



## White Energy Company Limited

ABN 62 071 527 083

Level 11, 213 Miller Street  
North Sydney NSW 2060

PO Box 422  
North Sydney NSW 2059

Telephone: +61 2 9959 0000  
Facsimile: +61 2 9959 0099  
[www.whiteenergyco.com](http://www.whiteenergyco.com)

### **White Energy and Peabody Energy Enter Into Clean Coal Development Agreement Covering North America and China – Further Details**

**Sydney, Thursday 14 May 2009** – Further to the joint announcement just released, please find following an expanded version of the announcement incorporating key terms of the Joint Development Agreement signed between White Energy and Peabody Energy today.

As advised, Peabody Energy (NYSE: BTU) and White Energy Company Limited (ASX: WEC) (OTCQX: WECFY) today announced 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 percent 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 percent. 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.

"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 U.S. or export customers," said Richard A. Navarre, Peabody's President and Chief Commercial Officer. "Coal has been the fastest-growing fuel for each of the past five 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 tons of upgraded coal per year. Subsequent phases could increase plant capacity ultimately to more than 20 million tons annually. Peabody expects substantial global growth opportunities using this technology that will initially focus on applications in North America and China.

John Atkinson, Chief Executive Officer of White Energy said, "The United States 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 United States 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.”

**Transaction Details:**

The Agreement outlines the commercial framework under which the parties will jointly explore developing coal upgrading projects and provides for other rights and obligations, namely:

- White Energy and Peabody will establish a new company which would be 55% owned by White Energy and 45% owned by Peabody;
- The new company would enter into a long term coal supply agreement with Peabody;
- White Energy would be responsible for the oversight of the design, engineering, construction, operation and maintenance of the coal upgrading plants;
- Capital costs for projects would be shared in proportion to the parties respective equity interests;
- The joint venture company would appoint Peabody to exclusively market the upgraded coal produced by the new company;
- White Energy and Peabody have agreed to work strategically together in the U.S. and China whereby White Energy will bring potential development opportunities to Peabody for consideration before partnering with other companies in those markets. All existing joint ventures or agreements White Energy has in the U.S. or China markets are excluded from this arrangement; and
- Subject to the approval of White Energy shareholders, Peabody will be granted an option to acquire up to 14.9% of White Energy. In this regard, Peabody will receive two tranches of options to purchase White Energy shares. The first tranche of shares, covering 4.9%, is triggered by the agreement of White Energy and Peabody to proceed with the construction of the first 1 million ton per annum facility. The second tranche of shares, covering 10.0%, is triggered upon the completion of commissioning of the first 1 MTPA plant. Peabody will have one year from the date of completion of commissioning of this first plant to exercise its option to purchase the 10.0% of White Energy shares. The strike price for both tranches of options will be set at the volumetric weighted average closing price over the 30 day period immediately prior to the date of execution of the transaction documents covering the first plant, which are currently expected to be executed approximately 1 year from the date of signing the Joint Development Agreement.

Having signed the Joint Development Agreement the parties will now work together to conduct a detailed project review which includes an analysis of all engineering, design, mine integration and site selection issues. In addition a thorough permitting exercise will be undertaken involving extensive analysis of all relevant issues to satisfy regulatory requirements and the making of all necessary permit applications. Further the parties will proceed with the selection of an experienced engineering, procurement and construction contractor. Once this development review and analysis process is completed, the Joint Development Agreement requires the parties to mutually agree to proceed with the envisaged project. If the parties agree to proceed, final transaction documents will then be executed. It is anticipated that it could take up to one year from the signing of the Joint Development Agreement for the parties to sign definitive transaction documents. That timeline would result in the joint venture having a plant in commercial operation in 2012.



## **About White Energy**

White Energy is a technology enabled natural resources company and is a recognized leader in the development of clean coal. White Energy has the exclusive worldwide license to the BCB coal upgrading technology. The BCB coal upgrading process was developed by Commonwealth Scientific and Industrial Research Organisation (CSIRO), K.R Komarek Inc, TraDet Inc and The Griffin Coal Mining Company Pty Ltd. The patented process involves the crushing, drying and briquetting of high moisture coals, resulting in the reduction of the moisture content of the coal and converting the product into a higher energy content, stable product, while maintaining the low sulphur, low ash characteristics of the feedstock coal. The advantages of this process involve creating a higher energy value coal, creating a physically and chemically stable product, significantly enhancing coal transportation efficiencies and creating a higher energy value release with lower carbon emissions.

White Energy has built and operated a number of coal upgrading demonstration plants over the last 15 years. White Energy's business model includes the development of BCB coal upgrading facilities in 1,000,000 tonne per annum modules at mine-site or other strategic locations, individually or by way of joint venture, incorporating long-term feedstock coal supply agreements with owners of significant low rank coal deposits. White Energy, in joint venture with PT Bayan Resources, has completed construction of a one million tonne per annum coal upgrading plant in East Kalimantan, Indonesia. The commissioning of the plant is underway. White Energy and Bayan Resources have agreed to expand the capacity of this joint venture to 15 MTPA. In addition to this, White Energy has entered into various other agreements to develop, construct and operate coal upgrading facilities around the world.

White Energy Company Limited has offices in Australia, USA, Indonesia and China. For more information please go to [www.whiteenergyco.com](http://www.whiteenergyco.com)

## **About Peabody Energy**

Peabody Energy (NYSE: BTU) is the world's largest private-sector coal company, with 2008 sales of 256 million tons and \$6.6 billion in revenues. Its coal products fuel approximately 10 percent of all U.S. electricity generation and 2 percent of worldwide electricity. Visit [PeabodyEnergy.com](http://PeabodyEnergy.com).

## **Contacts**

### **For White Energy Company Limited**

John Atkinson, Chief Executive Officer  
+ 61 2 9959 0000

### **For Peabody Energy**

Beth Sutton, Director Corporate Communications  
(928) 699-8243



**For White Energy Coal North America**

Ed Trissel /Annabelle Rinehart/Jim Shaughnessy

Joele Frank, Wilkinson Brimmer Katcher

(212) 355-4449

Judy Tanselle, President

(301) 917-6700

*This press release contains forward-looking statements that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. In some cases, you may identify forward-looking statements by words such as "may," "should," "plan," "intend," "potential," "continue," "believe," "expect," "predict," "anticipate" and "estimate," the negative of these words or other comparable words. These statements are only predictions. One should not place undue reliance on these forward-looking statements. The forward-looking statements are qualified by their terms and/or important factors, many of which are outside the Company's control, involve a number of risks, uncertainties and other factors that could cause actual results and events to differ materially from the statements made. The forward-looking statements are based on the Company's beliefs, assumptions and expectations of our future performance, taking into account information currently available to the Company. These beliefs, assumptions and expectations can change as a result of many possible events or factors, including those events and factors described in "Risk Factors" in the prospectus, not all of which are known to the Company. Neither the Company nor any other person assumes responsibility for the accuracy or completeness of these statements. The Company will update the information in this press release only to the extent required under applicable securities laws. If a change occurs, the Company's business, financial condition, liquidity and results of operations may vary materially from those expressed in the aforementioned forward-looking statements.*