white energy company limited

ABN 62 071 527 083

Results Presentation
Half-Year Ended 31 December 2014

A Diversified Coal Company – Coal Technology and Coal Mining

white energy company limited
ABN 62 071 527 083

- **Highlights**
- Financial Summary

Highlights for Half-Year Ended 31 December 2014

white energy company limited
ABN 62 071 527 083

The main focus during the half-year was on the construction of a new coal wash plant at MCC, which will enable the company to significantly increase sales of specialty coal into niche coal markets and drive profitability in the near-term

United States

- Continued with construction of the new coal wash plant at Mountainside Coal Company Inc. ("MCC"), which was subsequently commissioned during February 2015.
- Commenced mining operations at MCC's Flat Creek mine during December 2014, which contains the best reserves of the high value, low-ash Blue Gem coal, with first coal produced and sold during December 2014.
- Obtained an air-permit to operate a 250,000 tonne per annum (tpa) BCB plant at MCC.

Africa

- Completed construction and commissioning of a coal fines beneficiation plant at the Woestalleen Hub, as part of phase 1 of the Woestalleen Project, with first product produced at site.
- Executed a non-binding term sheet for the construction of a proposed 500,000 tpa BCB plant with a major South African coal producer, following successful combustion tests overseen by Eskom on briquettes produced during the DFS.
- Continued work on a DFS with Anglo American Coal (AAC) for a proposed 700,000 tpa BCB plant.

Indonesia

- Continued to work with several parties to identify coal deposits for acquisition in the Kalimantan region of Indonesia, which include coal upgrading opportunities requiring application of the BCB technology.
- Continued to work on the legal dispute with Bayan Resources regarding the terminated KSC JV, including preparation for the impending Singapore trial.

Australia

- Continued to evaluate the commercialisation options for the Lake Phillipson coal deposit (EL4534), with a focus on potential coal gasification projects.
- Continued Demonstration Plant testing of coal fines supplied by MCC and AAC at the Cessnock Plant.
- Tested various refinements made to the commercial briquetting machine to process coal fines.

Corporate

- Continued to hold significant cash reserves to fund business development initiatives currently underway across key coal producing regions of the world.

white energy company limited
ABN 62 071 527 083

- Highlights
- **Financial Summary**

Results Overview – Half-Year Ended 31 December 2014

white energy company limited
ABN 62 071 527 083

Operating results for the half-year ended 31 December 2014 included the impact of the mining operations at MCC, including $9.1 million in coal sales revenue generated during the period

- The Consolidated Entity's net loss for the half-year ended 31 December 2014 before income tax was $17.3M (2013: $14.1M).

- The "Normalised EBITDA" loss for the half-year ended 31 December 2014 was $6.2M (2013: $5.5M), after adjusting for the following:
  - non-cash expenses: depreciation, amortisation, impairment expense, net fair value movements, share based payment expense and foreign exchange loss - $5.8M
  - finance costs - $0.8M
  - one-off legal costs incurred in respect of litigation - $1.2M
  - minority partner shares of losses - $3.3M

- The Consolidated Entity's total revenue for the half-year ended 31 December 2014 was $12.1M (2013: $10.5M), which mainly includes revenue derived from the sale of coal at MCC for the six month period, interest income earned on cash deposits, coal sampling income, proceeds from the sale of livestock/wool at Ingomar Station and the recognition of government grant income. The increase in revenue on the comparative half-year period is the result of recognising MCC coal sales for the whole six month period, as compared to the prior period in which MCC coal sales were only recognised from the 4 October 2013 acquisition date.

- The Consolidated Entity's total expenses for the half-year ended 31 December 2014 were $29.8M (2013: $24.5M), which includes operating costs associated with the MCC coal mining operations. The increase in the total expenses on the comparative half-year period is the result of recognising MCC coal mining and administration expenses for the whole six month period, as compared to the prior period in which MCC coal mining and administration expenses were only recognised from the 4 October 2013 acquisition date.

