwide.

During July 2009, following Shareholder Approval at an Extraordinary General Meeting, the Company placed 15.592 million shares which represented tranche two of the capital raising conducted in May 2009. In addition, a further 1.748 million shares were placed as a result of the Share Purchase Plan Offer established by the Directors. These initiatives resulted in \$26 million in cash proceeds after balance date.

No other matter or circumstance has arisen since 1 July 2009 that has significantly affected, or may significantly affect:

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years.

Note 28. Reconciliation of (loss) after income tax to net cash outflow from operating activities

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Operating (loss) after income tax	(27,620,059)	(15,015,020)	(17,526,966)	(8,388,619)
Depreciation, amortisation and write off of tenement expenditure	5,941,146	3,594,665	1,720,796	273,568
Share based payments expense	4,635,097	2,831,844	4,635,097	2,831,844
Foreign currency differences	(1,648,666)	(319,839)	932,453	(430,897)
Other non-cash items	-	(21,661)	-	37,186
Change in operating assets and liabilities, net of effects from purchase of controlled entity				
(Increase)/ decrease in prepayments	(7,008,394)	(3,633,707)	(1,794,203)	(140,152)
(Increase)/ decrease in other receivables	(1,047,189)	1,872,200	(1,303,886)	(966,154)
Increase / (decrease) in payables	8,819,489	2,697,661	(475,201)	855,606
Net cash (outflow) from operating activities	(17,928,576)	(7,993,857)	(13,811,910)	(5,927,618)

Note 29. Earnings per share

	Consolidated	
	2009	2008
	Cents	Cents
Basic and diluted earnings per share	(18.4)	(11.8)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	145,718,284	125,888,504

As there are no amounts unpaid on ordinary shares or any reduction arising from the exercise of options outstanding during the financial year, no adjustment is necessary in the determination of diluted earnings per share.

Note 30. Share based payments

		Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
Incentive option plan expense	(a)	81,621	984,558	81,621	984,558
Directors benefit expense	(b)	46,196	473,507	46,196	473,507
Incentive option plan expense	(c)	-	316,490	-	316,490
Incentive option plan expense	(d)	1,212,959	326,880	1,212,959	326,880
Directors benefit expense	(e)	832,253	730,409	832,253	730,409
Broker Fee expense	(f)	1,542,400	-	1,542,400	-
Incentive option plan expense	(g)	1,079,500	-	1,079,500	-
Lapsed option writeback	(h)	(159,832)	-	(159,832)	-
Total share based payment expense		4,635,097	2,831,844	4,635,097	2,831,844

Fair value of options granted

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

- (a) Pursuant to the approval of shareholders at the Extraordinary General Meeting on 28 June 2006, 2,940,000 options were issued to employees and consultants on 29 January 2007 pursuant to the Incentive Option Plan. The Options vest in equal portions immediately on issue, on 31 August 2007 and 31 August 2008. The options are exercisable at \$1.20 per option. Options at grant date have a fair value of \$0.791. Interest free rate used in the calculation of fair value was 6.0%, no expected dividend yield and with volatility of 42.3%. Options expire on 30 August 2010. 570,000 options were exercised at 22 February 2007, 130,000 options were exercised at 1 November 2007, 460,000 options were exercised at 17 December 2007, 130,000 options were exercised at 1 October 2008, 340,000 options were exercised at 22 October 2008 and 100,000 options were exercised at 17 November 2008.
- (b) Pursuant to the approval of shareholders at the Annual General Meeting on 27 November 2006, 2,800,000 options were issued to directors on 22 December 2006 pursuant to Service Agreements. The Options vest in equal portions immediately on issue, on 31 August 2007 and 31 August 2008. The options are exercisable at \$1.20 per option. Options at grant date have a fair value of \$0.495. Interest free rate used in the calculation of fair value was 6.0%, no expected dividend yield and with volatility of 38.3%. Options expire on 30 August 2010. No options have been exercised at 30 June 2009.
- (c) Pursuant to the approval of shareholders at an Extraordinary General Meeting on 28 June 2006, 400,000 options were issued to employees and consultants pursuant to the Incentive Option Plan. The Options vest 31 August 2008. The options are exercisable at \$1.20 per option. Options at grant date have a fair value of \$0.791. Interest free rate used in the calculation of fair value was 6.0%, no expected dividend yield and with volatility of 42.3%. Options expire on 30 August 2010. No options have been exercised at 30 June 2009.
- (d) Pursuant to the approval of shareholders at an Extraordinary General Meeting on 28 June 2006, 2,911,000 options were issued to employees and consultants pursuant to the Incentive Option Plan. The options vest in equal portions upon the weighted average share price exceeding for a period of 30 days:
- \$3.456 between 30 November 2007 and 29 November 2008;
 - \$3.600 between 30 November 2008 and 29 November 2009; and
 - \$3.744 between 30 November 2009 and 29 November 2010.

