



ABN: 34 009 356 665

31 May, 2010

**ASX RELEASE/ MEDIA RELEASE**

**General Manager,  
The Company Announcements Office  
Australian Stock Exchange Limited  
Electronic Lodgement System**

**Bandanna Energy's South Galilee Project Declared State  
Significant**

Bandanna Energy Limited (ASX : BND) and its farmin and co-venturer, AMCI (Alpha) Pty Ltd, are pleased to advise that their South Galilee Project, located near Alpha in the Galilee Basin, has been declared a Significant Project by the Queensland Government.

Operated by AMCI, the Joint Venture recently completed a Concept Study which indicated that the South Galilee Project had the potential to support annual production of up to 20 million tonnes (Mtpa), of high volatile, thermal coal for export to international markets over at least a 40 year mine life.

Premier Anna Bligh in referring to the declaration said the South Galilee Project could generate 2000 construction jobs, a permanent workforce of 750 people to operate the mine and numerous support jobs for suppliers and contractors.

Minister for Infrastructure and Planning Stirling Hinchliffe said the South Galilee Coal Project would utilise common user rail and port infrastructure required for the Alpha, Kevin's Corner and Waratah projects, located to the north of the South Galilee Project, to export coal through Abbot Point.

Dr Ray Shaw, Managing Director of Bandanna, said that this declaration of State Significance would be a major boost for the South Galilee Project and whilst the declaration was not an indication of approval or support for the Project by the Queensland Government it would significantly aid the governmental administrative processes.

"There are still a number of steps to undertake, including an environmental impact statement (EIS), but the South Galilee Project now has increased importance for Queensland and better channels with which to move forward," Dr Shaw said.



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“The South Galilee Project Joint Venture is committed to community engagement in the project’s development and will introduce comprehensive stakeholder consultation to pursue input and feedback from the community”, he added.

Details of the EIS draft Terms of Reference should be available shortly by the Department of Infrastructure and Planning (DIP) for public comment. The EIS process will be managed by the DIP on behalf of the Coordinator-General. Currently the Joint Venture is undertaking a 140 hole drilling program as part of its on-going pre-feasibility studies.

