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White burns hot in coal expansion

White energy is set to develop on \$80 million coal facility in the United States, the latest in a string of deals that will expand the operations of the junior producer following its proposed merger deal with a US-listed cashbox and the establishment of an African joint venture.

Sydney-based White Energy, the exclusive licensee of a CSIRO-developed technology that improves the burning efficiency of low grade coal, said yesterday it had reached an agreement with US company Buckskin Mining to build the facility in Wyoming's Powder River Basin.

The Buckskin plant is unlikely to be White Energy's first operational facility – it is building another in Indonesia that is on track to start production in the first half of this year.

But chairman John McGuigan said it was “particularly significant given the scope and the scale of opportunities in the Powder River Basin”, which contains large amounts of sub-bituminous coal that is amenable to being upgraded.

Buckskin has proposed to lease land at its namesake mine for the project, while White Energy will finance, own and operate the **[DROP QUOTE: The technology improves the burning efficiency of low grade coal.]** facility. Construction is scheduled for completion in January next year.

Once the facility reaches capacity, it is expected to be producing 1.1 million tonnes of binderless coal briquettes a year, that White Energy claims translates into 22.6 trillion British thermal units, an increase of 35 per cent over the non-upgraded coal.

The deal with Buckskin follow the pre-Christmas announcement that White Energy would merge its South-East Asian business with Asia Special Situation Acquisition Corp (ASSAC), a company listed on the American Stock Exchange whose sole asset is \$US110 million (\$155 million) in cash.

Under the proposed transaction, White Energy would retain 56 per cent of the new company and receive options that would enable it to increase its stake by 10 per cent subject to meeting a range of growth-related milestones.

Mr McGuigan said none of the cash from ASSAC would be allocated to the construction of the Buckskin facility. Rather, the company would seek to bring in joint-venture partners.

“We've had significant interest from a number of major US groups in looking at participating with us in the development of our business in the US,” Mr McGuigan said.

“We're going to look long and hard at the same sort of funding strategy we've employed in the Indonesian market.”

In November, White Energy announced a joint venture with Black River Asset Management, a subsidiary of Cargill, the world's largest private company, to roll out its technology through Africa. Black River committed \$US70 million for a 49 per cent share in the venture.