The options are exercisable at \$3.50 per option. Options at grant date have a fair value of \$0.7712, \$0.7230 and \$0.6266 for each portion respectively. Interest free rate used in the calculation of fair value was 6.25%, no expected dividend yield and with volatility of 40%. Options expire on 30 November 2011. No options have been exercised at 30 June 2009.

Note 30. Share based payments (continued)

(e) Pursuant to the approval of shareholders at the Annual General Meeting on 30 November 2007, 2,800,000 options were issued to directors on 5 December 2007 pursuant to Service Agreements. The options vest in equal portions upon the weighted average share price exceeding for a period of 30 days

(a) \$3.456 between 30 November 2007 and 29 November 2008;

(b) \$3.600 between 30 November 2008 and 29 November 2009; and

(c) \$3.744 between 30 November 2009 and 29 November 2010.

The options are exercisable at \$3.50 per option. Options at grant date have a fair value of \$0.7712, \$0.7230 and \$0.6266 for each portion respectively. Interest free rate used in the calculation of fair value was 6.25%, no expected dividend yield and with volatility of 40%. Options expire on 30 November 2011. No options have been exercised at 30 June 2008.

(f) 2,000,000 unlisted options exercisable at \$3.65, expiring on 7 October 2013 were issued on 7 October 2008 to brokers for services, and have been accounted for as a cost of capital (Note 30) at 30 June 2009.

(g) Pursuant to the approval of shareholders at the Annual General Meeting on 28 June 2006, 2,850,000 options were issued to directors on 2 April 2009 pursuant to Service Agreements. The options are exercisable at \$3.50 per option, expiring 30 November 2011. The options vest in equal portions upon the weighted average share price exceeding for a period of 30 days

(a) \$3.456 between 30/11/07 & 29/11/08

(b) \$3.600 between 30/11/08 & 29/11/09

(c) \$3.744 between 30/11/09 & 29/11/10

(h) Write-back of expense previously recorded for options lapsed due to employee resignation/termination.

WHITE ENERGY COMPANY LIMITED

ABN 62 071 527 083

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 61 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 26.

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.



John Atkinson
Managing Director

Sydney
30th September, 2009

Independent auditor's report to the members of White Energy Company Limited

Report on the financial report

We have audited the accompanying financial report of White Energy Company Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both White Energy Company Limited and the White Energy Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Independent auditor's report to the members of White Energy Company Limited (continued)

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of White Energy Company Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

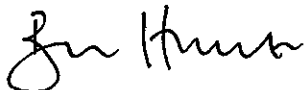
We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of White Energy Company Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



BK Hunter
Partner

30 September 2009

WHITE ENERGY COMPANY LIMITED

ABN 62 071 527 083

Shareholder information

The shareholder information set out below was applicable as at 25 August 2009.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Ordinary shares	Options (1)	Options (2)	Options (3)	Options (4)	Options (5)
1	– 1,000	1,746	-	-	-	-	-
1,001	– 5,000	754	51	-	-	-	-
5,001	– 10,000	293	-	-	1	-	-
10,001	– 100,000	363	1	-	-	-	-
100,001	& over	68	-	3	1	1	3
		3,224	52	3	2	1	3

		Options (6)	Options (7)	Options (8)
1	– 1,000	-	-	-
1,001	– 5,000	1	-	-
5,001	– 10,000	2	-	-
10,001	– 100,000	14	-	-
100,001	& over	4	1	1
		21	1	1

Expiry date	Issue price of Shares	Number under option
(1) 30 August 2009	\$1.40	154,013
(2) 30 August 2010	\$1.20	2,800,000
(3) 30 August 2010	\$1.20	1,210,000
(4) 12 October 2010	\$2.50	1,250,000
(5) 30 November 2011	\$3.50	2,800,000
(6) 30 November 2011	\$3.50	5,761,000
(7) 30 November 2011	\$1.20	350,000
(8) 7 October 2013	\$3.65	2,000,000

There were 1,118 holders of less than a marketable parcel of ordinary shares.