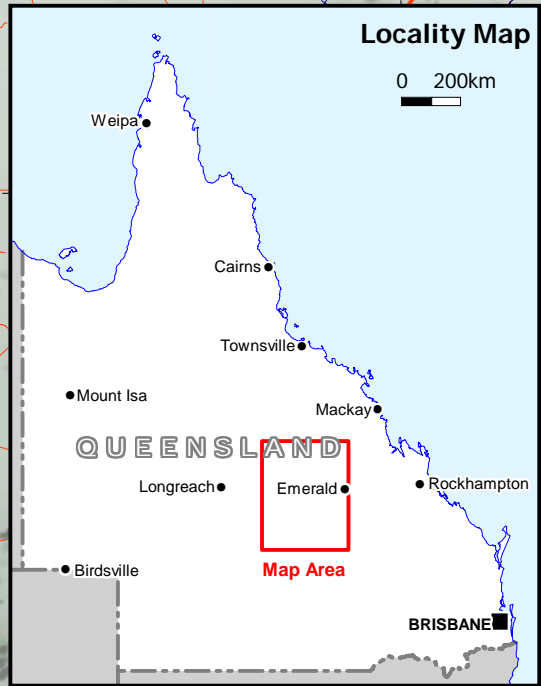
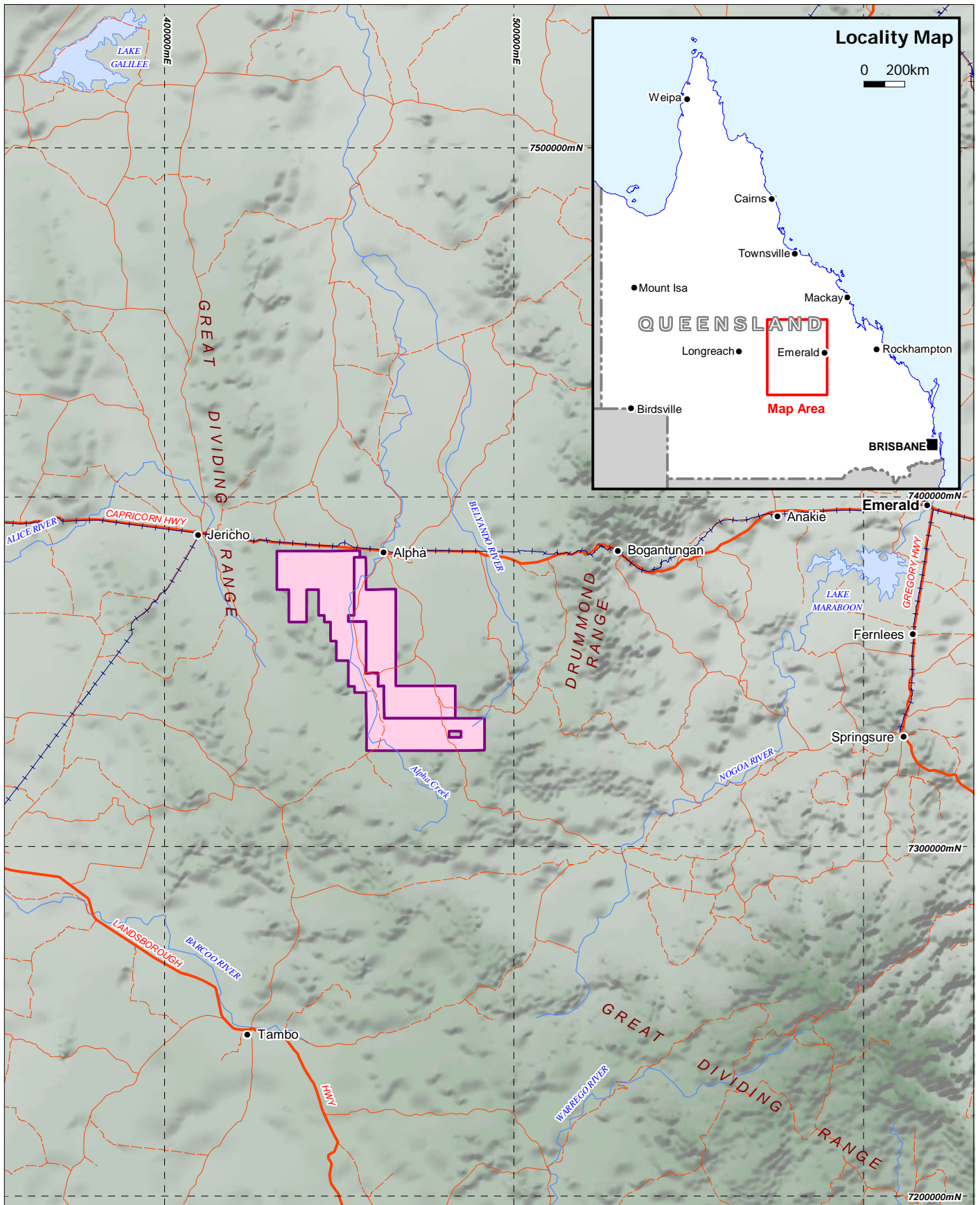
Under the terms of the farmin agreement AMCI will earn up to 50% of the South Galilee Project from Bandanna by undertaking up to \$25 million in exploration expenditure commitments. Bandanna is the only ASX listed company involved in current mine development in the Galilee Basin.

Further information can be obtained on the Bandanna website at [www.bandannaenergy.com.au](http://www.bandannaenergy.com.au) or by calling Bandanna Energy Limited.

Yours faithfully,

A handwritten signature in black ink, appearing to read "R. Shaw", with a horizontal line underneath.

**Dr Ray Shaw**  
**Managing Director**  
Bandanna Energy Limited  
Ph: 07 3041 4400



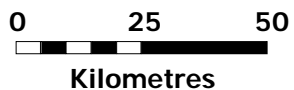
**LEGEND**

- Principal road
- Road (sealed)
- Road (unsealed)
- Railway
- Watercourse
- Major lake
- Town
- Project tenement

Data Source: Tenement - EEDI.  
Topography (250k) - Geoscience Australia.

**Alpha Coal Pty Ltd  
South Galilee Coal Project**

Regional location plan



Scale: 1:1,500,000 (A4)

31/05/2010

Datum: GDA94  
Projection: MGA55

**FIGURE 1**

