



# **White Energy Company Limited**

**ACN 071 527 083**

## **Entitlement Offer Document**

1 for 1 pro rata renounceable entitlement offer at \$0.07 per Share.

Last date for acceptance and payment: 5.00pm (Sydney time) on 6 November 2018

**If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.**

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

## **IMPORTANT NOTICES**

This Offer Document is dated 8 October 2018. Capitalised terms in this section have the meaning given to them in this Offer Document.

The Entitlement Offer is being made without a prospectus under section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84).

### **Not investment advice**

This Offer Document does not contain all of the information which a prospective investor may require to make an informed investment decision regarding an application for the New Shares or Additional Shares offered under the Entitlement Offer. The information in this Offer Document does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

If you have any queries or are uncertain about any aspect of the Entitlement Offer, please consult your stockbroker, accountant or other professional advisor. You should also refer to the "Risk factors" section of this Offer Document.

This Offer Document is important and should be read in its entirety before deciding to participate in the Entitlement Offer. This Offer Document is not a prospectus under the Corporations Act and has not been lodged with ASIC.

White Energy Company Limited may make additional announcements after the date of this Offer Document and throughout the period that the Entitlement Offer is open that may be relevant to your consideration about whether you should participate in the Entitlement Offer.

No party other than White Energy Company Limited has authorised or caused the issue of this Offer Document, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Document.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares or Additional Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Document and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Offer Document.

### **Offer in Australia and New Zealand only**

This Offer Document and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. In particular, this Offer Document does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Offer Document is not to be distributed in, and no offer of New Shares or Additional Shares is to be made in countries other than Australia and New Zealand and to certain institutional shareholders in the United Kingdom as contemplated below. The distribution of this Offer Document (including an electronic copy) in other jurisdictions may be

restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for White Energy Company Limited to lawfully receive your Application Monies.

### **New Zealand**

The New Shares are not being offered or sold to the public within New Zealand other than to existing White Energy Company Limited shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Offer Document has been prepared in compliance with Australian law and is not an investment statement, prospectus or product disclosure statement under New Zealand Law and has not been registered, filed with or approved by a New Zealand regulatory authority or under or in accordance with the Securities Act 1978 (New Zealand), the Financial Markets Conduct Act 2013 (New Zealand) or any other relevant law in New Zealand. This Offer Document may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain. It is a term of the Entitlement Offer that the offer of securities to the public in New Zealand is made in compliance with the laws of Australia and any code, rules and requirements relating to the offer of Securities that apply in Australia.

### **United Kingdom**

Neither this document nor any other document relating to the Entitlement Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Entitlements or the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

#### **Definitions, currency and time**

Defined terms used in this Offer Document are contained in section 5. All references to currency are to Australian dollars and all references to time are to the time in Sydney, New South Wales, unless otherwise indicated.

#### **Taxation**

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. White Energy Company Limited and the Directors consider that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares or the subsequent disposal of any New Shares. White Energy Company Limited and the Directors recommend that you consult your professional tax adviser in connection with the Entitlement Offer.

#### **Privacy**

White Energy Company Limited and the Share Registry may have already collected certain personal information from Shareholders. White Energy Company Limited and the Share Registry also collect information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in White Energy Company Limited. If you do not provide White Energy Company Limited with your personal information, your Application may not be able to be processed.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to White Energy Company Limited (directly or through the Share Registry). White Energy Company Limited collects, holds and will use that information to assess your Application. White Energy Company Limited collects your personal information to process and administer your shareholding in White Energy Company Limited and to provide related services to you. White Energy Company Limited may disclose your personal information for purposes related to your shareholding in White Energy Company Limited, including to the Share

Registry, White Energy Company Limited's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies.

In most cases, you can obtain access to your personal information held by (or on behalf of) White Energy Company Limited or the Share Registry. White Energy Company Limited aims to ensure that the personal information retained about you is accurate, complete and up to date. To assist White Energy Company Limited with this, please contact White Energy Company Limited if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information White Energy Company Limited has about you, White Energy Company Limited will take steps to correct it. To make a request for access to your personal information held by (or on behalf of) White Energy Company Limited or the Share Registry, please contact White Energy Company Limited through the Share Registry as follows:

*Computershare Investor Services Pty Limited*  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

#### **Governing law**

This Offer Document, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in Queensland, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Queensland, Australia.

#### **No representations**

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Offer Document. Any information or representation in connection with the Entitlement Offer not contained in the Offer Document may not be relied upon as having been authorised by White Energy Company Limited or any of its officers.

#### **Past performance**

Investors should note that White Energy Company Limited's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) White Energy Company Limited's future performance including White Energy Company Limited's future financial position or share price performance.

#### **Future performance**

This Offer Document contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of White Energy Company Limited and certain plans and objectives of the management of White Energy Company Limited. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither White

Energy Company Limited, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of White Energy Company Limited. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Offer Document in light of those disclosures.

**Risks**

Refer to the "Risk factors" section 4 of this Offer Document for a summary of general and specific risk factors that may affect White Energy Company Limited.

## Chairman's Letter

8 October 2018

Dear Shareholder,

On behalf of the Directors I am pleased to invite you to take up your entitlement to new ordinary fully paid shares (**New Shares**) in White Energy Company Limited (**Company**) (the **Entitlement Offer**).

The Company is making a renounceable rights issue offer of 1 New Share at \$0.07 per New Share for every 1 ordinary share held in White Energy Company Limited on the Record Date, to raise up to approximately \$22.99 million (before costs). New Shares will be issued on a fully paid up basis and will rank equally with existing Shares on issue.

The proceeds of the Entitlement Offer will be used to fund the Company's ongoing legal proceedings against PT Bayan Resources Tbk and Bayan International Pte Ltd, to repay unsecured loans made to the Company by entities associated with two Directors (Travers Duncan and Brian Flannery) and for general working capital.

The Entitlement Offer provides Eligible Shareholders with the opportunity to increase their investment in the Company. The Directors each hold Shares either directly or indirectly and intend to take up all of their Entitlement to New Shares.

