



White Energy Company Limited

Appendix 5B Mining Exploration Entity Quarterly Report



Summary of Activity

A summary of major items of activity for White Energy Company Limited (“WEC”) during the quarter ended 30 September 2009 is outlined below.

1. COAL TECHNOLOGY OPERATIONS

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

Commissioning and Production Ramp-Up

During the last quarter, KSC personnel under the supervision and assistance of the White Energy commissioning team, completed the commissioning of the Tabang Production Plant. The 10 megawatt power station that has been built on site has also now been commissioned and integrated into the Tabang Production Plant. The next key phase of the project is to transition the plant from relying on oil as fuel for the drying process to coal-fired burning of the furnace. This process involves KSC using its own material as feedstock for the operation of the coal burner. At the same time as we are transitioning the fuel for the furnace from oil to coal, we are focused on gradually increasing production rates and refining the quality of the upgraded coal to ensure that it meets the necessary criteria for export.

In summary, the commissioning program has generally gone according to plan with the Upgrading Plant now in the final stages of tuning to ensure its optimisation. As regards any challenges during the commissioning phase, we have been pleased with the limited number of issues encountered and the relative minor nature of those issues. In fact, the only issues encountered worthy of note have been associated with the ancillary services that support the main process of upgrading and briquetting of the sub-bituminous coal. These issues primarily involve the optimisation of the pneumatic conveying system for the extraction of dust, crushed coal injection and the furnace fuel transfer line have required some minor on site modification work.

Despite these relatively minor issues, which have contributed to a 3 week delay on the original commissioning timetable, the Company remains very pleased with the overall progress to date and anticipates meeting its initial objective of achieving name-plate production capacity by the end of December 2009.

Marketing Activities

With KSC now in the phase of ramping up production capacity, KSC is now turning its focus to its coal sales and marketing activities and strategy. KSC is in active discussions with both Asian and United States based energy companies who are interested in securing the first shipments of the upgraded coal product – known as “KSC Supacoal”.

KSC Tabang Project Debt Financing

Standard Chartered Bank has been appointed as financial adviser to KSC for the establishment of a project financing facility to assist with the next phase of the expansion of KSC’s Tabang project to 5 million tonnes in annual capacity. Based on current information and proposed expansion plans, the final amount available under the facility is expected to be a minimum of US\$150

million. The facility is conditional on the successful completion of project due diligence by Standard Chartered Bank, including the satisfactory operation of the initial one million tonne per annum plant at Tabang. Financial close of the facility is being targeted for the end of the first quarter 2010. In addition, Standard Chartered Bank has agreed to provide KSC with an immediate interim US\$10 million working capital facility to assist with operating and production ramp up expenses that are associated with the first coal upgrading plant at Tabang.

Proposed Merger with Asia Special Situation Acquisition Corp.

As disclosed on 3 July 2009, White Energy is currently subject to a proposed merger with Asia Special Situation Acquisition Corp Inc (ASSAC (AMEX: CIO and CLOW)) that will be voted on by White Energy shareholders, and if approved consummated via Schemes of Arrangement (“the Proposed Transaction”).

On 18 August, 2009 it was announced to the market that White Energy and ASSAC had executed the definitive Merger Implementation Agreement (“MIA”). The MIA reflects the commercial terms that have been agreed by the parties and described in detail in the Company’s announcement dated 3 July 2009. The MIA details the terms and conditions on which both parties can now proceed to implement the merger, including the conditions precedent that are required to be satisfied prior the merger becoming effective.

On 16 October 2009 the Federal Court of Australia approved the issue of White Energy’s Scheme Booklet and ordered the convening of the White Energy security holder meetings to be held on 23 November 2009. Consequently, White Energy shareholders and option holders have now received a scheme booklet, which contains all necessary information for a shareholder to make an informed decision on the Proposed Transaction, including:

- reasons why White Energy security holders might vote for or against the Schemes of Arrangement;
- an Independent Experts Report prepared by Grant Thornton Corporate Finance;
- a taxation report prepared by PriceWaterhouse Coopers;
- a copy of the MIA, which sets out all of the conditions precedent that must be met;
- important information for White Energy security holders to consider in relation to the proposed Scheme; and
- a detailed transaction timetable.

Subject to the positive outcome of the vote by the White Energy shareholders, ASSAC will subsequently convene a meeting of its shareholders to vote on the Proposed Transaction. Thereafter, assuming a positive ASSAC shareholder vote, final Court sanctioning of the Scheme of Arrangement is required. In this regard it is anticipated that the second and final Court date will take place on 18 December 2009.

