



14 November 2019

Ms Lin Kang  
Adviser, Listings Compliance  
ASX Compliance Pty Limited  
Level 6, Bridge Street  
Sydney  
NSW 2000

By Email: [Lin.kang@asx.com.au](mailto:Lin.kang@asx.com.au)  
[ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au)

Dear Ms Kang

**WHITE ENERGY COMPANY LIMITED (“WEC”, “WHITE ENERGY” OR THE “COMPANY”) – APPENDIX 5B QUERY**

With reference to your letter dated 12 November 2019 and with specific reference to your queries contained therein, we advise as follows:

1. *Does WEC expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

White Energy expects it will continue to have negative operating cash flows in the near to medium term, based on the current activities being undertaken by WEC, being:

- the ongoing development and exploitation of WEC’s binderless coal briquetting technology (“BCB”);
- the evaluation of mining exploration assets; and
- the continuing engagement in legal proceedings against PT Bayan Resources TBK and Bayan International Pte Ltd.

2. *Has WEC taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

The steps in place to raise further cash to fully fund operations and the likelihood of success are set out below:

- White Energy is currently running a sale process for its 51% interest in Mountainside Coal Company Inc. (“MCC”), negotiations with interested parties to purchase the interest are continuing and are expected to be concluded and settled in the near term;



- White Energy is currently designing a BCB plant for a mine site in China and the contract to allow construction to commence is expected to be finalised in the near future, with WEC receiving funds for the revenue earned for its design and engineering supervision services;
- As previously foreshadowed, the Company plans to raise additional equity funds for the ongoing activities of WEC, as required. The Company has been successful in raising equity funds through the issue of new shares recently and in the past;
- WEC's 51% owned subsidiaries MCC, River Energy JV Ltd and River Energy JV UK Limited continue to have access to funds from their 49% minority shareholder under existing shareholder loan agreements (in conjunction with WEC's 51% contributions) to enable them to meet their debts as and when they fall due; and
- The Directors believe, based on past experience, that they can raise third party debt financing to part fund any future project capital expenditure requirements.

3. *Does WEC expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

The Company expects to be able to continue its operations and to meet its business obligations on the basis of the information disclosed in 2. above.

4. *Please confirm that WEC is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.*

The Company confirms that it is in compliance with the Listing Rules, in particular Listing Rule 3.1.

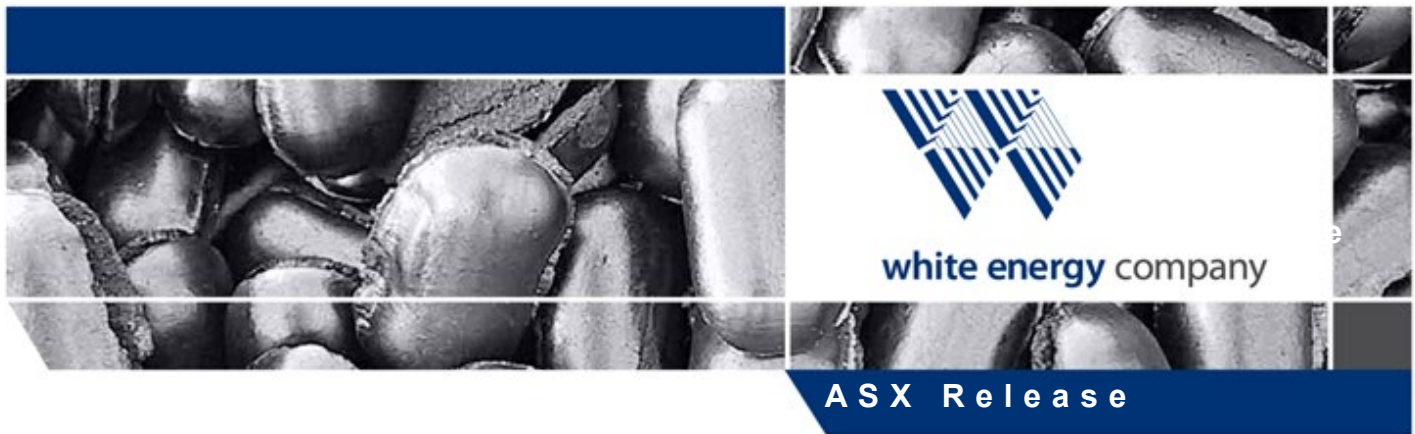
5. *Please confirm that WEC's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of WEC with delegated authority from the board to respond to ASX on disclosure matters.*

The Company's responses to the above questions have been authorised and approved in accordance with its published continuous disclosure policy and by an officer of the Company with delegated authority to respond to ASX on disclosure matters, being Mr. Brian Flannery.

For and on behalf of the Board,

A handwritten signature in black ink, appearing to read "B. Flannery".

Brian Flannery  
Managing Director



## Forward Looking Statements

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



12 November 2019

Reference: 10554

Mr David Franks  
Company Secretary  
White Energy Company Limited  
Level 5, 126 Phillip Street  
Sydney NSW AU 2000

By email: david.franks@automicgroup.com.au

Dear Mr Franks

**White Energy Company Limited ('WEC'): Appendix 5B Query**

ASX refers to WEC's Appendix 5B quarterly report for the period ended 30 September 2019 lodged with ASX Market Announcements Platform on 31 October 2019 (the 'Appendix 5B').

ASX notes that WEC has reported:

- negative net operating cash flows for the quarter of \$3,177,000;
- cash at the end of the quarter of \$2,064,000; and
- estimated cash outflows for the next quarter of \$1,405,000.

It is possible to conclude, based on the information in the Appendix 5B that if WEC were to continue to expend cash at the rate indicated by the Appendix 5B, WEC may not have sufficient cash to continue funding its operations.

In view of that, ASX asks WEC to respond separately to each of the following questions and requests for information:

1. Does WEC expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has WEC taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does WEC expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that WEC is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that WEC's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of WEC with delegated authority from the board to respond to ASX on disclosure matters.

**When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEST Friday, 15 November 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in WEC's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule

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3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, WEC's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1 and Listing Rule 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to WEC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that WEC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in WEC's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**Lin Kang**  
Adviser, Listings Compliance (Sydney)