Key information with respect to the Entitlement Offer is set out in this Offer Document. Please read the Offer Document carefully (in particular the "Risk factors" in section 4, which describes a number of key risks associated with an investment in the Company). If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

The number of New Shares that you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form accompanying this Offer Document. If you are an Eligible Shareholder and you wish to accept your Entitlement pursuant to the Entitlement Offer, you will need to complete the Entitlement and Acceptance Form and return it together with the appropriate application money to the Company's Share Registry so that it is received by no later than 5.00pm (Sydney time) on the closing date of 6 November 2018. Your Entitlement may have value and it is important that you determine whether to take up, sell or do nothing with your Entitlement.

Eligible Shareholders who are not Related Parties may, in addition to their Entitlements, apply for Additional Shares. Refer to section 1.10 of this Offer Document for more information about applying for Additional Shares.

On behalf of the Directors, I thank you for your ongoing support of the Company.

Yours sincerely,



Travers Duncan  
Chairman

## Summary of the Entitlement Offer

Entitlement Offer	
<b>Ratio</b>	1 New Share for every 1 Existing Share
<b>Issue Price</b>	\$0.07 per New Share
<b>Size</b>	Approximately 328,374,494 New Shares (subject to rounding up of fractional Entitlements)
<b>Gross proceeds</b>	Approximately \$22.99 million

### Key dates

Activity	Date
Announcement of the Entitlement Offer	Prior to commencement of trading on 8 October 2018
Ex Date for Entitlement Offer	10 October 2018
Entitlement trading commences on a deferred settlement basis	
Record Date for Entitlement Offer (7.00pm Sydney time)	11 October 2018
Offer Document and Entitlement and Acceptance Form despatched	16 October 2018
Entitlement Offer opens	
Entitlement trading ends	30 October 2018
Closing date for acceptances under Entitlement Offer (5.00pm Sydney time)	6 November 2018
Announcement of results of Entitlement Offer and under-subscriptions	9 November 2018
Allotment of New Shares under the Entitlement Offer	13 November 2018
Normal ASX trading for New Shares issued under the Entitlement Offer commences	14 November 2018
Despatch of holding statements for New Shares issued under the Entitlement Offer	15 November 2018

#### Notes:

All references to time are to the time in Sydney, New South Wales.

This timetable is indicative only and subject to change. The Directors may vary these dates, subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time before the allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to Applicants.

## 1. Offer details

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### 1.1 The Entitlement Offer

This Entitlement Offer is a renounceable offer of approximately 328,374,494 New Shares, subject to rounding, at an issue price of \$0.07 per New Share, on the basis of 1 New Share for every 1 Share held as at the Record Date. Fractional entitlements will be rounded up to the nearest whole number. The Entitlement Offer will raise approximately \$22.99 million.

The issue price of \$0.07 per New Share represents a discount of 16.7% to the closing price of the Company's shares of \$0.084 per Share on 5 October 2018, being the last trading day before the Entitlement Offer was announced.

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document, in which case the Company will return all application monies (without interest).

### 1.2 Purpose of the Entitlement Offer

The Directors intend to use the proceeds of the Entitlement Offer to fund the Company's ongoing legal proceedings against PT Bayan Resources Tbk and Bayan International Pte Ltd, to repay unsecured loans made to the Company by entities associated with two Directors (Travers Duncan and Brian Flannery) and for general working capital. Section 2 of this Offer Document contains information about the current status of the Company's legal proceedings against its former Indonesian joint venture partners. Section 2 also contains more information about the loans provided to the Company by entities associated with Mr Duncan and Mr Flannery and about the Group's current financial position.

In the event that circumstances change or other better opportunities arise, the Directors reserve the right to vary the proposed uses of the Entitlement Offer proceeds to maximise the benefit to Shareholders.

### 1.3 Directors' intentions in respect of their Entitlements

The Directors each hold Shares either directly or indirectly and intend to take up all of their Entitlement to New Shares.

### 1.4 Underwriting

The Offer is not underwritten.

### 1.5 Minimum subscription

There is no minimum subscription for New Shares under the Entitlement Offer.

### 1.6 Eligibility of Shareholders

The Entitlement Offer is an offer to Eligible Shareholders only.

Eligible Shareholders are Shareholders on the Record Date who have a registered address in Australia and New Zealand or who are Shareholders that the Company has otherwise determined are eligible to participate. In particular, this Entitlement Offer is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

## 1.7 Ineligible Shareholders

Shareholders who are not Eligible Shareholders are Ineligible Shareholders. The Company reserves the right to determine whether a shareholder is an Eligible Shareholder or an Ineligible Shareholder.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of those Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand and to certain institutional shareholders in the United Kingdom as provided in the inside front cover of this booklet under "United Kingdom".

The Company has obtained approval from ASIC to appoint Bell Potter Securities Limited as Nominee for the purposes of section 615 of the Corporations Act to sell Entitlements which would otherwise have been available to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer.

There is no guarantee that the Nominee will be able to sell Entitlements of Ineligible Shareholders on ASX. Even where the Nominee is able to sell Entitlements, Ineligible Shareholders may receive no net proceeds if the costs of the sale are greater than the sale proceeds. Both the Company and the Nominee take no responsibility for the outcome of the sale of such Entitlements or the failure to sell such Entitlements.

The sale of Entitlements may have Australian and overseas tax consequences. Ineligible Shareholders should consult with their tax advisers regarding the taxation treatment of any proceeds they may receive.

## 1.8 Entitlements trading on ASX

Entitlements are renounceable, which means that all or part of an Eligible Shareholder's Entitlement, or an Ineligible Shareholder's Entitlement through the Nominee, may be traded on ASX. If you wish to sell all or part of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement which you wish to sell on ASX. You may incur brokerage costs if you sell your Entitlements on ASX. Trading of Entitlements will commence on ASX on 10 October 2018 and cease on 30 October 2018.

There is no guarantee that an Eligible Shareholder, or an Ineligible Shareholder through the Nominee, will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

This Offer Document, along with your Entitlement and Acceptance Form, will be dispatched to Eligible Shareholders on 16 October 2018. The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to Eligible Shareholders or Ineligible Shareholders if you trade your Entitlements before the Entitlements are allotted, or before you receive your Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by the Company or otherwise.

