

25 August 2011

Australian Stock Exchange Limited  
Company Electronic Lodgement

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

## Retail Component of Entitlement Offer

On 17 August 2011 Bandanna Energy Limited ("Bandanna") (ASX: BND) announced its 5 for 16 accelerated non-renounceable entitlement offer ("Entitlement Offer") to raise up to approximately \$133 million. The institutional component of the offer underwritten by UBS, attracted strong demand from Bandanna's existing institutional shareholders and new institutional shareholders and was oversubscribed, raising gross proceeds of approximately \$100 million.

Bandanna wishes to advise that the retail component of the Entitlement Offer ("Retail Offer") will open on Thursday, 25 August 2011 and will close at 5.00pm (AEST) on Friday, 9 September 2011. The Retail Offer is for the issue of up to approximately 33 million shares at \$ 1.00 each, on the basis of 5 new ordinary shares for every 16 existing ordinary shares held at 7.00 pm (AEST) on Monday 22 August, 2011. The Retail Offer is non-renounceable and is not underwritten.

The attached Retail Offer Booklet was today despatched to eligible shareholders.

Eligible retail shareholders wishing to participate in the Retail Offer for New Shares and Additional New Shares will need to follow the instructions in the Retail Offer Booklet and on the Entitlement and Acceptance Form which will accompany the Retail Offer Booklet.

Shareholders who have questions regarding the Retail Offer should call the Bandanna Energy Offer Information Line on 1300 657 955 (from within Australia) or +61 3 9415 4037 (from outside Australia) at any time from 8.30am to 5.30pm (AEST) Monday to Friday during the Retail Offer Period.

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This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States, unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Neither this announcement nor any other documents relating to the offer of New Shares may be sent or distributed to persons in the United States.

### ENDS

Further enquiries:

Dr Ray Shaw: (07) 3041 4400

Andrew Crook Mb: 0419 788 431



# RETAIL ENTITLEMENT OFFER

**Bandanna Energy Limited**  
ABN 34 009 356 665

Details of a 5 for 16 accelerated pro-rata non-renounceable entitlement offer of new ordinary shares in Bandanna Energy Limited at an Offer Price of \$1.00 per New Share.

This offer closes at 5.00pm (AEST) on Friday, 9 September 2011.

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This is an important document which is accompanied by an Entitlement and Acceptance Form. Both documents should be read in their entirety.

If you have any queries regarding the offer please contact the Bandanna Energy Offer Information Line on 1300 657 955 (within Australia) or +61 3 9415 4037 (outside Australia) between 8.30am to 5.30pm (AEST) Monday to Friday during the Retail Offer Period (Thursday, 25 August 2011 to Friday, 9 September 2011). If you have any doubt about whether you should invest in the Entitlement Offer, you should seek professional advice before making any investment decision.

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## Important Notice

This Retail Offer Booklet, including the ASX Offer Announcements and Equity Raising Presentation reproduced in it and the Entitlement and Acceptance Form, does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. In particular, this Retail Offer Booklet and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. None of this Retail Offer Booklet, the ASX Offer Announcements and Equity Raising Presentation reproduced in it nor the Entitlement and Acceptance Form may be distributed to or released in the United States. The New Shares offered in the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered, or sold, or resold, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States. The New Shares may not be deposited in any existing unrestricted American Depositary Receipt Facility or future such program with respect to the securities of Bandanna Energy that has been or may be established until 40 days following the completion of the Retail Offer.



## Key Dates

Event	Date
Announcement of the Entitlement Offer	Wednesday, 17 August 2011
Record Date for the Entitlement Offer (Record Date)	7.00pm (AEST) Monday, 22 August 2011
Retail Offer opens (Opening Date)	Thursday, 25 August 2011
Settlement of New Shares issued pursuant to the Institutional Offer	Friday, 26 August 2011
Allotment and normal trading of New Shares issued pursuant to the Institutional Offer	Monday, 29 August 2011
Retail Offer closes (Closing Date)	5.00pm (AEST) Friday, 9 September 2011
Settlement of New Shares issued pursuant to the Retail Offer (Retail Settlement Date)	Friday, 16 September 2011
Allotment of New Shares issued pursuant to the Retail Offer	Monday, 19 September 2011
New Shares issued pursuant to the Retail Offer commence normal trading on the ASX	Tuesday, 20 September 2011
Despatch of holding statements for New Shares	Thursday, 22 September 2011

Note: This timetable is indicative only and is subject to change. All times and dates refer to Australian Eastern Standard Time (**AEST**). The commencement of quotation of New Shares is subject to confirmation from ASX.

