



white energy company limited

ABN 62 071 527 083

**Results Presentation
Financial Year Ended 30 June 2014**

A Diversified Coal Company – Coal Technology and Coal Mining



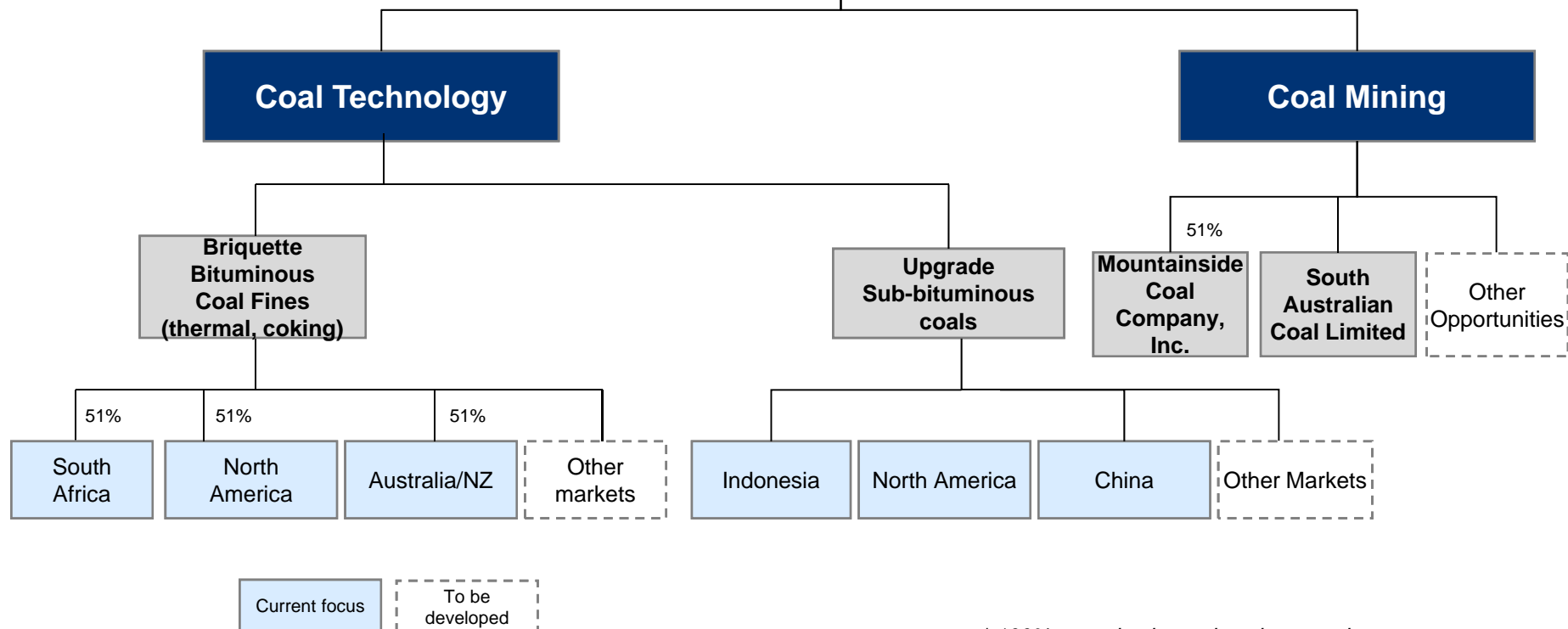
■ Platform for Growth

- Highlights
- Financial Summary

Solid Platform for Growth



White Energy is organised around two distinct – *but related* – business divisions which provide an exciting pipeline of projects currently under development.



* 100% owned unless otherwise stated



- Platform for Growth

▪ Highlights

- Financial Summary

Highlights for Year Ended 30 June 2014



White Energy has secured an income producing asset in Mountainside Coal which is focused on the sale of specialty coals in the U.S. domestic market. Substantial progress continues to be made in relation to the development of the BCB technology, particularly in the African market.

United States

- Completed the purchase of 100% of the capital stock of Mountainside Coal Company, Inc. ("MCC");
- Completed the handover of operations at MCC, including the appointment of new management and installation of new accounting and IT systems;
- Commenced construction of a new wash plant at MCC, due for commissioning during the Dec 2014 quarter;
- Awaiting a clean-air permit to build and operate a BCB plant at MCC.

Africa

- Successfully completed a commercial scale materials handling and PF boiler burn test on a 100 tonne sample of briquettes produced from South African coal fines;
- Signed a binding agreement with the owners and operators of the Woestalleen Colliery to construct a coal fines beneficiation plant and BCB plant at the Woestalleen Hub;
- Completed a second major Detailed Feasibility Study ("DFS") for a proposed 500,000 per annum BCB plant with a major coal producer with commercial discussions now in progress;
- Commenced a DFS with Anglo American Coal for a proposed 700,000 tonne per annum BCB plant.

Indonesia

- Worked with several parties to identify and conduct due diligence on a number of prospective coal deposits;
- Continued to work on the legal dispute with Bayan Resources regarding the terminated KSC JV, including preparation for the Singapore trial.

Australia

- Carried out pilot scale testing of coal supplied from U.S., South Africa and China at the Cessnock Production Plant;
- Tested various refinements made to the commercial briquetting machine to process coal fines.

Corporate

- Signed a second JV agreement with Black River to commercialise the BCB technology, as applied to the beneficiation and briquetting of bituminous coal fines in the U.S., Canada, Australia and New Zealand;
- Continued to hold significant cash reserves to fund business development opportunities in key coal markets.