A transferee who acquires an Entitlement on ASX will not receive an Offer Document or an Entitlement and Acceptance Form. The process in place for the transferee to exercise an Entitlement acquired on ASX is governed by the arrangements in place between the transferee and their stockbroker, and may vary between stockbrokers. The transferee should contact their stockbroker for instructions as to the most appropriate way to participate in the Entitlement Offer and to take up their Entitlement. The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to transferees who acquire Entitlements and fail to take up all or a proportion of that Entitlement.

Any Eligible Shareholder who has not taken up or sold all of their Entitlements by the Closing Date or the date which Entitlement trading Ends (respectively), or an Ineligible Shareholder through the Nominee who has not sold all of their Entitlements by the date which Entitlement trading Ends, will automatically have the balance of their Entitlements lapse, with the forfeit of any potential benefit to be gained from taking up or selling that part of their Entitlement (where applicable).



## 1.9 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder were they a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the Issuer Sponsored sub register and you wish to transfer all or a proportion of your Entitlement to another person, other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) accompanied by the applicable transferee's cheque for the New Shares they wish to subscribe for in Australian dollars, crossed "Not Negotiable" and made payable to "White Energy Company Ltd" and lodged at any time after the Opening Date and no later than 5.00pm (Sydney time) on the Closing Date at the Share Registry (by post) at the address listed in the Corporate Directory.

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS sub register, you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf.

If the Company receives both a completed renunciation form and a completed Entitlement and Acceptance Form in respect of the same Entitlement, the renunciation will be given effect in priority.

The application moneys for New Shares the transferee of the Entitlement wants to acquire must be received by the Share Registry by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "White Energy Company Ltd" and lodged at any time after the Opening Date so that it is received by no later than 5.00pm (Sydney time) on the Closing Date by the Share Registry.

## 1.10 Eligible Shareholders may apply for Additional Shares

Entitlements not taken up may become available as Additional Shares. Eligible Shareholders may, in addition to their Entitlements, apply for New Shares over and above their Entitlement at the Issue Price (**Additional Shares**) regardless of the size of their present holding.

There is no guarantee that Eligible Shareholders will receive the number of Additional Shares they apply for, or indeed that they will receive any Additional Shares. The Company reserves the right to scale back any applications for Additional Shares in their absolute discretion and to ensure that no Shareholder will as a consequence of taking up their Entitlement and being issued any Additional Shares breach Chapter 6 of the Corporations Act. However, it is the sole responsibility of the Eligible Shareholder to determine the maximum level of New Shares they can apply for.

It is an express term of the Offer that applicants for Additional Shares will be bound to accept a lesser number of Additional Shares allocated to them than applied for. If a lesser number is allocated to them, excess Acceptance Money will be refunded (where the amount is \$1.00 or greater) and will be returned to Eligible Shareholders as soon as practicable following the Closing Date, without interest.

Related Parties are not entitled to subscribe for Additional Shares.

## 1.11 Placement of Shortfall

In the event there is a Shortfall in subscriptions under the Entitlement Offer (including applications for Additional Shares), the Directors may issue some or all of the Shortfall at their discretion to ensure sufficient funds are raised.

Any Shortfall will be issued within three months after the Closing Date at an issue price being not less than the Issue Price under the Entitlement Offer.

Any Shortfall will be issued without a disclosure document in accordance with Chapter 6D of the Corporations Act.

### **1.12 Investment risks**

Investors should carefully read the section on "Risk Factors" outlined in section 4 of this Offer Document. An investment of this kind involves a number of risks, a number of which are specific to the Company and the industry in which it operates.

### **1.13 New Share terms**

Each New Share will rank equally with all existing Shares then on issue. The rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **1.14 Quotation of New Shares**

The Company has applied for quotation of the New Shares on ASX. It is expected that normal trading of the New Shares will commence on or about 14 November 2018.

### **1.15 How to accept your Entitlement**

Eligible Shareholders may accept their Entitlement either in whole or in part. They may also apply for Additional Shares (as set out in paragraph 1.10 above).

The number of New Shares to which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Form which accompanies this Offer Document.

If an Eligible Shareholder takes no action in respect of their Entitlement they will not receive any New Shares pursuant to the Entitlement Offer. If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

If you do not take up all of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Entitlement Offer may be placed by the Directors with other parties.

Eligible Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted.

#### **(a) Payment by cheque or bank draft**

Entitlements to New Shares can be accepted in full or in part of the Entitlement by completing and returning the Entitlement and Acceptance Form accompanying this Offer Document in accordance with the instructions set out on the Entitlement and Acceptance Form and forwarding the completed Form together with payment for the full amount so it is received by the Share Registry by no later than 5.00pm (Sydney time) on the Closing Date. Payment may be made by cheque or bank draft. The Issue Price of \$0.07 per New Share is payable in full on acceptance of part or all of your Entitlement.

If you wish to take up all of your Entitlement and apply for Additional Shares, complete the Entitlement and Acceptance Form by inserting the number of New Shares you wish to accept under this Offer Document plus the number of Additional Shares (being more than your Entitlement as specified on the Entitlement and Acceptance

Form) in accordance with the instructions set out on the form. Please also ensure that your payment is sufficient to cover the Acceptance Money for both the New Shares under your Entitlement and any Additional Shares.

Cheques should be in Australian currency and made payable to "White Energy Company Ltd" and crossed "not negotiable".

Completed Forms and accompanying cheques should be posted to the following address:

<b>Mailing Address</b>
White Energy Company Limited c/o Computershare Investor Services Pty Limited GPO Box 505 Melbourne VIC 3001

Entitlement and Acceptance Forms will not be accepted at the Company's registered office.

(b) **Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form, which includes the Biller Code and Customer Reference Number. Eligible Shareholders who have multiple holdings will have multiple Customer Reference Numbers. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Entitlement and Acceptance Form, but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Acceptance Money.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (Sydney time) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

(c) **Administration of applications for New Shares**

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their applications for New Shares under this Offer Document. The amount payable on Acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Money will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any Acceptance Money received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded as soon as practicable following the Closing Date. Any interest earned on the Acceptance Money will be retained by the Company irrespective of whether allotment takes place.