Other

North America

The Company continues to focus on permitting and associated activities that relate to the proposed BCB plant at the Buckskin mine in Wyoming and our joint development agreement

with Peabody Energy, Inc. The White Energy Australian based engineering and design team are progressing the “Americanisation” of the design with our US engineering consultants to ensure that the plant designs meet all building and construction standards and regulations that are in force in the United States. In addition our wholly owned North American subsidiary, White Energy Coal North America continues to be involved in active discussions regarding the potential off-take of upgraded product in the US market as well as raising the profile of the White Energy coal solution through various industry based initiatives.

Africa

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

Other

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

2. CAPITAL RAISING

As mentioned in our last Appendix 5B, on 21 May 2009 the Company announced that it had successfully completed a placement through Southern Cross Equities Limited of 36.667 million new ordinary shares at \$1.50 per share to raise \$55 million.

The placement was conducted in two tranches: 21.075 million shares were been placed in May 2009 pursuant to the Directors discretionary power of allotment, with the balance of 15.592 million shares being placed following shareholder approval obtained at an Extraordinary General Meeting on 3 July 2009.

In addition, a total of 578 shareholders participated in the Share Purchase Plan, raising a further of \$2,623,463. This resulted in the placement of an additional 1,748,975 shares at \$1.50 per share.

3. EXPLORATION OPERATIONS

White Energy has continued exploration at its 100% owned Bridgetown exploration project in Western Australia. Details of exploration undertaken in the September quarter are provided below:

BT020 Geochemical Targets

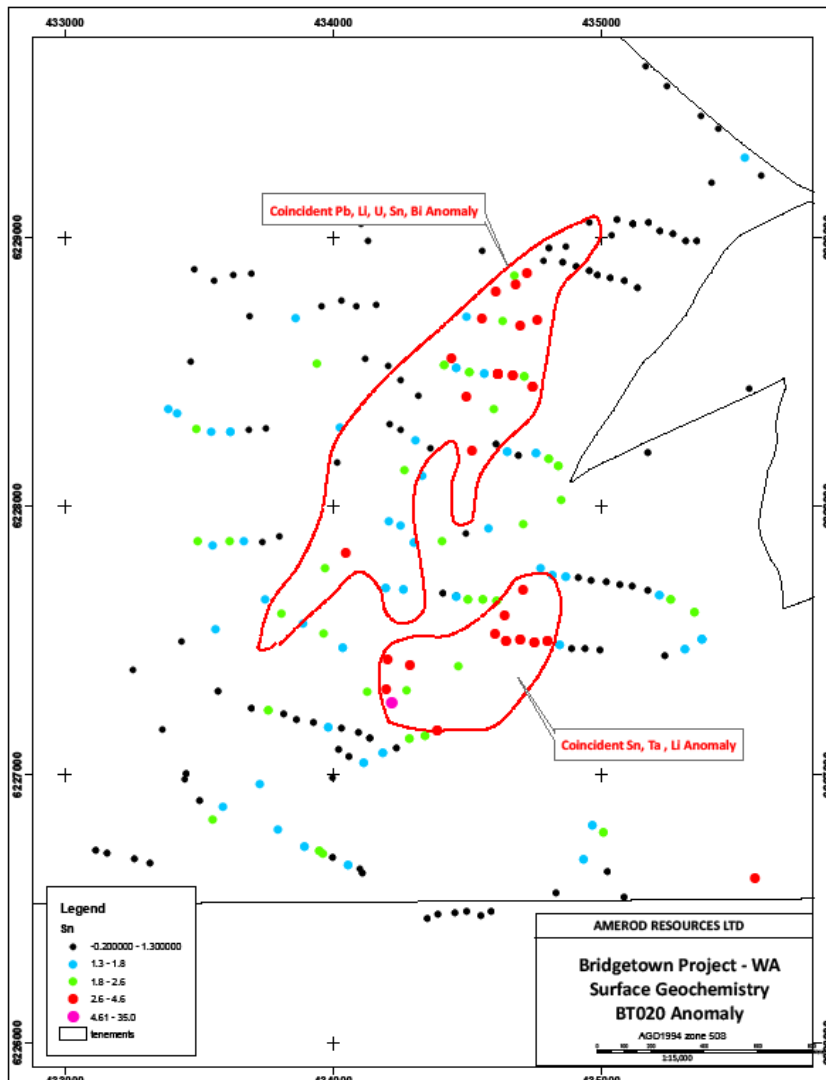
A geochemical surface sampling programme was completed at BT020 with a total of 113 additional samples collected. The programme was designed to:

- expand sampling to the east and west of the main anomaly to better understand if this anomaly reflects underlying geology; and

- infill/expand the current sampling to a nominal 250m x 50m spacing in and around the Sn/Ta/Li anomaly.