- Platform for Growth
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- **Financial Summary**

Results Overview –Year Ended 30 June 2014



Operating results for the year ended 30 June 2014 included the impact of operations at Mountainside Coal, the subsequent sale to Black River of 49% of the coal fines technology rights in U.S., Canada, Australia and New Zealand and a further impairment charge recognised in respect of the carrying value of the SAC asset.

- The Consolidated Entity's net loss for the year ended 30 June 2014 before income tax was \$55.3M (2013: \$122.3M).
- Consistent with the approach taken in the prior year, White Energy commissioned an independent valuation of the recoverable amount of its South Australian Coal Limited ("SAC") and BCB technology assets as part of its year-end accounting processes. As a result of the independent valuation work performed, Directors have resolved to impair the SAC asset by a further \$25M in the year ended 30 June 2014. This impairment charge is reflective of the continued depressed investor sentiment towards the Australian coal sector in general, as well as the fact that coal prices and the value of early stage coal projects have fallen further during the year ended 30 June 2014.
- The "Normalised EBITDA" loss for the year ended 30 June 2014 was \$11.1M (2012: \$10.8M), after adjusting for:
 - non-cash expenses: depreciation, amortisation, impairment expense, share based payment expense, foreign exchange loss - \$35.9M
 - fair value gains - \$0.7M
 - finance costs - \$0.7M
 - one-off legal costs incurred in respect of litigation - \$4.3M
 - minority partner shares of losses - \$4.0M

Results Overview – Year Ended 30 June 2014 (cont.)



- The Consolidated Entity's total revenue for the year ended 30 June 2014 was \$27.9M (2013: \$6.4M), which mainly includes coal sales revenues at MCC, interest income earned on cash deposits, proceeds from the sale of livestock/wool at Ingomar Station, recognition of government grant income and income from coal sampling activities at the Cessnock Production Plant. The increase in revenue on the previous year is mainly driven by coal sales at MCC since acquisition.
- The Consolidated Entity's total expenses for the year ended 30 June 2014 were \$85.3M (2013: \$130M), which includes a further \$25M impairment expense recognised in respect of the carrying value of the SAC asset. The reduction in expenses on the previous year is driven by a lower impairment charge in the current period, partly offset by additional expenditure associated with MCC's mining operations.

Results Overview –Year Ended 30 June 2014 (cont.)



Normalised EBITDA

	Year Ended 30 June 2014 AU\$M	Year Ended 30 June 2013 AU\$M
Consolidated entity net loss for the year before income tax (*)	(55.3)	(122.3)
Non-cash expenses:		
• Depreciation / amortisation	8.9	5.6
• Impairment expense	25.3	99.5
• Write-back of loss on accounting deconsolidation of KSC	-	(5.1)
• Fair value gains	(0.7)	(0.4)
• Share based payment expense	0.9	1.1
• Foreign exchange losses	0.2	0.1
• Other	0.6	0.5
Sub-total	35.2	101.3
Other significant non-operating expenses:		
• Finance costs	0.7	0.7
• Legal costs - litigation	4.3	8.4
Sub-total	5.0	9.1
Consolidated entity EBITDA – normalised (*)	(15.1)	(11.9)
Minority partner share of EBITDA - normalised	4.0	1.1
White Energy Group EBITDA – normalised	(11.1)	(10.8)

(*) Includes minority interest share

Results Overview –Year Ended 30 June 2014 (cont.)



Consolidated balance sheet

AU\$M	30/6/2014	30/6/2013
Current Assets	62.4	89.3
Total Assets	174.7	205.8
Total Current Liabilities	16.9	19.5
Total Liabilities	38.1	24.0
Net Assets	136.6	181.8
Total Equity	136.6	181.8

▪ Cash on hand as at 30 June 2014 was \$56.4M excluding \$2.1M of restricted cash and certificates of deposit in respect of mining rehabilitation bonds at MCC;

▪ Decline in assets from \$205.8M to \$174.7M reflects a further \$25M SAC exploration asset impairment charge and operating cash outflows, partially offset by an increase in the Property, Plant and Equipment balance following the acquisition of MCC;

▪ Increase in liabilities from \$24M to \$38.1M reflects liabilities assumed on acquisition of MCC and shareholder loans provided by Black River to MCC in its 49% shareholder capacity.

Consolidated statement of cash flows

AU\$M	June 2014	June 2013
Net cash (outflows) from operating activities	(12.7)	(20.9)
Net cash (outflows) from investing activities	(8.5)	(4.3)
Net cash inflows (outflows) from financing activities	(9.1)	(26.0)
Net increase (decrease) in cash and cash equivalents	(30.3)	(51.2)
Effects of non cash movements on cash and cash equivalents	Nil	Nil
Closing Cash & Cash Equivalents	56.4	86.7

▪ Cash flows from operating activities includes coal sales from MCC (\$19.8M), less MCC coal mining costs (\$22.2M), corporate head office costs and one-off legal costs;

▪ Cash invested during the period predominately reflects the purchase of MCC for \$21.3M and payments for property, plant and equipment of (\$4.9M), partly offset by \$20.2M received from the sale of 49% of the coal fines technology rights in U.S., Canada, Australia and NZ to Black River;

▪ Cash flows from financing activities reflect the repayment of a Black River shareholder loan (\$9.1M).

Disclaimer



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