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

### 1.16 Binding effect of Entitlement and Acceptance Form

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY®, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Acceptance Money or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Offer;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia or New Zealand; and
- (c) you have not and will not send any materials relating to the Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

### 1.17 Notice to nominees and custodians

Nominees and custodians may not distribute any part of this Offer Document or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Shares in New Zealand, certain institutional shareholders in the United Kingdom as provided in the inside front cover of this booklet under "United Kingdom" and certain shareholders in such other country in which the Company may determine it is lawful and practical to make the Entitlement Offer.

## 2. The Company and its operations

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### 2.1 Operations

The principal activities of the Company are focused on production of cleaner and more efficient coal.

White Energy is the exclusive worldwide licensee of a patented technology for a Binderless Coal Briquetting (BCB) process which is capable of upgrading low cost, low rank coals and coal fines into more valuable, higher energy yielding briquettes. See section 4.11(a) of this Offer Document for a discussion of the risks associated with this technology and intellectual property.

The BCB process also provides an attractive solution for coal producers seeking to maximise mine yield and solve the environmental issues posed by discarded coal fines. Discussions continue with several mine owners to recover coal from what is currently a waste material which is considered to be an environmental liability, and convert it to a valuable, low moisture coal product in Australia, China and South Africa.

White Energy operates demonstration and pilot plants at Cessnock (NSW, Australia) as a key testing and training facility. Previously coal samples from mines in Australia, South Africa, North America, India and China have been processed at the Cessnock facility to test for their responsiveness to the BCB process. White Energy has signed a

memorandum of understanding with the Yankuang Group in Shandong Province of China to investigate the implementation of BCB technology for use in Yankuang's coal briquetting business. Coal trials have been conducted at the Cessnock facility and further tests will be carried out in China. There are several steps to undertake prior to being able to turn this into a commercial proposition.

#### **Current projects:**

##### **Africa – River Energy Joint Venture – White Energy 51%**

White Energy's 51%-owned subsidiary, River Energy South Africa (**River Energy**) has been working with coal mine operators in South Africa for several years to establish coal briquetting operations and through extensive testing, briquetting and combustion trials on coals from several South African mines has demonstrated that a saleable export grade coal product can be produced from South African reject tailings. River Energy is pursuing opportunities on mine sites in South Africa to secure access to fine coal to support BCB projects and is entering into arrangements which may lead to a BCB plant. It is estimated that there are over 1 billion tonnes of discard coal in tailings facilities, much of which will eventually need to be reclaimed.

White Energy and its 49% joint venture partner in River Energy, Proterra Investment Partners, are currently considering alternative ownership and funding structures for River Energy's BCB and coal fine beneficiation businesses in South Africa.

##### **North America – Mountainside Coal Company – White Energy 51%**

White Energy's coal mining operations in Kentucky, USA are held through 51%-owned subsidiary Mountainside Coal Company Inc. (**MCC**). The North American operations consist of a number of small producing coal mines and permits in Kentucky, USA.

MCC holds several coal production and exploration permits in Kentucky, USA. The Group acquired its interest in MCC in 2013 and commissioned a new coal wash plant in early 2015. Production activities have targeted the high-quality low ash coals in the region that are sought-after by silicon and ferro-silicon manufacturers and command an attractive price premium to lower-quality thermal and coking coals.

Following the suspension of production in September 2016, production recommenced at the Flag Ridge mine in August 2017 and activities targeted thermal coal from the Dean seam until production was again suspended in April 2018 to allow reclamation activities to be completed at Flag Ridge. Reclamation activity continues at MCC's coal mines, with applications being made for bond releases as rehabilitation work in each area is completed.

MCC receives a royalty from the permits it sold during 2017 and it is expected to receive consideration in excess of \$0.4 million over the next financial year, depending on the production rates and yields.

MCC's personnel have been preparing future mine plans that target higher-yielding areas. MCC currently has additional permits in various stages of approval and many acres containing low-ash Blue Gem coal resources in Kentucky that are in the initial permitting phase. MCC continues to advance the permitting process and additional leases are being sought as mine plans for new areas are progressed.

In June 2017, White Energy commenced a process to sell its 51% interest in MCC. Negotiations with interested parties to purchase White Energy's interest are continuing. See section 4.6 of this Offer Document for risks associated with divestment processes.

## **Australia - Lake Phillipson coal resources (EL5719) – White Energy 100%**

White Energy's wholly-owned subsidiary, South Australian Coal holds the exploration rights to a large sub-bituminous coal deposit located in South Australia awaiting development, some 70km south west of Cooper Pedy. Exploration licence EL5719 covers approximately 1,367 km<sup>2</sup> and contains an identified JORC resource of 1,130 MT of thermal coal.

EL5719 was renewed for a 5 year period expiring on 8 August 2020 and retention lease RL104 has been renewed for the same period.

EL5719 lies entirely within the Olympic Dam G9 Structural Corridor. Previous drilling has identified that the geology in the area is similar in age to the mineralisation in the Prominent Hill and Olympic Dam Mines. A number of promising structural features have been identified through gravity and magnetic surveys and may warrant further exploration. Activities have included exploration for iron oxide-copper-gold-uranium (IOCGU) styles of mineralisation.

Other activities continue to analyse commercialisation options for potential mining of the EL 5719 coal deposit. A previous study by Lurgi GmbH confirmed that the Lake Phillipson coal is suitable for gasification and discussions have been held with companies interested in coal gasification projects in South Australia.

The focus on examining coal gasification opportunities and planning for future exploration activities is expected to continue.

The Group will continue to investigate other opportunities to invest in coal assets.

### **Financial position**

The Company has no secured corporate debt. The repayment dates of non-recourse shareholder loans has been extended to January 2021. These loans are provided to the Group's 51% owned operations in the USA, UK and South Africa by both White Energy and the minority shareholders in proportion to their ownership interests.

Loans for \$3.0 million were provided during the 2018 financial year by related parties to two of the Company's Directors (Mr Duncan and Mr Flannery) for general working capital requirements and are repayable within one year of drawdown or on demand. Further loan facilities totaling \$2.0 million were provided after 30 June 2018. At the date of this Offer Document, the facilities are drawn to \$4.5 million out of total facilities available of \$5.0 million. It is intended that all of the drawn down amounts be repaid from the proceeds of the Entitlement Offer.