Analysis of the results from this sampling programme indicates that:

- the main anomaly has been constrained and seems to be related to an island of quartz monzonite within the gneiss/mafic terrain. Geochemical signatures for Pb, Li, U, Sn (and to a lesser extent Mo and Bi) remain higher than for the main body of quartz monzonite to the east ; and
- the Sn/Ta/Li anomaly has increased in extent to about 600m long over an area with no outcrop located 400m west of a major bounding fault between a quartz monzonite terrain to the east and a gneiss/mafic terrain to the west.



Plan summarising geochemical anomalies in the BT020 area

Regional Geochemical Targets

Geochemical surface sampling was also undertaken to better define anomalies BT015 and 016, at the NE corner of E70/2856 as well as other areas within this tenement. A total of 152 samples were collected. This sampling downgraded BT015 and 016 and failed to indicate any anomalous areas except for an area 6km to the north of BT020. This area is anomalous in Sn with no other element showing a consistent anomalous pattern. Some further sampling will be undertaken to the north to further assess this anomalous area.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves at the Bridgetown project is based on information compiled by Richard Monti, who is a member of The Australasian Institute of Mining and Metallurgy. Richard Monti is employed as a consultant to the Company. Richard Monti has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Richard Monti consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B**Mining exploration entity quarterly report**

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

White Energy Company Limited

ABN

62 071 527 083

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	0	0
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(a) (32) (b) (1,946) (c) Nil (d) Nil	(a) (32) (b) (1,946) (c) Nil (d) Nil
1.3 Dividends received	Nil	Nil
1.4 Interest and other items of a similar nature received	167	167
1.5 Interest and other costs of finance paid	Nil	Nil
1.6 Income taxes paid	Nil	Nil
1.7 Other (provide details if material) Staff costs, legal and accounting, administration	(3,936)	(3,936)
Net Operating Cash Flows	(5,747)	(5,747)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(a) Nil (b) Nil (c) (4,401)	(a) Nil (b) Nil (c) (4,401)
1.9 Proceeds from sale of:(a)prospects (b)equity investments (c)other fixed assets	(a) Nil (b) Nil (c) Nil	(a) Nil (b) Nil (c) Nil
1.10 Loans to other entities	Nil	Nil
1.11 Loans repaid by other entities	Nil	Nil
1.12 Other (provide details if material)	Nil	Nil
Net investing cash flows	(4,401)	(4,401)
1.13 Total operating and investing cash flows (carried forward)	(10,148)	(10,148)

1.13	Total operating and investing cash flows (brought forward)	(10,148)	(10,148)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	23,051	23,051
1.15	Proceeds from sale of forfeited shares	Nil	Nil
1.16	Proceeds from borrowings	Nil	Nil
1.17	Repayment of borrowings	(594)	(594)
1.18	Dividends paid	Nil	Nil
1.19	Other (provide details if material)	Nil	Nil
	Net financing cash flows	22,457	22,457
	Net increase (decrease) in cash held	12,309	12,309
1.20	Cash at beginning of quarter/year to date	25,565	25,565
1.21	Exchange rate adjustments to item 1.20	Nil	Nil
1.22	Cash at end of quarter	37,874	37,874

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.7	242
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities (#)	Nil	14,130
3.2 Credit standby arrangements (#) BHP Finance Facility	Nil	Nil

Estimated cash outflows for next quarter *

	\$A'000
4.1 Exploration and evaluation	75
4.2 Development	500
4.3 Production	Nil
4.4 Administration	Nil
Total	575

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

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	124	672
5.2 Deposits at call	37,750	24,893
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22) *	37,874	25,565

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	N/A	N/A	N/A	N/A
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3	*Ordinary securities				
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Opening 174,937,261 (a) 17,565,500 (b) N/A Closing 192,502,761	Opening 174,937,261 (a) 17,565,500 (b) N/A Closing 192,502,761	N/A N/A	N/A N/A
7.5	*Convertible debt securities (description)	(a) Unlisted convertible note with face value of \$250,000, 7.90%pa coupon convertible at \$3.44 per share, maturing on 12/10/2012	(a) Not listed	\$250,000	\$250,000
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Opening 180 (a) 0 (b) N/A Closing 180	Opening 0 (a) N/A (b) N/A Closing 0	N/A	N/A