Results Overview – Half-Year Ended 31 December 2014

white energy company limited
ABN 62 071 527 083

Normalised EBITDA

	Half-Year Ended 31 December 2014 A$M	Half-Year Ended 31 December 2013 A$M
Consolidated entity net loss for the half-year before income tax (*)	**(17.3)**	**(14.1)**
Non-cash expenses:		
• Depreciation / amortisation	4.2	3.7
• Write offs/impairment expense	1.2	0.7
• Fair value losses/(gains)	(0.3)	0.3
• Share based payment expense	-	0.5
• Foreign exchange losses	0.3	0.3
• Other	0.4	0.4
Sub-total	**5.8**	**5.9**
Other significant non-operating expenses:		
• Finance costs	0.8	0.2
• Legal costs - litigation	1.2	2.0
Sub-total	**2.0**	**2.2**
Consolidated entity normalised EBITDA (*)	**(9.5)**	**(6.0)**
Minority partner share of normalised EBITDA	3.3	0.5
White Energy Group normalised EBITDA	**(6.2)**	**(5.5)**

(*) Includes minority interest share

Results Overview – Half-Year Ended 31 December 2014

Consolidated balance sheet

A$M	31/12/2014	30/6/2014
Current Assets	49.2	62.5
Total Assets	183.7	180.1
Total Current Liabilities	8.2	16.9
Total Liabilities	57.9	40.8
Net Assets	125.8	139.3
Total Equity	**125.8**	**139.3**

- Cash on hand as at 31 December 2014 was $41.3M, excluding $4.7M of security bonds and certificates of deposit in respect of mining rehabilitation bonds at MCC.
- Increase in assets from $180.1M to $183.7M predominately reflects the MCC coal wash plant expenditure capitalised during the period and the declining AUD/USD exchange rate when translating U.S. denominated assets. This was slightly offset by a decrease in cash held by the Group as outlined in the consolidated statement of cash flows below.
- Increase in liabilities from $40.8M to $57.9M reflects the additional shareholder loans provided by the Company's joint venture partner, funds managed by Black River Asset Management LLC, for the construction of the new MCC coal wash plant and general MCC working capital requirements.

Consolidated statement of cash flows

A$M	HY Dec 2014	HY Dec 2013
Net cash (outflows) from operating activities	(15.3)	(8.8)
Net cash (outflows) from investing activities	(14.7)	(21.9)
Net cash inflows from financing activities	14.7	Nil
Net increase (decrease) in cash and cash equivalents	(15.3)	(30.7)
Effects of non cash movements on cash and cash equivalents	0.2	Nil
Closing Cash & Cash Equivalents	**41.3**	**56.0**

- Cash flows from operating activities includes coal sales from MCC ($11.4M), less MCC coal mining costs ($14.6M), corporate head office costs and one-off legal costs.
- Cash invested during the period reflects $14.1M in payments for property, plant and equipment, the majority of which was for the construction of the new MCC coal wash plant ($11.8M) and exploration expenditure ($0.5M).
- Cash inflows from financing activities reflects shareholder loans provided by Black River Asset Management ($14.7M).

Forward Looking Statements

Forward Looking Statements. *Statements in this presentation, particularly those regarding possible, targeted, expected or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, growth, earnings or trend projections are or may be forward looking statements. The words 'anticipated', 'expected', 'intended', 'projection', 'forecast', 'estimate', 'guidance', 'plan', 'could', 'should', 'may', 'target', 'consider', 'believe', 'will' and other similar expressions are intended to identify forward looking statements. Such forward looking statements relate to future matters and may involve known and unknown risks, uncertainties, or other factors, many of which are outside the control of the company, which could cause actual results to differ materially from past results or results expressed or implied by such statements. To the maximum extent permitted by law, the company, its related bodies corporate and their directors, officers, employees, agents and advisers disclaim any obligation to update any forward looking statements to reflect subsequent events or circumstances.*

Financial information. *The presentation of certain financial information in this presentation may not comply with financial captions in the primary financial statements of the company prepared under IFRS. However, the company considers that the presentation of such information is appropriate for investors and not misleading as it can be reconciled with financial statements which comply with IFRS.*

Summary information. *The information in this presentation does not purport to be complete. It should be read in conjunction with the company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.*

For more information visit **www.whiteenergyco.com** or contact:

Brian Flannery

Managing Director & CEO

White Energy Company Limited

+61 2 9959 0000

Ivan Maras

Chief Financial Officer

White Energy Company Limited

+61 2 9959 0000

white energy company limited

ABN 62 071 527 083

Level 9, 20 Hunter Street
Sydney, NSW 2000
Telephone: +61 2 9959 0000
Facsimile: + 61 2 9959 0099
Email: info@whiteenergyco.com

ABN 62 071 527 083