The Managing Director and all Non-executive Directors have maintained the significant reductions in the cash component of their remuneration from 2016 / 2017 as part of the Company's ongoing commitment to cost reduction.

As at 30 June 2018 the Group had cash reserves of \$1.1 million (30 June 2017: \$3.2 million) excluding \$4.4 million recorded as restricted cash (30 June 2017: \$5.2 million).

The total assets balance decreased from \$55.2 million at 30 June 2017 to \$46.4 million as at 30 June 2018, largely as a result of losses incurred by the Company and its subsidiaries. The increase in liabilities from \$80.3 million to \$92.2 million predominantly reflects a weaker Australian dollar, additional loans provided by the

Group's minority shareholders for their share of the ongoing working capital requirements of MCC and River Energy, and the loans from related parties of the Company's Directors.

The Group's net loss before tax for the year ended 30 June 2018 was \$18.3 million (2017: \$44.2 million).

See section 4.9 of this Offer Document for a discussion of the need for additional capital.

## 2.2 Legal proceedings against PT Bayan Resources Tbk and Bayan International Pte Ltd

### (a) Singapore International Commercial Court

The Company's wholly owned subsidiaries, BCBC Singapore Pte Ltd (**BCBCS**) and Binderless Coal Briquetting Company Pty Limited (**BCBC**) are involved in ongoing legal proceedings in the Singapore International Commercial Court (**SICC**) against PT Bayan Resources Tbk (**BR**) and Bayan International Pte Ltd in connection with the parties' incorporated Indonesian joint venture company, PT Kaltim Supacoal (**KSC**). See section 4.12 of this Offer Document for a discussion of the specific risks associated with this litigation.

The legal proceedings were initiated in December 2011, and have involved a number of tranches. The first tranche of the proceedings was heard by the SICC in November 2015, the second tranche was heard in January 2017 and an appeal in relation to the second tranche was heard in February 2018. As a result of the SICC dismissing BR's counterclaim against BCBCS in April 2016, there are no longer any claims against the Group in these proceedings.

The Court of Appeal released its judgement in regards to the appeal on 29 August 2018. The Court of Appeal substantially dismissed BR's appeal, finding that:

- BR was obliged to procure and/or ensure a supply of coal to KSC;
- BR had breached its coal supply obligation, including by conditioning the supply of coal to KSC on BCBCS / White Energy buying out its 49% stake in KSC for US\$45 million;
- BR had repudiated the KSC joint venture deed; and
- BCBCS did not commit any repudiatory breaches of the KSC joint venture deed.

The Court of Appeal has remitted to the SICC for its determination, a narrow question relating to causation, namely, as to whether BCBCS had the ability to fund KSC by itself. The SICC held a case management conference on 2 October 2018 in order to provide directions in relation to how this issue is to be determined. The SICC made the following directions:

- The first round of submissions are to be simultaneously exchanged on 29 October 2018;
- Reply submissions are to be exchanged on 5 November 2018; and
- An oral hearing (if required) is fixed for 10 January 2019.

Where the SICC finds in favour of BCBCS in relation to this issue, a third tranche of the proceedings will be held to determine the issue of damages arising out of BR's breaches.

(b) **Freezing order against BR's shareholding in Kangaroo Resources Limited**

In 2012, the Supreme Court of Western Australia made freezing orders in favour of BCBCS in respect of BR's 56% shareholding in Kangaroo Resources Limited (**KRL**), a publicly listed Australian company (**freezing order**). The orders made by the Supreme Court of Western Australia, amongst other things:

- prohibit BR from further encumbering its shares in KRL;
- prohibit BR from transferring its shares in KRL to a related entity; and
- prohibit BR from disposing of its shares in KRL to an unrelated entity or diminishing the value of those shares, without first giving BCBCS seven clear business days' notice.

On 17 August 2018, KRL issued a market announcement that it had entered into a binding scheme implementation deed with BR. That deed provides for BR to acquire the balance of the shares in KRL which it does not already own via a scheme of arrangement. It also indicates that, if the scheme of arrangement is approved, BR intends to delist KRL, appoint its own directors and integrate KRL with the BR group which is based in Indonesia. BCBCS believes there is a risk that such actions may adversely affect the value of BR's shares in KRL.

In view of this, BCBCS has filed an application in the Supreme Court of Western Australia, seeking variations to the terms of the freezing order to ensure the purpose of the freezing order is not frustrated if BR acquires all the shares in KRL. BCBCS is seeking amongst other things:

- an outright prohibition on BR diminishing the value of its shares in KRL; and
- an outright prohibition on BR transferring the assets or subsidiaries of KRL, or the assets of subsidiaries of KRL to a related entity.

The hearing will be held on 12 October 2018 in Perth.

If BCBCS is successful in the proceedings in Singapore, BCBCS intends to utilise the freezing order to enforce any damages award.

## 2.3 Board

The Board of the Company is currently comprised of:

- (a) Travers William Duncan, Non-executive Chairman;
- (b) Brian Flannery, Managing Director;
- (c) Graham Cubbin, Non-executive Director;
- (d) Vincent O'Rourke, Non-executive Director; and
- (e) Terence Crawford, Non-executive Director.



### 3. Control issues arising from the Entitlement Offer

#### 3.1 Present position

The top 20 Shareholders of the Company as at 3 October 2018 are as follows:

Name	Shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	102,990,473	31.36
J P MORGAN NOMINEES AUSTRALIA LIMITED	39,523,343	12.04
CITICORP NOMINEES PTY LIMITED	19,643,743	5.98
GANRA PTY LTD	13,114,286	3.99
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	11,974,536	3.65
GANRA PTY LTD <THE FLANNERY FAMILY A/C>	10,000,000	3.05
AMCI WORLDWIDE LIMITED	7,648,190	2.33
ILWELLA PTY LTD	6,850,375	2.09
BIMOSA PTY LTD	6,482,234	1.97
REMOND HOLDINGS PTY LIMITED <DEFINA A/C>	4,002,431	1.22
ILWELLA PTY LTD	3,964,626	1.21
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,788,075	1.15
BOND STREET CUSTODIANS LIMITED <PETKIN - D62111 A/C>	3,520,935	1.07
MCNEIL NOMINEES PTY LIMITED	3,500,000	1.07
FIBORA PTY LTD	3,397,123	1.03
REMOND HOLDINGS PTY LIMITED <DEFINA A/C>	3,278,816	1.00
BRIAN JOSEPH FLANNERY	3,000,000	0.91
M MOO PTY LIMITED	2,988,952	0.91
MEDIFLEX INDUSTRIES AUSTRALIA PTY LTD	2,900,000	0.88
MRS PATRICIA MCALARY	2,800,000	0.85
<b>TOTAL</b>	<b>255,368,138</b>	<b>77.77</b>

