white energy company limited

ABN 62 071 527 083

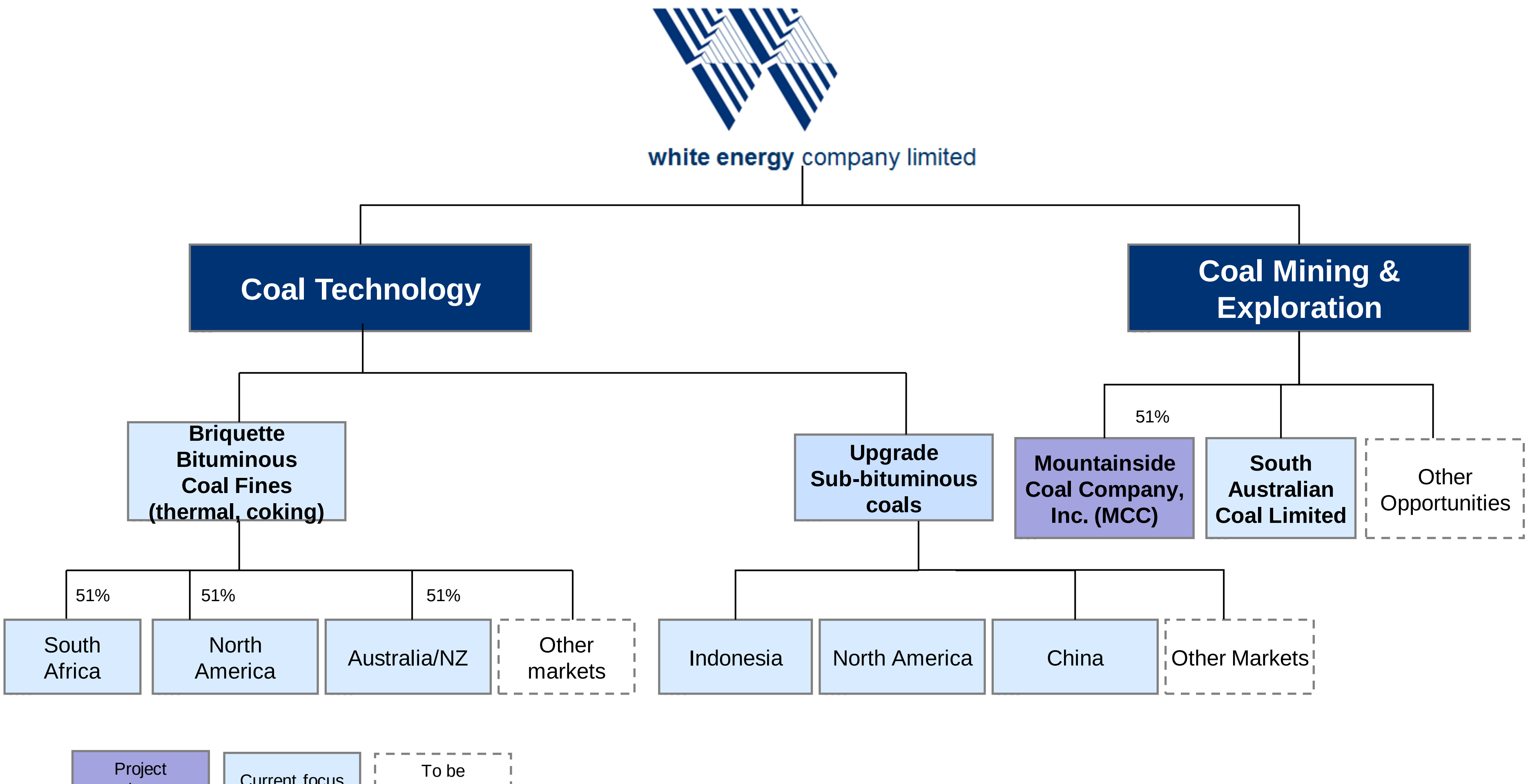
Results Presentation
Financial Year Ended 30 June 2015

