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White Energy and Peabody Energy enter into clean coal development agreement

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Peabody Energy and White Energy Company Limited announced that they have signed an agreement to pursue development of a coal upgrading plant that would be sited at a Peabody operation in the Powder River Basin.

Under terms of the agreement, Peabody also has the first right to participate in new coal upgrading development projects that White Energy undertakes in North America and China. Peabody further has a right to acquire a nearly 15% equity interest in White Energy.

The coal upgrading plant would utilize White Energy's patented coal briquetting technology, a mechanical process that upgrades lower Btu coals. The process increases the coal's overall energy content by approximately 35%. The resulting product is higher quality, more efficient and cleaner, with lower carbon and other emissions. The upgraded coal can be used interchangeably with high rank thermal coal for a number of applications including power generation, industrial processes and Btu Conversion such as coal to gas and coal to liquids.

Mr Richard A Navarre president and CCO of Peabody said that "We view this technology as a way to unlock further value in our reserves in the Powder River Basin and at other locations to create new marketing opportunities for US or export customers. Coal has been the fastest growing fuel for each of the past 5 years and will continue to be the world's primary source of electricity. We are pleased to be partnering with White Energy to develop a coal product with expanded market reach."

Peabody and White Energy are proceeding with engineering design and permitting activities for the first plant that are expected to require up to 24 months. The plant would be built in phases, with the first phase expected to produce more than 1 million tonnes of upgraded coal per year. Subsequent phases could increase plant capacity ultimately to more than 20 million tonnes annually. Peabody expects substantial global growth opportunities using this technology that will initially focus on applications in North America and China.

Mr John Atkinson CEO of White Energy said that "The US is a significant consumer of coal and public sentiment supports that we move to a market with viable clean coal options as soon as possible. Peabody, as the world's largest private sector coal company, is rightfully taking a leadership position in this initiative. White Energy is delighted to be partnering with Peabody to build a significant clean coal business in the US and also to work together to develop opportunities in the China market. Today's agreement with Peabody complements projects we have done in other key coal markets around the world and represents another important step for White Energy in positioning itself as one of the world's leading providers of clean coal solutions."