



White Energy Company Limited

Mining Exploration Entity Quarterly Activity
Report

and

Appendix 5B

March 2018

SUMMARY OF ACTIVITY

A summary of the major items of activity for White Energy Company Limited (“White Energy”, “WEC” or the “Company”) during the quarter ended **31 March 2018** is outlined below.

HIGHLIGHTS

- **Generated US\$1.0 million in coal sales revenue (WEC share US\$0.5 million) at MCC during the quarter**
- **Negotiations in progress for sale of Mountainside Coal Company in the USA**
- **River Energy is pursuing opportunities for BCB projects in South Africa**
- **Appeal heard in February for the litigation proceedings against Bayan Resources Tbk and judgement reserved**

1. AFRICA – RIVER ENERGY JOINT VENTURE - WEC 51%

White Energy’s 51%-owned subsidiary, River Energy South Africa Pty Ltd (River Energy), through Proterra Investment Partners (49%), is in discussion with a number of South African coal miners interested in the Group’s Binderless Coal Briquetting (BCB) technology.

Extensive testing by River Energy, including successful briquetting and combustion trials, has previously 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.

The BCB process provides an attractive solution for coal producers seeking to maximise mine yield and facing the environmental challenges posed by reject coal fines. In South Africa alone, it is estimated that there are over 1 billion tonnes of discarded coal in tailings facilities, much of which may eventually need to be reclaimed.

White Energy and its joint venturer in South Africa are currently considering alternative ownership and funding structures for River Energy’s BCB and coal fine beneficiation businesses in South Africa.

2. NORTH AMERICA – MOUNTAINSIDE COAL COMPANY (“MCC”) – WEC 51%

MCC generated US\$1.0 million in coal sales revenue during the March 2018 quarter, with AUD revenue down 33% from the prior quarter.

Sales revenues during the quarter from MCC’s Flag Ridge mine were impacted by lower production volumes compared to the December 2017 quarter.

Mining of the Dean seam was completed in early April 2018. The site is being progressively backfilled, graded and hydro-seeded. MCC’s management are currently planning for future mining activities.

Reclamation activity continues, with applications being made for bond releases as rehabilitation work in each area is completed.

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.

White Energy has previously announced that it would sell its 51% interest in MCC. Discussions still continue with interested parties.

3. AUSTRALIA

South Australia – EL5719

During the quarter, work continued on examining coal gasification opportunities and planning for future exploration activities.

BCB opportunities

Management continues investigations into opportunities to briquette discarded coal fines which currently represent an environmental liability to miners. Application of the BCB technology could provide an opportunity for miners to convert waste coal fines into a saleable product.

4. GENERAL CORPORATE

The Company has no corporate debt. Non-recourse shareholder loans provided to the Group's 51% owned operations in the USA and South Africa by both White Energy and the minority shareholders in proportion to their ownership interests are repayable in January 2019. The loan facilities provided by two of the Company's directors were put in place for general working capital requirements while the Company waits for the settlement proceeds from the sale of MCC and are repayable within one year of drawdown or on demand.

PT Kaltim Supacoal ("KSC") – WEC 51%

Appeal heard in Singapore

The appeal hearing of the legal proceedings initiated by subsidiaries of White Energy, BCBC Singapore Pte Ltd ("BCBCS") and Binderless Coal Briquetting Company Pty Limited, against PT Bayan Resources Tbk and Bayan International Pte Ltd ("Bayan") relating to the KSC joint venture in Indonesia was heard by the Singapore International Commercial Court ("SICC") on 7 to 8 February 2018 in Singapore.

The appeal hearing was presided over by a panel of three judges from the SICC. The appeal by Bayan was against substantially the whole of the SICC's findings against Bayan in the second tranche judgement released on 25 July 2017, in which the SICC found in favour of BCBCS on substantially all of the matters considered. The appeal judgement has been reserved. On 27 March 2018 the Court of Appeal wrote to the parties directing the parties to make further submissions in relation to certain questions posed by the Court. Both parties have now filed their written submissions and replies, and await judgement.