### 3.2 Capital structure

Assuming the maximum number of New Shares are issued under the Entitlement Offer, the share capital structure of the Company immediately following the Issue will be as follows:

	Shares
Shares on issue at the date of the Offer Document	328,374,494
Maximum number of New Shares	328,374,494 *
<b>Total share capital immediately after Issue:</b>	<b>656,748,988 *</b>

\* subject to rounding

As at the date of this Offer Document, the Company also has 10,000,000 options on issue (\$0.20 exercise price, expiring 18 November 2022).

### 3.3 Potential impact of the Entitlement Offer on control of the Company

The Entitlement Offer is a pro-rata offer. If all Eligible Shareholders take up their Entitlements, and all rights attaching to Ineligible Shareholders are taken up by other new shareholders, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Entitlement Offer on the control of the Company.

However, the proportional shareholdings of Shareholders who are not resident in Australia or New Zealand may be diluted as those Shareholders are not entitled to participate in the Entitlement Offer. Additionally, if an Eligible Shareholder does not take up their Entitlement in full, there is likely to be a dilutionary effect on that Shareholder's proportional shareholding (which may occur as a result of other Eligible Shareholders taking up Additional Shares, or as a result of the placement of the Shortfall by the Directors).

In the event of a Shortfall, the Directors reserve the right to place the Shortfall at their sole discretion subject to the provisions of the Corporations Act and the Listing Rules.

As set out in section 1.10 of this Offer Document, the Company reserves the right to scale back any applications for Additional Shares in their absolute discretion and to ensure that no Shareholder will as a consequence of taking up their Entitlement and being issued any Additional Shares be in breach of Chapter 6 of the Corporations Act. However, it is the sole responsibility of the Eligible Shareholder to determine the maximum level of New Shares they can apply for.

### 3.4 Potential impact of the Entitlement Offer on Shareholders if they do not take up their Entitlements and the maximum number of New Shares are issued

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted. Examples of how the dilution may impact Shareholders are detailed in the table below:

Shareholder	Shareholding as at Record Date	% at Record Date	Entitlements under the Entitlement Offer	Shareholding if Entitlement Offer not taken up	% post Entitlement Offer (1)
Shareholder 1	100,000	0.03%	100,000	100,000	0.02%
Shareholder 2	500,000	0.15%	500,000	500,000	0.08%
Shareholder 3	1,000,000	0.30%	1,000,000	1,000,000	0.15%
Shareholder 4	5,000,000	1.52%	5,000,000	5,000,000	0.76%
Shareholder 5	10,000,000	3.05%	10,000,000	10,000,000	1.52%
Shareholder 6	25,000,000	7.61%	25,000,000	25,000,000	3.81%

(1) The dilution effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed (to Eligible Shareholders who apply for Additional Shares or to third parties selected by the Directors). If all Entitlements are not accepted and some or the entire resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

### 3.5 Potential impact of the Entitlement Offer on Substantial Holders if they take up their Entitlements and the maximum number of New Shares are issued

As at the date of this Offer Document, the Company has the following Substantial Holders:

Substantial Holder (1)	Number of Shares in which the Substantial Holder has a Relevant Interest	Voting Power (%) of Substantial Holder
M&G Investment Funds (2)	58,878,691	17.93%
Gaffwick Pty Ltd and other entities associated with Mr Travers Duncan	39,884,154	12.15%
Ganra Pty Ltd and other entities associated with Mr Brian Flannery	37,833,903	11.52%
		<b>41.60%</b>

(1) Based on the last Substantial Holder notice lodged.

(2) M&G Investment Funds have a relevant interest in 58,878,691 Shares at the date of this Offer Document but are not the registered holder of these Shares. One or more nominees are the registered holder(s) of the Shares. The Entitlement Offer will be made to those nominees if they are Eligible Shareholders.

Where the Company's Substantial Holders (potentially via nominees) take up all their Entitlements but do not receive any Additional Shares and the maximum number of New Shares are issued by the Company, the voting power of the Company's Substantial Holders will not change.

Related Parties (i.e. Directors and entities associated with them including Gaffwick Pty Ltd and Ganra Pty Ltd) are not entitled to subscribe for Additional Shares.

### 3.6 Potential impact of the Entitlement Offer on Substantial Holders if they take up their Entitlements and less than the maximum number of New Shares are issued

Where the Company's Substantial Holders (potentially via nominees) take up all their Entitlements but do not receive any Additional Shares and less than the maximum number of New Shares are issued by the Company, the voting power ("VP") of the Company's Substantial Holders will change as a result of the Entitlement Offer. Examples of how the VP of the Company's Substantial Holders may be impacted are detailed in the table below.

Substantial Holder (1)	90% of maximum New Shares issued		75% of maximum New Shares issued		50% of maximum New Shares issued		41.60% of maximum New Shares issued	
	Number of Shares	VP (%)	Number of Shares	VP (%)	Number of Shares	VP (%)	Number of Shares	VP (%)
M&G Investment Funds (2)	117,757,382	18.87 %	117,757,382	20.49 %	117,757,382	23.91 %	117,757,382	25.33 %
Gaffwick Pty Ltd and other related parties of Mr Travers Duncan	79,768,308	12.79 %	79,768,308	13.88 %	79,768,308	16.19 %	79,768,308	17.16 %
Ganra Pty Ltd and other related parties of Mr Brian Flannery	75,667,806	12.13 %	75,667,806	13.17 %	75,667,806	15.36 %	75,667,806	16.27 %
		<b>43.79 %</b>		<b>47.54 %</b>		<b>55.46 %</b>		<b>58.76 %</b>

(1) Based on the last Substantial Holder notice lodged.

