

## **White Energy in US coal deal**

**By Matt Chambers**

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WHITE Energy has received a big boost to plans to upgrade low-quality coal in the US, partnering with coal giant Peabody Energy, which will receive an option to take a 15 per cent stake in the Sydney-based company.

The pair have signed a joint venture with an eye to developing a million-tonne-a-year coal-upgrading plant at a Peabody mine site in Wyoming's Powder River Basin.

The pair are aiming to have the plant running in 2012.

White Energy's plants enhance low-quality sub-bituminous coal by turning it into briquettes that boost the coal's energy output by 35 per cent.

"We view this new technology as a way to unlock further value in our reserves in the Powder River basin and other locations to create new marketing opportunities for US or export customers," Peabody president Richard Navarre said.

St Louis-based Peabody is the world's biggest non-government coal producer.

If the first one-million-tonne phase is successful, the pair will look to boost capacity up to 20 million tonnes a year through identical phases.

The upgraded coal, which costs about \$US45 (\$60) a tonne to produce at a plant White Energy is building in Indonesia, can be used to replace high-rank thermal coal currently being sold for about \$US70 a tonne.

"The Peabody deal goes some way to validating White Energy's technology -- it's a positive announcement," BBY analyst Jeremy Tobias said.

"White Energy should prove a good investment if they can develop one of these plants."

White Energy is currently building a one-million-tonne-a-year plant in Indonesia with Bayan Resources.