A Diversified Coal Company – Coal Technology and Coal Mining

- **Positioning for Future Growth & Profitability**
- Highlights
- Financial Summary

Positioning for Future Growth & Profitability

White Energy is organised around two distinct – *but related* – business divisions which comprise coal technology and coal mining/exploration, with a pipeline of key projects currently being developed



** 100% owned unless otherwise stated*

Positioning for Future Growth & Profitability

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In a significantly depressed global coal market, White Energy's investment in MCC provides exposure to high-demand specialty coal markets, whilst enabling the Company to continue its focus on near-term opportunities to commercialise coal fine briquetting projects utilising the BCB technology

- Despite the pricing pressures in world coal markets, there continues to be demand for high quality, low-ash stoker coals in the U.S. and export markets. This underpins MCC's strategy of becoming a key player in the value-added sized coal smelting markets, where specialty coals continue to command a premium price.
- Shareholders will be aware that it was always the intention for MCC to substantially exit the thermal coal market and focus on mining those coal seams which can be supplied into the specialty markets. Following the recent commissioning of the new coal wash plant, this strategy is now well underway.
- The focus of MCC management has turned to marketing activities associated with the ongoing sales of the high value and low-ash stoker coal product. This focus has initially centred on the U.S. domestic market, as evidenced by the recent signing of a sales contract with a major U.S. silicon metal producer. However, it is MCC's intention to also export stoker product in the short to medium-term.
- Most of the focus in the South African market has been on the opportunity for the River Energy JV to build a 500,000 tonne per annum fine coal beneficiation, binderless briquetting and waste management plant that is fully integrated with an existing mine and wash plant operated by one of the largest coal producers in South Africa.
- This project has appeal across several fronts, as it effectively takes a waste product, which carries a significant ongoing financial and environmental liability for the coal producer in question, and converts this product into a coal briquette which can be blended and sold with the producer's existing Run of Mine (ROM) product.
- The MCC and South African coal fines beneficiation/briquetting opportunities, as outlined above, represent the two key projects that are intended to drive growth and profitability of the Company in the short-term.

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Highlights for Year Ended 30 June 2015

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The main focus during the year ended 30 June 2015 was on the construction of a new coal wash plant at MCC, which will enable the company to significantly increase sales of stoker coals into specialty coal markets and drive near-term profitability

United States

- Completed the construction and commissioning of a new coal wash plant at MCC;
- Commenced mining operations at MCC's Flat Creek mine, which contains the best reserves of the high value, low-ash Blue Gem coal; and
- Signed a sales contract with a major U.S. silicon metal producer to supply up to 13,000 tons per month of low-ash stoker coal product for use in their silicon plants located in the U.S..

Africa

- Executed a non-binding term sheet for the construction of a proposed 500,000 tpa BCB plant with a major South African coal producer. A detailed design and engineering study, together with binding transaction documents, are currently in the process of being finalised; and
- 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.

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; and
- Continued to work on the legal dispute with Bayan Resources regarding the terminated KSC JV, including preparation for the Singapore trial scheduled to commence in November 2015.

Australia

- Continued to evaluate 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 a number of South African coal producers at the Cessnock Plant; and
- Tested various refinements made to the commercial briquetting machine to process coal fines.

Corporate

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

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Results Overview –Year Ended 30 June 2015

Operating results for the year ended 30 June 2015 included the impact of a full year of mining operations at MCC, with US$19.4 million in coal sales revenue generated by MCC during the year

- The Consolidated Entity's net loss for the year ended 30 June 2015 before income tax was $42.4M (2014: $55.3M).

- The "Normalised EBITDA" loss for the half-year ended 30 June 2015 was $13.3M (2014: $11.1M), after adjusting for the following:
  - non-cash expenses: depreciation, amortisation, impairment expense, net fair value movements, share based payment expense and unrealised foreign exchange losses - $15.5M
  - finance costs - $1.6M
  - one-off legal costs incurred - mainly in respect of litigation - $3.2M
  - minority partner shares of losses - $8.8M

- MCC generated an EBITDA loss of approximately $11.4M (WEC 51% equity share $5.8M) for the year ended 30 June 2015, given that the bulk of the coal produced and sold during the period was thermal coal, sold into the U.S. domestic power and industrial markets. Following the recent commissioning of the new coal wash plant, it is anticipated that the ratio of sales of the higher priced stoker coals , and therefore profitability, will substantially increase during the 2015/16 financial year.