(2) M&G Investment Funds have a relevant interest in 58,878,691 Shares at the date of this Offer Document but are not the registered holder of these Shares. The Shares are currently held by one or more nominees. The Entitlement Offer will be made to those nominees if they are Eligible Shareholders.

If, in addition to taking up all their Entitlements, M&G Investment Funds (via their nominees) also apply for and receive Additional Shares, the VP of M&G Investment Funds could potentially be higher than described above, subject to the following:

- if the VP of M&G Investment Funds increases to more than 20% as a result of M&G Investment Funds taking up its Entitlements, then M&G Investment Funds will not be issued any Additional Shares;
- if the VP of M&G Investment Funds does not increase to more than 20% as a result of M&G Investment Funds taking up its Entitlements, then M&G Investments may be issued Additional Shares subject to the discretion of the Company to scale back any application for Additional Shares and to ensure that no Shareholder will as a consequence of being issued any Additional Shares breach Chapter 6 of the Corporations Act.

Related Parties (i.e. Directors and entities associated with them including Gaffwick Pty Ltd and Ganra Pty Ltd) are not entitled to subscribe for Additional Shares.

## 4. Risk factors

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### 4.1 Introduction

The activities of the Company, as in any business, are subject to risks, some of which are specific to the Company and the coal industry in general, which may impact on its future performance. The Company has appropriate actions, systems and safeguards for known risks, however, some are outside the control of the Group. The principal risk factors are described below.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Offer Document before you decide whether to accept New Shares.

### 4.2 Nature of investment

Any potential investor should be aware that subscribing for New Shares involves risks. The New Shares to be issued pursuant to this Entitlement Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those New Shares. An Applicant may not be able to recoup his or her initial investment. More specifically, the risks are that:

- (a) the price at which the Applicant is able to sell the New Shares is less than the price paid due to changes in market circumstances;
- (b) the Applicant is unable to sell the New Shares; and
- (c) the Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment.

### 4.3 Securities market

The New Shares may trade on the ASX at higher or lower prices than the Issue Price following listing. Investors who decide to sell their New Shares after listing may not receive the entire amount of their original investment.

The Shares are currently listed on the ASX. However, there can be no guarantee that there is or will be an active market in the Shares or that the price of the New Shares will increase.

The price at which the New Shares trade on the ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control. These factors include movements on international share markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

### 4.4 Economic factors

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions including the levels of consumer confidence and spending, business confidence and investment, employment, inflation, interest rates, foreign exchange rates, access to debt and capital markets, fiscal policy, monetary policy and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse impact on the Company's business and financial performance including its ability to fund its activities.

#### **4.5 Competition risk**

The industry in which the Company is involved is subject to domestic and global competition including from alternative energy sources including gas, solar, uranium, tidal or other energy sources. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

#### **4.6 Potential acquisitions and divestments**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies, products or technologies and may make asset divestments. Any such transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, and any divestment activity could result in realising values less than fair value. Refer to section 2.1 of this Offer Document for details regarding the intended sale of subsidiary company Mountainside Coal Company Inc.

#### **4.7 Management actions**

The Directors will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities. This includes risks arising from the Company's reliance on a number of key employees. The Company has in place employment contracts with key employees and has the objective of providing attractive employment conditions to assist in retaining key employees. However, there is no guarantee that the Company can or will retain its key employees.

#### **4.8 Unforeseen expenses**

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

#### **4.9 Additional capital requirements**

The Directors believe that White Energy has sufficient cash reserves to meet its commitments in the near term, however to satisfy forecast expenditure requirements, the Company will require further funding. The Directors believe that a combination of funding sources may be available, including debt funding for specific projects, issues of new equity and asset sales. The Company's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds. There can be no guarantee that the funds raised through the Entitlement Offer will be sufficient to achieve all of the objectives of the Company's overall business strategy. If the Company is unable to use debt, equity or asset sales to fund the objectives of its business strategy after the substantial exhaustion of the net proceeds from the Entitlement Offer, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional funding on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures.

#### **4.10 Regulatory risk, government policy**

The Company holds investments in Australia, Africa and North America and conducts business, or seeks to conduct business in these and other countries and is therefore exposed to the laws governing businesses in

those countries. Changes in government regulations including taxation, the repatriation of profits, restrictions on production, export controls, environmental compliance, shifts in the political stability of the country, labour unrest and other adverse political events could adversely affect the Company and its business initiatives in Australia, Africa and North America and other countries.

#### **4.11 Specific risks associated with investments in the coal industry**

##### **(a) Technology, general project and intellectual property risks**

Any project is subject to risk, in particular those that rely on a relatively new technology. Emerging new technologies may render the Group's exclusively licensed and proprietary binderless briquetting technology obsolete, or commercialisation of the technology may take longer than anticipated, which hinder the Group's ability to derive future income. The Group's future financial performance may also be impacted by the failure to protect its intellectual property.

##### **(b) Exploration success**

The mineral tenements of which the Company has or may have an interest in are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the project areas, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

##### **(c) Operating risks**

The future operations of the Company may be affected by various factors that may impact the amount of product produced, increase the cost of production and delay or reduce sales revenue, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction and production costs; adverse weather conditions; natural disasters; industrial and environmental accidents; industrial disputes; transportation delays; workplace, health and safety issues; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

##### **(d) Resource estimates**

The Company reports resource estimates in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (known as the JORC Code). Resource estimates are expressions of judgement based on knowledge, experience and industry practice. There are risks associated with such estimates, including that the coal mined may be of a different quality, tonnage or strip ratio from those estimates. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

##### **(e) Coal price volatility and foreign exchange rate risks**

The Group's future financial performance will be impacted through the revenue it derives by future traded coal prices and movements in foreign exchange rates which are determined by factors outside the Group's control.

(f) **Environmental risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company is committed to environmental care and aims to carry out its activities in an environmentally responsible and scientifically-sound way that reduces the environmental impact to a practical minimum and ensures compliance with all environmental laws. The Group holds certificates of deposit for bonds held for security until reclamation of permitted sites in Kentucky and Tennessee in the USA has been suitably completed by the Group.