Bandanna Energy and UBS AG, Australia Branch (the **Underwriter**) reserve the right, subject to the Corporations Act 2001 (Cth) (**Corporations Act**), ASX Listing Rules and other applicable laws to vary the dates and times of the Entitlement Offer, including extending the Entitlement Offer or accepting late Applications, either generally or in particular cases, without notice. You cannot, in most circumstances, withdraw an Application once it has been accepted. No cooling off rights apply to the Retail Offer.

Eligible Retail Shareholders wishing to participate in the Retail Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Offer opens.

As the Entitlement Offer is non-renounceable, if you take no action, you will not receive any payment or value for Entitlements not taken up.

### Enquiries

If you have any questions, please call the Bandanna Energy Offer Information Line on 1300 657 955 (within Australia) or +61 3 9415 4037 (from outside Australia) between 8.30am and 5.30pm (AEST) Monday to Friday, from Thursday, 25 August 2011 to Friday, 9 September 2011 (**Retail Offer Period**), or consult your stockbroker, accountant, solicitor or other independent professional adviser.

### Website

[www.BandannaEnergy.com.au](http://www.BandannaEnergy.com.au)

# Managing Director's Letter

Thursday, 25 August 2011

Dear Shareholder,

On behalf of the Board of Bandanna Energy Limited (**Bandanna**), I am pleased to invite you to participate in a 5 for 16 accelerated non-renounceable entitlement offer of new shares in Bandanna (**New Shares**) at an offer price of \$1.00 (**Offer Price**) per New Share (**Entitlement Offer**). This will allow you to have the opportunity to purchase 5 New Shares at the Offer Price for every 16 existing ordinary shares in Bandanna (**Existing Shares**) you owned at 7.00pm (AEST) on Monday, 22 August 2011 (**Record Date**) (**Entitlement**).

## Details of the Entitlement Offer

Bandanna will raise up to approximately \$133 million through the Entitlement Offer, comprising:

- an offer to institutional shareholders (**Institutional Offer**) of approximately \$100 million; and
- an offer to retail shareholders (**Retail Offer**) of approximately \$33 million.

The Offer Price of \$1.00 per New Share represents a 12.6% discount to the theoretical ex-rights price and a 16.0% discount to the closing price of Bandanna shares on Tuesday, 16 August 2011.

The Entitlement Offer will be underwritten to \$100 million by UBS AG, Australia Branch (**UBS**).

It is important to note that your Entitlement under the Retail Offer is non-renounceable and therefore cannot be sold or traded. This means that Eligible Retail Shareholders (as defined in Section 3.1) who do not take up their Entitlement in full will not receive any value in respect of those Entitlements they do not take up.

## Use of proceeds of the Entitlement Offer

Together with Bandanna's existing cash reserves, proceeds raised from the Entitlement Offer will be used to:

- satisfy financial commitments at financial close for Bandanna's 4Mtpa export capacity through Wiggins Island Coal Export Terminal (**WICET**) Stage 1;
- provide cash-backing for bank guarantees in respect of above and below rail commitments; and
- fund the Definitive Feasibility Studies (**DFS**) at Springsure Creek, Dingo West and South Galilee and other project development expenditure.

## Purpose of the Retail Offer Booklet

This offer booklet (**Retail Offer Booklet**) and the enclosed Entitlement and Acceptance Form contain important information about the Retail Offer and I encourage you to read them carefully before deciding whether or not to participate in the Retail Offer.

You will also find in this Retail Offer Booklet the following important information:

- Key dates;
- How to Apply;

- ASX Offer Announcements; and
- Important Information.

To participate you must apply and pay for your New Shares before 5.00pm (AEST) Friday, 9 September 2011, otherwise your Entitlement under this Retail Offer will lapse.

If you have any questions about the Entitlement Offer, please call the Bandanna Energy Offer Information Line on 1300 657 955 (within Australia) or +61 3 9415 4037 (from outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday, from Thursday, 25 August 2011 to Friday, 9 September 2011 (**Retail Offer Period**).

On behalf of the board of Bandanna, I thank you for your continued support of our company.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Shaw', written over a horizontal line.

Raymond D. Shaw  
Managing Director  
Bandanna Energy Limited

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# Section 1

## HOW TO APPLY



# 1. How to Apply

## 1.1 The Retail Offer

Eligible Retail Shareholders are being offered the opportunity to subscribe for 5 New Shares for every 16 Existing Shares held at 7.00pm (AEST) on Monday, 22 August 2011 at the Offer Price of \$1.00 per New Share.