- The Consolidated Entity's total revenue for the year ended 30 June 2015 was $28.2M (2014: $27.9M), which mainly includes revenue derived from the sale of coal 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 Consolidated Entity's total expenses for the year ended 30 June 2015 were $71.6M (2014: $85.3M), which includes a full year of operating costs associated with MCC coal mining operations. The overall reduction in expenses on the comparative year is largely the result of a lower impairment expense recognised for the year ended 30 June 2015.

Results Overview –Year Ended 30 June 2015

Normalised EBITDA

	Year Ended 30 June 2015 A$M	Year Ended 30 June 2014 A$M
Consolidated entity net loss before income tax (*)	**(42.4)**	**(55.3)**
Non-cash expenses:		
• Depreciation / amortisation	10.7	8.9
• Write offs/impairment expense	5.0	25.3
• Fair value losses/(gains)	(1.0)	(0.7)
• Share based payment expense	0.1	0.9
• Foreign exchange losses	0.1	0.2
• Other	0.6	0.6
Sub-total	**15.5**	**35.2**
Other significant non-operating expenses:		
• Finance costs	1.6	0.7
• Legal costs - litigation	3.2	4.3
Sub-total	**4.8**	**5.0**
Consolidated entity normalised EBITDA (*)	**(22.1)**	**(15.1)**
Minority partner share of normalised EBITDA	8.8	4.0
White Energy Group normalised EBITDA	**(13.3)**	**(11.1)**

(*) Includes minority interest share

Results Overview – Year Ended 30 June 2015

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Consolidated balance sheet

A$M	30/6/2015	30/6/2014
Current Assets	34.1	62.5
Total Assets	170.4	180.4
Total Current Liabilities	15.5	16.9
Total Liabilities	69.1	40.8
Net Assets	101.3	139.6
Total Equity	**101.3**	**139.6**

Consolidated statement of cash flows

A$M	FY June 2015	FY June 2014
Net cash (outflows) from operating activities	(30.4)	(12.7)
Net cash (outflows) from investing activities	(21.2)	(8.5)
Net cash inflows (outflows) from financing activities	20.5	(9.1)
Net increase (decrease) in cash and cash equivalents	(31.1)	(30.3)
Effects of non cash movements on cash and cash equivalents	0.3	Nil
Closing Cash & Cash Equivalents	**25.6**	**56.4**

- Cash on hand as at 30 June 2015 was $25.6M, excluding $4.9M of security bonds and certificates of deposit in respect of MCC mining rehabilitation bonds.

- Decrease in assets from $180.4M to $170.4M predominately reflects the decrease in cash held by the Group as outlined in the consolidated statement of cash flows below. This was partly offset by expenditure on the MCC coal wash plant, an increase in restricted cash and coal inventory at MCC, and the declining AUD/USD exchange rate when translating U.S. denominated assets.

- Increase in liabilities from $40.8M to $69.1M mainly reflects the additional shareholder loans provided by the Company's joint venture partner, Black River Asset Management, for the construction of the new MCC coal wash plant and general MCC and River Energy JV working capital requirements.

- Cash flows from operating activities includes coal sales from MCC ($23.3M), less MCC coal mining costs ($29M), corporate head office costs and one-off legal costs.

- Cash invested during the period reflects $19.9M in payments for property, plant and equipment, the majority of which was for the construction of the new MCC coal wash plant ($16.1M), and MCC exploration expenditure ($0.9M).

- Cash inflows from financing activities reflects non-recourse shareholder loans provided by Black River Asset Management ($20.5M).

Forward Looking Statements & Disclaimers

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.

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