(g) **Title risks and native title**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

#### 4.12 **Specific risks associated with litigation**

The Company is involved in a lengthy and complex legal dispute with its former Indonesian joint venture partner, BR, and its associated company Bayan International. The final outcome of such proceedings is not known or certain. There may be unexpected scenarios which may affect the Company's position in the proceedings. Further information relating to these legal proceedings is set out in section 2.2 of this Offer Document.

If the Singapore International Commercial Court finds in favour of the Company's wholly owned subsidiary, BCBCS on the remitted issue of causation, the Company (through its subsidiaries) will be seeking damages and costs from BR in a third tranche of proceedings. The recovery of damages and costs is uncertain including as to quantum. In the event that BCBCS is awarded damages and costs in the third tranche of proceedings, BCBCS will register the judgement in Western Australia and seek to utilise the freezing order (as described in section 2.2(b) of this Offer Document) to enforce a damages and costs award. There is a risk that BR may take actions to frustrate the purpose of this order which may affect the ability of BCBCS to utilise the freezing order to enforce a damages award.

In addition to the dispute with BR and Bayan International, the Group is involved in the following claims and disputes:

- (a) The Company's wholly owned subsidiary, Mountainside Coal Company Inc. (**MCC**), has been engaged in legal proceedings brought against it in the 2015 financial year related to disputed matters arising from a layoff of an employee that occurred in 2015. MCC may be liable for costs should a court ultimately decide to award costs and damages against MCC. Interrogatories have been provided and there is no fixed trial date; and



- (b) The Company has received indemnity claims from certain former Directors of the Company for legal costs incurred as a result of their participation in an ICAC public inquiry (**Operation Jasper**) and subsequent court proceedings. The Company has established an independent board committee (**IBC**) to review these claims and determine the most appropriate course of action for the Company, including whether the Company will have to make any future payments in relation to these claims and whether any expense incurred as a consequence would be reimbursable under the Company's insurance policies. The IBC do not currently believe that the Company will have to provide for any additional amounts in respect of these claims beyond amounts already accrued. The total amount of claims against the Company in relation to the matters referred to above is \$7,400,000 as at the date of this Offer Document. During the year ended 30 June 2017, a claim was made under the Company's directors & officers insurance policy with insurers Allianz in relation to legal costs paid by the Company and the relevant Directors for Operation Jasper and subsequent court proceedings. The quantum of the claim that will be paid is uncertain and is still being negotiated.

The Group may be subject to other litigation, claims and disputes in the course of its business including, but not limited to, contractual claims, environmental claims, employment disputes, occupational health and safety claims, regulatory disputes, legal actions from special interest groups, as well as third party damage or losses resulting from mining actions. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could adversely affect the Group's business, operating and financial performance. The Group is not currently involved in any claims and disputes other than those described in this section 4.12 and is not aware of any circumstances which could give rise to any other claims or disputes.

#### **4.13 Investment speculative**

The above list of risk factors is not an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Offer Document.

Therefore, the Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

## 5. Definitions and glossary

Terms and abbreviations used in this Offer Document have the following meaning:

Acceptance	An acceptance of Entitlements.
Acceptance Money	The Issue Price multiplied by the number of New Shares accepted.
Additional Shares	Has the meaning given in section 1.10.
Applicant	A person who submits an Entitlement and Acceptance Form.
ASX	ASX Limited ACN 071 527 083.
Bayan International	Bayan International Pte Ltd.
BCBCS	BCBC Singapore Pte Ltd.
Board	The board of directors of the Company.
BR	PT Bayan Resources Tbk.
CHESS	Means the clearing house electronic sub register system, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form.
Closing Date	The date by which valid Acceptances must be received by the Share Registrar being 5.00pm (Sydney Time) 6 November 2018 or such other date determined by the Board.
Company or White Energy	White Energy Company Limited (ACN 071 527 083).
Constitution	The Constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	The directors of the Company.
Eligible Shareholder	A Shareholder of the Company that holds Shares in the Company on the Record Date whose registered address is in Australia or New Zealand or who the Company has otherwise determined is eligible to participate in the Entitlement Offer.
Entitlement	The right to participate in a 1 for 1 pro rata renounceable entitlement offer of New Shares, pursuant to the Entitlement Offer.
Entitlement and Acceptance Form or Form	An entitlement and acceptance form in the form attached to this Offer Document.
Entitlement Offer	The pro rata renounceable entitlement offer to Eligible Shareholders to subscribe for 1 New Share for every 1

	Share held on the Record Date.
Group	The Company and its subsidiaries.
Ineligible Shareholder	A Shareholder of the Company that holds Shares in the Company on the Record Date but is not an Eligible Shareholder.
Issue or Offer	The offer and issue of New Shares in accordance with this Offer Document.
Issue Price	\$0.07 for each New Share.
Listing Rules	The official listing rules of the ASX.
New Shares	Shares proposed to be issued under the Entitlement Offer.
Opening Date	The date of commencement of the Entitlement Offer, expected to be 16 October 2018.
Option	An option to be issued a Share.
Offer Document	This Offer Document dated 8 October 2018 as modified or varied by the Company.
Record Date	11 October 2018.
Related Party	Has the meaning given to that term in the Corporations Act.
Relevant Interest	Has the meaning given to that term in the Corporations Act.
Securities	Has the same meaning as in section 92 of the Corporations Act.
Share Registry	Computershare Investor Services Pty Limited.
Shares	The ordinary shares on issue in the Company from time to time.
Shareholders	The holders of Shares from time to time.
Shortfall	Those New Shares which are not subject to a valid Entitlement and Acceptance Form.
Substantial Holder	A person who has a substantial holding (as that term is defined in the Corporations Act).
US Securities Act	The US Securities Act of 1933, as amended.

## Corporate directory

<b>Directors</b>	<b>Solicitors to the Entitlement Offer</b>
Travers Duncan Brian Flannery Graham Cubbin Vincent O'Rourke Terence Crawford	Allens Level 26 480 Queen Street Brisbane QLD 4000
<b>Registered Office</b>	<b>Share Registry</b>
c/- Franks & Associates Pty Limited Level 5 126 Phillip Street Sydney NSW 2000	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnson Street Abbotsford, Victoria 3067