

White Energy Ditches Planned Merger For A\$100M Raising

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By Alex Wilson

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MELBOURNE (Dow Jones)--White Energy Co. Ltd. (WEC.AU) said Wednesday it has walked away from its planned merger with a U.S.-listed cash box, turning instead to equity markets to fund its coal upgrade projects with a A\$100 million raising.

In July, White Energy announced it was to receive a cash injection from Asia Special Situation Acquisition Corp. of between US\$100 million and US\$140 million through a merger of the two companies, which was effectively a friendly reverse takeover of the Sydney-based group.

But with the terms of the deal being reworked several times since then and equity markets recovering strongly, White Energy said both parties have now agreed to withdraw from the deal.

"It has become clear to the board that a number of the conditions precedent and other matters fundamental to the successful completion of the merger transaction were unlikely to be achieved," White Energy said in a statement.

With the merger deal stalled, Southern Cross Equities took the initiative and made an unsolicited approach to White Energy proposing a capital injection by way of a placement to institutional investors.

White Energy said Wednesday it has agreed to proceed with the placement of 41.67 million shares to institutional clients of Southern Cross at A\$2.40 a share to raise A\$100 million.

The funds raised will go toward the roll out of the company's Binderless Coal Briquetting technology which upgrades the quality of coal by crushing and drying it and then compacting it into high density briquettes.

It already has one plant operating, in joint venture with Bayan Resources (BYAN.JK), at a rate of about one million metric tons a year at the Tabang mine in Indonesia and plans to ramp this up to an annualized rate of five million tons in 2010.

White Energy has also struck a deal with U.S. coal group Peabody Energy Corp. (BTU) to build briquetting plants with capacity of up to 20 million tons a year in the Powder River Basin.

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