WHITE ENERGY COMPANY LIMITED

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Shareholder information (continued)

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary Shares	
	Number held	Percentage of issued shares
HSBC Custody Nominees (Australia) Limited	49,804,087	25.9%
Citicorp Nominees Pty Limited	18,142,217	9.4%
National Nominees Limited	17,322,544	9.0%
Gaffwick Pty Ltd	13,117,619	6.8%
Ganra Pty Ltd	13,114,286	6.8%
Bimosa Pty Ltd	6,482,234	3.4%
Mrs Amanda Poole	4,101,507	2.1%
Riverbend Investments Pty Ltd	4,070,947	2.1%
Redmond Holdings Pty Ltd	4,002,431	2.1%
Langley Investments Pty Ltd	3,613,514	1.9%
ANZ Nominees Limited-Cash income a/c	3,578,118	1.9%
Clark Services Australia Pty Ltd	3,535,714	1.8%
Billiton Marketing Holdings BV	3,193,381	1.7%
Merrill Lynch (Australia) Nominees Pty Limited	2,940,416	1.5%
HSBC Custody Nominees (Australia) Limited – GSCO ECA	2,862,191	1.5%
HSBC Custody Nominees (Australia) Limited – A/C 2	2,474,689	1.3%
Sanjur Pty Limited	2,399,657	1.3%
Sanjur Pty Limited	2,170,490	1.1%
Cofent Nominees Pty Limited	1,808,171	1.0%
Credit Suisse Securities (Europe) Ltd<Collateral A/C>	1,800,000	0.9%
	160,534,213	83.5%

Unquoted equity security

	Options (1)	Options (2)	Options (3)	Options (4)	Options (5) *
Number on issue	154,013	2,800,000	1,210,000	1,250,000	2,800,000
Number of holders	52	3	2	1	3

Greater than 20% Holders

Techpacific.Com Investments Limited	-	-	-	1,250,000	-
JV McGuigan or nominee	-	1,200,000	-	-	1,200,000
JC Atkinson or nominee	-	1,200,000	-	-	1,200,000
Travers Duncan	-	-	1,200,000	-	-

	Options (6)	Options (7)	Options (8) *
Number on issue	5,761,000	350,000	2,000,000
Number of holders	21	1	1

Greater than 20% Holders

Lost Ark Nominees PL<No 66A/C>	-	-	2,000,000
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* details of holders of employee share options are exempted from disclosure under Chapter 4 of the Listing Rules.

WHITE ENERGY COMPANY LIMITED

ABN 62 071 527 083

Shareholder information (continued)

Expiry date	Issue price of Shares	Number under option
(1) 30 August 2009	\$1.40	154,013
(2) 30 August 2010	\$1.20	2,800,000
(3) 30 August 2010	\$1.20	1,210,000
(4) 12 October 2010	\$2.50	1,250,000
(5) 30 November 2011	\$3.50	2,800,000
(6) 30 November 2011	\$3.50	5,761,000
(7) 30 November 2011	\$1.20	350,000
(8) 7 October 2013	\$3.65	2,000,000

C. Substantial shareholders

Substantial shareholders in the Company are set out below:

Name	Number held	Percentage
HSBC Custody Nominees (Australia) Limited	49,804,087	25.9%
Citicorp Nominees Pty Limited	18,142,217	9.4%
National Nominees Limited	17,322,544	9.0%
Gaffwick Pty Ltd	13,117,619	6.8%
Ganra Pty Ltd	13,114,286	6.8%

D. Statement on use of funds in accordance with ASX Listing Rule 4.10.19

The Company's primary reason for raising funds under its prospectus dated 21 June 2006 was to complete the acquisition of White Energy Technology Limited and issue the options to the participants in the Share Purchase Plan. During the period from admission to 30 June 2009, the Company used the funds raised in accordance with this purpose and continues to do so.

E. Restricted Securities

At 30 June 2009, the Company has 7,193,381 ordinary shares held as voluntary restricted securities. The restriction on 3,193,381 of these securities ends on 2 September 2009 and 4,000,000 on 30 November 2009.

F. Voting rights

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary shares
Subject to any rights or restrictions for the time being attached to any class of shares, at a meeting of shareholders each shareholder entitled to vote may vote in person or by proxy or attorney or, being a corporation, by representative duly authorised under the Corporations Law, and has one vote on a show of hands and one vote per fully paid share on a poll.
- (b) Options
No voting rights.

WHITE ENERGY COMPANY LIMITED

ABN 62 071 527 083

Corporate directory

Directors

J.V. McGuigan

Chairman

J.C. Atkinson

Managing Director

I.T. Khan

Non-executive Director

T.W. Duncan

Executive Director

Company Secretary

David Franks

Principal registered office

Suite 206

The Bentleigh

1 Katherine Street

Chatswood NSW 2067

Share registry/Principal register

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street

Sydney NSW 2000

Telephone: 1300 850 505

Facsimile: (03) 9473 2500

Auditor

PricewaterhouseCoopers

Darling Park Tower 2

201 Sussex Street

Sydney NSW 2000

Solicitors

Baker & McKenzie

Level 27

AMP Centre

50 Bridge Street

Sydney NSW 2000

Bankers

Commonwealth Bank of Australia

48 Martin Place

Sydney NSW 2000

Stock exchange listing

White Energy Company Limited shares are listed on the Australian Stock Exchange.

Website address

www.whiteenergyco.com