7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	(a) Standard – Closing Nil	(a) Not listed	Nil	(a) 25 cents	(a) 30/11/08
	(b) Performance - Closing Nil	(b) Not listed	Nil	(b) 25 cents	(b) 30/11/08
	(c) Performance - Closing Nil	(c) Not listed	Nil	(c) 40 cents	(c) 30/11/08
	(d) Standard – Closing Nil	(d) Not listed	Nil	(d) \$1.40	(d) 30/08/09
	(e) Standard – Closing NIL	(e) Not listed	NIL	(e) \$0.01	(e) 7/07/11
	(f) Standard – Closing NIL	(f) Not listed	NIL	(f) \$0.01	(f) 30/08/11
	(g) Director /ESOP – Closing 1,333,333	(g) Not listed	1,333,333	(g) \$1.20	(g) 30/08/10
	(h) Director /ESOP – Closing 1,333,333	(h) Not listed	1,333,333	(h) \$1.20	(h) 30/08/10 Vesting 31/8/07
	(i) Director /ESOP – 1,343,334	(i) Not listed	1,343,334	(i) \$1.20	(i) 30/08/10 Vesting 31/8/08
	(j) Director /ESOP – Closing 2,806,666	(j) Not listed	2,806,666	(j) \$3.50	(j) 30/11/11 with vesting conditions
	(k) Director /ESOP– Closing 2,806,666	(k) Not listed	2,806,666	(k) \$3.50	(k) 30/11/11 with vesting conditions
	(l) Director /ESOP– Closing 2,806,668	(l) Not listed	2,806,668	(l) \$3.50	(l) 30/11/11 with vesting conditions
	(m) BHP – Closing Nil	(m) Not listed	Nil	(m) Aggregate exercise price US\$20m (remaining US\$12.5m)	(m) Full terms outlined in Annexure A of App 3B lodged 25/1/08

		(n) Standard – Closing 1,250,000	(n) Not Listed 1,250,000	(n) \$2.50	(n) 12/10/10
		(o) ESOP – Closing 350,000	(o) ESOP 350,000	(o) \$1.20	(o) 30/11/11
		(p) Standard – Closing 2,000,000	(p) Not Listed 2,000,000	(p) \$3.65	(p) 07/10/13
7.8	Issued during quarter	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) Nil (l) Nil (m) Nil (n) Nil (o) Nil (p) Nil	(a) Nil (b) Nil (c) Nil (d) Nil (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) Nil (l) Nil (m) Nil (n) Nil (o) Nil (p) Nil	N/A	N/A
7.9	Exercised during quarter	(a) Nil (b) Nil (c) Nil (d) 174,859 (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) Nil (l) Nil (m) Nil (n) Nil (o) 50,000 (p) Nil	(a) Nil (b) Nil (c) Nil (d) 174,859 (e) Nil (f) Nil (g) Nil (h) Nil (i) Nil (j) Nil (k) Nil (l) Nil (m) Nil (n) Nil (o) 50,000 (p) Nil	(a) 25 cents (b) 25 cents (c) 40 cents (d) \$1.40 (e) \$0.01 (f) \$0.01 (g) \$1.20 (h) \$1.20 (i) \$1.20 (j) \$3.50 (k) \$3.50 (l) \$3.50 (m) BHP (n) \$2.50 (o) \$1.20 (p) \$3.65	(a) 30/11/08 (b) 30/11/08 (c) 30/11/08 (d) 30/08/09 (e) 7/07/11 (f) 30/08/11 (g) 30/08/10 (h) 30/08/10 (i) 30/08/10 (j) 30/11/11 (k) 30/11/11 (l) 30/11/11 (m) Various (n) 12/10/10 (o) 30/11/11 (p) 07/10/13

7.10	Expired during quarter	(a) Nil	(a) Nil	(a) 25 cents	(a) 30/11/08
		(b) Nil	(b) Nil	(b) 25 cents	(b) 30/11/08
		(c) Nil	(c) Nil	(c) 40 cents	(c) 30/11/08
		(d) 23,844	(d) 23,844	(d) \$1.40	(d) 30/08/09
		(e) Nil	(e) Nil	(e) \$0.01	(e) 7/07/11
		(f) Nil	(f) Nil	(f) \$0.01	(f) 30/08/11
		(g) Nil	(g) Nil	(g) \$1.20	(g) 30/08/10
		(h) Nil	(h) Nil	(h) \$1.20	(h) 30/08/10
		(i) Nil	(i) Nil	(i) \$1.20	(i) 30/08/10
		(j) 47,000	(j) 47,000	(j) \$3.50	(j) 30/11/11
		(k) 47,000	(k) 47,000	(k) \$3.50	(k) 30/11/11
		(l) 47,000	(l) 47,000	(l) \$3.50	(l) 30/11/11
		(m) Balance	(m) Balance	(m) BHP	(m) Various
		(n) Nil	(n) Nil	(n) \$2.50	(n) 12/10/10
		(o) Nil	(o) Nil	(o) \$1.20	(o) 30/11/11
		(p) Nil	(p) Nil	(p) \$3.65	(p) 07/10/13
7.11	Debentures <i>(totals only)</i>	N/A	N/A		
7.12	Unsecured notes <i>(totals only)</i>	N/A	N/A		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30 October 2009
 Director
 Print name: John Atkinson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change

- of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

For further information please contact:

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