

Reuters

Peabody, White Energy in U.S. clean coal project

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By Fayen Wong

PERTH (Reuters) - Global coal miner Peabody Energy Corp has agreed with Australia's White Energy Coal Ltd to build a coal upgrading facility in the United States, and may buy up to a 15 percent stake in the Australian firm.

The two said in a statement they will build the facility at Peabody's Powder River Basin site, and plan over 1 million tonnes of upgraded coal production a year in the first phase.

Later expansions could increase the plant's capacity to more than 20 million tonnes per year.

Coal upgrading technology aims to turn poor quality coal with low heating value to one with much higher energy content. The upgraded coal has lower carbon and other emissions.

Peabody will initially take a 4.9 percent stake in White Energy and a further 10 percent once the facility is completed, expected in 2012, the statement said.

Peabody also has the first right to participate in new coal upgrading development projects that White Energy undertakes in North America and China, the firms said.

Shares in White Energy, which has a market value of about A\$250 million (\$189 million), were 1.9 percent higher at A\$1.63 in a broader market down 2.3 percent.

(\$1=1.307 Australian Dollar)