



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

17 March 2020

Dear Shareholder

## **WHITE ENERGY COMPANY LIMITED PRO RATA RENOUNCEABLE ENTITLEMENT OFFER – NOTICE TO ELIGIBLE SHAREHOLDERS**

On 13 March 2020, White Energy Company Limited (**Company** or **WEC**) announced a pro rata renounceable entitlement offer on the basis of one new fully paid ordinary share in the Company (**Offer Share**) for every two existing ordinary shares in the Company (**Share**) held as at 7.00pm (Sydney time) on Thursday, 19 March 2020 (**Record Date**) for an issue price of \$0.06 per Offer Share (**Issue Price**) to raise up to \$15.5 million before costs (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by Ilwella Pty Ltd and Gaffwick Pty Ltd (each an **Underwriter**), which are associated entities of two directors of the Company, being Mr Brian Flannery and Mr Travers Duncan respectively. Each of the Underwriters has agreed to underwrite 50% of the Entitlement offer.

The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth) (as notionally modified by Corporations (Non-Traditional Rights Issues) Instrument 2016/84). Shareholder approval is not required for the Entitlement Offer.

Offer Shares issued under the Entitlement Offer will rank equally with existing ordinary shares in the capital of WEC.

### **Use of funds**

The Company intends to use the proceeds of the Entitlement Offer as follows:

- to fund the ongoing legal proceedings against PT Bayan Resources Tbk and Bayan International Pte Ltd;
- to make payments owing to CSIRO of approximately \$3.2 million in relation to the Binderless Coal Briquetting Technology payable by 31 March 2020;
- for general corporate purposes, including working capital;
- where the abovementioned uses are needed to be paid or part paid prior to finalisation of the Entitlement Offer, these will be paid through unsecured loans, therefore a use of funds could be to repay or offset any unsecured loans made to the Company by associated entities of two directors of the Company (being Mr Brian Flannery and Mr Travers Duncan)<sup>1</sup>; and
- to pay the costs of the Entitlement Offer.

<sup>1</sup> As at the date of this letter, the Company has not entered into any unsecured loans with any director of the Company, or their associated entities. However, if the directors of the Company conclude that such loans are required by the Company prior to the close of the Entitlement Offer, any such loan will be disclosed to ASX.



## Eligible Shareholders

The Entitlement Offer is an offer to eligible shareholders only. Eligible Shareholders are WEC shareholders as at the Record Date who have a registered address in Australia and New Zealand or who are shareholders that WEC has otherwise determined are eligible to participate in the Entitlement Offer, including certain institutional shareholders in the United Kingdom.

Under the Entitlement Offer, Eligible Shareholders are entitled to subscribe for one Offer Share at the Issue Price for every two Shares held at the Record Date (**Entitlement**).

Shareholders who are not Eligible Shareholders are Ineligible Shareholders.

Eligible Shareholders may, in addition to their Entitlements, apply for Offer Shares over and above their Entitlement at the same issue price of \$0.06 per Offer Share (**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. WEC 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.

## Offer Document

This letter is not an offer document, but rather a notice of some of the key terms and conditions of the Entitlement Offer.

Further details of the Entitlement Offer are contained in an offer document (**Offer Document**). The Offer Document has been lodged with Australian Securities Exchange (ASX) and is available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

The Offer Document will be dispatched to Eligible Shareholders, together with a personalised Entitlement and Acceptance Form which contains details of your Entitlement, on Tuesday, 24 March 2020. You should read all of the Offer Document carefully before deciding whether to participate in the Entitlement Offer.

## Action required by Eligible Shareholders

Eligible Shareholders may choose from the following:

### *If you wish to take up all of your Entitlement*

If you wish to take up all or part of your Entitlement, please either:



- complete and return the personalised Entitlement and Acceptance Form with the requisite payment so that payment is received by no later than 5.00pm (Sydney time) on Thursday, 9 April 2020; or
- make your payment via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form so that payment is received by no later than 5.00pm (Sydney time) on Thursday, 9 April 2020. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and should therefore take this into consideration when making payment.

If you take up and pay for all of your Entitlement before the close of the Entitlement Offer, it is expected that you will be issued Offer Shares on Monday, 20 April 2020.

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY®, constitutes a binding offer to acquire Offer Shares on the terms and conditions set out in the 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 Offer Shares. The decision of the WEC directors whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Eligible Shareholders may also, in addition to their Entitlements, apply for Additional Shares. 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), without interest.

***If you wish to take up part of your Entitlement and sell the balance on ASX***

If you wish to take up part of your Entitlement for Offer Shares, please either:

- complete and return the personalised Entitlement and Acceptance Form with the requisite payment so that payment is received by no later than 5.00pm (Sydney time) on Thursday, 9 April 2020; or
- make your payment via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form so that payment is received by no later than 5.00pm (Sydney time) on Thursday, 9 April 2020. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and should therefore take this into consideration when making payment,

and in respect of the balance of your Entitlement that you wish to sell, you should provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX.