The White Energy Group had invested over US\$110 million in the Tabang project in Indonesia up until 2012 when BR repudiated the joint venture. Substantial legal costs have also been incurred in relation to the proceedings to recover damages from Bayan.

After the appeal judgement, White Energy will prepare for the third tranche of the proceedings, seeking damages and costs.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

White Energy Company Limited

ABN

62 071 527 083

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,593	3,645
1.2 Payments for		
(a) exploration & evaluation	(57)	(92)
(b) development	(149)	(414)
(c) production	(1,115)	(3,501)
(d) staff costs	(1,116)	(3,397)
(e) administration and corporate costs (*)	(618)	(2,946)
1.3 Dividends received (see note 3)		
1.4 Interest received	109	118
1.5 Interest and other costs of finance paid (**)	(22)	(23)
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material) (***)	43	1,343
1.9 Net cash from / (used in) operating activities	(1,332)	(5,267)

(*) includes legal fees incurred in respect of KSC dispute and MCC administration costs.

(**) includes interest paid to companies controlled by the Company's directors, Brian Flannery and Travers Duncan, each being a substantial shareholder of WEC.

(***) Current quarter includes \$38,000 of restricted cash paid for bonded reclamation obligations and the year to date amount includes \$919,000 of restricted cash returned upon completion of bonded reclamation obligations.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(132)
(b) tenements (see item 10)	-	-

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	209	211
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	322	322
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	531	401

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings (***)	658	3,120
3.6	Repayment of borrowings(****)	(254)	(565)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	404	2,555

(***) current quarter represents shareholder loans from Proterra Investment Partners for its 49% equity interest in River Energy, and loans totalling \$600,000 provided by companies controlled the Company's directors, Brian Flannery and Travers Duncan, each being a substantial shareholder of WEC.

(****) represents part repayment of shareholder loans to Proterra Investment Partners for its 49% interest in River Energy.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,368	3,311
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,332)	(5,267)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	531	401
4.4	Net cash from / (used in) financing activities (item 3.10 above)	404	2,555

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
4.5	Effect of movement in exchange rates on cash held	18	(11)
4.6	Cash and cash equivalents at end of period	989	989

5. Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1 Bank balances	882	1,142
5.2 Call deposits	107	226
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	989	1,368

In addition to the cash and cash equivalents at the end of the quarter, \$2.4 million of cash is held as security for reclamation bonds in the USA and \$2.0 million is held as a security bond by the Supreme Court of Western Australia.

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

109

Nil

Directors' fees and salaries paid to Directors and their associates

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

Nil

Nil

N/A

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	59,458	59,067
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	3,000	1,600

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

8.1 Represents shareholder loans from minority shareholders with a 49% interest in MCC and River Energy which are repayable in January 2019 and bear interest at fixed rates between 5.01% and 6.33% pa, payable on maturity. Additional loans may be drawn-down as agreed between the shareholders to fund future activities of MCC and River Energy.

Loan facilities of up to \$1.5 million have been provided by each of the Company's directors, Brian Flannery and Travers Duncan, each being a substantial shareholder of the Company. The loans are unsecured, repayable within one year after they are advanced or on demand, and bear interest of 0.8% per month payable by the 15th of the following month.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(8)
9.2 Development	(253)
9.3 Production	(600)
9.4 Staff costs	(802)
9.5 Administration and corporate costs	(1,344)
9.6 Other (provide details if material)(****)	2,907
9.7 Total estimated cash outflows	(100)

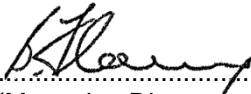
(****) In the next quarter, cash outflows from Group companies are expected to include part repayment of loans from the minority shareholder in MCC, and cash inflows to include coal sale and royalty income, loans from minority shareholders in MCC and River Energy, loans from substantial shareholders, asset sale proceeds and released reclamation security bonds.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


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(Managing Director)

Date: 30 April 2018

Print name: Brian Flannery

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.