



25 June 2010

**A S X R e l e a s e**

## Tabang Plant Update

Please find attached update on Tabang Plant from PT Kaltim Supacoal (KSC), which is jointly owned by White Energy Company Limited (ASX:WEC) and PT Bayan Resources Tbk (IDX: BYAN).

David Franks  
Company Secretary  
White Energy Company Limited



PT kaltim supacoal

Mal Fantasy  
Ruko Sentra Eropa  
Blok AA4 NO.19  
Kompleks Balikpapan Baru  
Balikpapan  
Kalimantan Timur 76125

Telephone: +62 (0)542 874817  
Facsimile: +62 (0)542 878550

**Sydney, Jakarta - 25 June 2010** – PT Kaltim Supacoal (KSC), which is jointly owned by White Energy Company Limited (ASX: WEC) and PT Bayan Resources Tbk. (IDX:BYAN), is pleased to announce that progress continues to be made at its Tabang upgrading plant regarding both the throughput rates of coal being processed, as well as the quality and energy value of the upgraded coal being produced. Further, we have completed the stockpile testing of differing grades of upgraded coal at site and are now in a position to transfer coal to the riverport for shipping.

As reported in April 2010, engineering issues principally related to the plant's coal injection and dust extraction systems slowed KSC's scheduled production ramp-up and hampered the operation of the plant to its nameplate capacity. Up to the end of April of this year, coal injection throughput rates were effectively limited to approximately 30% of design capacity. Operating at this level limited the Company's ability to dry the feedstock coal to the point necessary where moisture reduction is optimised and target energy level upgrades achieved.

We are pleased to advise that we are now able to operate the plant at significantly higher coal injection throughput rates. We have regularly achieved throughput rates in excess of 50% with a consequential improvement in the quality of the upgraded coal produced. In this regard, for product produced since May the moisture content of the feedstock coal has been reduced from approximately 35% to an approximate range of 10-12% - improving the calorific value of the coal from approximately 4,200 kcals/kg (GAR) to approximately 5,800 kcals/kg (GAR). This takes us closer to the target product specification (approximately 8.5% moisture with a calorific value of approximately 6,100 kcals/kg (GAR)). As we have ramped up production rates we have increased the periods of continual sustained operation from two days to six days. After each production run we carry out an inspection and assessment of the plant to analyse equipment and overall plant performance.

To effect the improvement in the throughput levels of the feedstock coal mentioned above, we have made some minimal adjustments to the existing coal injection system. Given that we are continuing to get a consistent rate of improvement in throughput rates, we decided not to undertake any further modification works at this stage. Instead, consistent with the Company's priority to minimise any disruption to current operations and sell upgraded coal into the market as soon as possible, we have continued to operate the plant with the objective of achieving a throughput rate in excess of 50% for a sustained operating period. To date this decision has proved sound however we continue to monitor the situation. The plan is to run the plant on this basis through to September, continuing to substantively build up throughput rates in the process, and then make a decision as to whether further modification work to the coal injection system is necessary.



PT kaltim supacoal

As regards the dust extraction system, we have engineered and installed a low cost temporary solution. However, this solution is not ideal in the long run as it results in there being more coal dust in the end product than is desired and it also has some minor efficiency ramifications. Again, this issue continues to be monitored. However, in keeping with the Company's objective of minimising any disruptions to operations and getting coal into the market as soon as possible, we have again decided to continue operating the plant on the current basis through to September.

As regards coal sales, KSC recorded its first sale during May with further sales continuing. For various logistical and administrative reasons, the sale of additional trial cargos are being made through Bayan Resources. The shipping of these trial cargos are imminent.

#### **About KSC:**

KSC was established under a joint venture agreement signed by PT Bayan Resources Tbk and the Binderless Coal Briquetting Company Pty Ltd, a wholly owned subsidiary of White Energy. KSC has completed the construction of the initial 1 million tonne per annum coal upgrading plant at Bayan's Tabang mine in East Kalimantan, and is currently in the process of ramping-up production at the plant.

#### **About White Energy:**

White Energy Company Limited, a Sydney based company (ASX: WEC) (OTCQX: WECFY) is the exclusive worldwide license holder of the Binderless Coal Briquetting process that upgrades lower rank coal to significantly increase its energy efficiency and lower emissions.

For more information please go to [www.whiteenergyco.com](http://www.whiteenergyco.com).

#### **About Bayan Resources:**

PT Bayan Resources Tbk and subsidiaries (Bayan Group) (IDX: BYAN) is one of the largest coal producing groups in Indonesia with integrated coal mining, processing and logistics operations. It is engaged in the business of surface open cut mining of thermal coal and one of the few large coal producing groups in Indonesia that mines and sells high calorific value coal. It also produces other grades of coal including environmentally-friendly, low sulfur sub-bituminous coal and semi-soft coking coal.

The Bayan Group own and operate one of the largest coal terminals in Indonesia in Balikpapan, East Kalimantan with a handling throughput capacity of 15.0 million tonnes per annum. It currently also owns and operates a floating transfer station with the capability to load capesize vessels and utilize magnetic separators and an automated sampling system.

The Bayan Group currently exports the majority of the coal it produces to utility companies, steel mills, internationally known commodity trading companies and other industrial end-users in countries such as Italy, Japan, Taiwan, Korea, the Philippines, India, Malaysia and China.