***If you wish to sell all or part of your Entitlement on ASX***

Eligible Shareholders who do not wish to take up all or part of their Entitlements may be able to sell their Entitlements on ASX. If you wish to sell all or part of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement 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 25 March 2020 and cease on 2 April 2020.

***If you wish to sell or transfer all or part of your Entitlement other than on ASX***

You may choose 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 if they were 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 (this can be obtained from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for in Australian dollars, made payable to "**White Energy Company Ltd**" and crossed "**Not Negotiable**" to the Share Registry (by post at any time after the opening date of the Entitlement Offer and no later than 5.00pm (Sydney time) on the closing date of the Entitlement Offer).

If you wish to transfer all or a proportion of your Entitlement to another person on the Clearing House Electronic Sub-register System (**CHESS**) you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants you to exercise some or all of the Entitlement, you should follow your CHESS controlling participant's instructions as to the most appropriate way to take up the Entitlement on their behalf. The application moneys for the Offer Shares the transferee of the Entitlement wants to acquire must be received by the Share Registry by a cheque in Australian dollars, made payable to "**White Energy Company Ltd**" and crossed "**Not Negotiable**" and lodged at any time after the opening date of the Entitlement Offer and no later than 5.00pm (Sydney time) on the closing date of the Entitlement Offer by the Share Registry.

***If you wish to do nothing, in which case your Entitlement will lapse and you will receive no value for that lapsed Entitlement***

If you take no action you will not be allocated Offer Shares and your Entitlement will lapse. Shareholders who do not take up, or dispose of, their Entitlement will not receive any payment or value for that Entitlement.





Eligible Shareholders who do not participate fully in the Entitlement Offer will have their percentage holding in WEC diluted.

### ***Market for Entitlements***

Your Entitlement is renounceable and may be tradeable on the ASX. Trading of Entitlements will commence on ASX on 25 March 2020 and cease on 2 April 2020. There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on the ASX and the price you may be able to achieve.

If you do not take up or sell your Entitlement, they will lapse after the Offer closes or Entitlements trading ends, as the case may be.

Before taking up your Entitlement, seeking to trade your Entitlement or choosing to do nothing in respect of your Entitlement, you should seek your own tax advice.

### **Capital structure**

The number of shares on issue in WEC at the date of the Offer Document and the total number of shares that will be on issue in WEC following the Entitlement Offer, is set out as follows:

<b>Event</b>	<b>Shares</b>
Shares on issue as at the date of the Offer Document	516,318,597
Offer Shares proposed to be issued under the Entitlement Offer	258,159,299*
<b>Total shares on issue after completion of the Entitlement Offer</b>	<b>774,477,896*</b>
*subject to rounding	

As at the date of the Offer Document, WEC also has 10,000,000 options on issue (\$0.20 exercise price, expiring 18 November 2022) and 3,400,000 incentive rights on issue (if vested, on 30 June 2022 as assessed on 1 July 2022, each incentive right results in an entitlement to one fully paid ordinary share in the Company).



## Key dates for Eligible Shareholders

The indicative timetable for the Entitlement Offer is as follows:

Activity	Date
Announcement of the Entitlement	Friday, 13 March 2020
"Ex" Date for Entitlement Offer	Wednesday, 18 March 2020
Entitlement trading commences on a deferred settlement basis	
Record Date for Entitlement Offer	7 p.m. (AEDT) on Thursday, 19 March 2020
Offer Booklet and Entitlement and Acceptance Form despatched	Tuesday, 24 March 2020
Entitlement Offer opens	
Entitlement trading ends	Thursday, 2 April 2020
Shares quoted on a deferred settlement basis	Friday, 3 April 2020
Entitlement Offer closes	5 p.m. (AEST) on Thursday, 9 April 2020
Announcement of results of Entitlement Offer and under-subscriptions	Thursday, 16 April 2020
Issue of Offer Shares under the Entitlement Offer	Monday, 20 April 2020
Commencement of trading of Offer Shares	Tuesday, 21 April 2020

### Notes:

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

This timetable is indicative only and subject to change. The WEC Directors may vary these dates, subject to the ASX Listing Rules, the Corporations Act and the underwriting agreements. An extension of the Closing Date will delay the anticipated date for issue of the Offer Shares. The WEC 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 Offer Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants.

For further information, please contact David Franks, Company Secretary, on +61 2 8098 1169, or contact your stockbroker, accountant or other professional adviser.

Yours sincerely,

Travers Duncan  
Chairman  
White Energy Company Limited