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Please note that New Shares in excess of Entitlements will only be allocated to Eligible Retail Shareholders if, and to the extent that Bandanna so determines, in its absolute discretion, having regard to circumstances as at the time of the close of the Retail Offer. Applications for Additional New Shares will be limited to that number of New Shares equal in amount to those not applied for by Eligible Retail Shareholders pursuant to their Entitlements and those of Ineligible Retail Shareholders (**Retail Offer Shortfall**).

The Retail Offer is being made pursuant to provisions of the Corporations Act which allow a rights issue to be conducted without a prospectus. As a result, it is important for Eligible Retail Shareholders to read and understand the information on Bandanna and the Retail Offer made publicly available, prior to accepting all or part of their Entitlement or applying for Additional New Shares. In particular, please refer to this Retail Offer Booklet, Bandanna's interim and annual reports and other announcements made available at [www.BandannaEnergy.com.au](http://www.BandannaEnergy.com.au) (including Bandanna's Half Year Report for the six month period ended 31 December 2010 that was released to ASX on 15 March 2011).

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 5 New Shares for every 16 Existing Shares you held as at the Record Date of 7.00pm (AEST) on Monday, 22 August 2011 rounded up to the nearest whole New Share.

If you have more than one holding of Existing Shares, you will be sent more than one personalised Entitlement and Acceptance Form. Each separate holding will have separate Entitlements which you will be unable to combine when making an Application as part of the Entitlement Offer. New Shares issued pursuant to the Retail Offer will be fully paid and rank equally with Existing Shares.

Refer to Section 3.1 for details on 'Eligible Retail Shareholders'.

### Nominees

The Retail Offer is being made to all Shareholders on the register of Bandanna at 7.00pm (AEST) on Monday, 22 August 2011 with an address in Australia or New Zealand, who did not participate in the Institutional Offer and who are not Eligible Institutional Shareholders or Ineligible Institutional Shareholders, that are not in the United States and are not acting for the account or benefit of a U.S. Person. Bandanna is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Existing Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Offer is compatible with applicable foreign laws. Return of a duly completed Entitlement and Acceptance Form will constitute a representation that there has been no breach of such regulations. Shareholders who are nominees are therefore advised to seek independent advice as to how they should proceed. Where the Retail Offer has been dispatched to a

Shareholder domiciled outside Australia or New Zealand and where the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by this Retail Offer Booklet, then this Retail Offer Booklet is provided for information purposes only.

Any person in the United States with a holding through a nominee may not participate in the Retail Offer and the nominee must not take up any Entitlement or send any materials into the United States. Bandanna is not able to advise on foreign laws.

## **1.2 Consider the Retail Offer in the light of your particular investment objectives and circumstances**

Please consult with your stockbroker, accountant, solicitor or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Offer. You should also refer to the "Key Risks" section of the Equity Raising Presentation released to the ASX on Wednesday, 17 August 2011 which is included in Section 2 of this Retail Offer Booklet.

## **1.3 Choices available to Eligible Retail Shareholders**

If you are an Eligible Retail Shareholder you may do any one of the following:

- take up all or part of your Entitlement (refer to Section 1.4);
- take up all of your Entitlement and apply for Additional New Shares (refer to Section 1.4); or
- do nothing, in which case all of your Entitlement will lapse and you will not receive any value in respect of those Entitlements not taken up.

The Retail Offer is an offer to Eligible Retail Shareholders only (as defined in Section 3.1).

Eligible Retail Shareholders who do not participate fully in the Retail Offer will have their percentage holding in Bandanna reduced. Eligible Retail Shareholders who participate in the Retail Offer will not see their percentage holding in Bandanna reduced if they take up all of their Entitlement.

## **1.4 Complete and return the accompanying Entitlement and Acceptance Form with your Application Monies or make a payment by BPAY®<sup>1</sup>**

If you decide to take up your Entitlement in part or in full, or apply for Additional New Shares, please complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies or pay your Application Monies via BPAY by following the instructions set out on the personalised Entitlement and Acceptance Form.

Bandanna will treat you as applying for as many New Shares as your payment will pay for in full. Amounts received by Bandanna in excess of your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Additional New Shares as your Excess Amount will pay for in full. Any allocation of Additional New Shares is subject to the available Retail Offer Shortfall, and subject to any scale-back Bandanna may determine to implement, in its absolute discretion, in respect of any Additional New Shares. If you are paying by BPAY, please make sure to use the specific Biller Code and unique Customer Reference Number (**CRN**) on the front of your personalised Entitlement and Acceptance Form. If you

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<sup>1</sup> ® registered to BPAY Pty Ltd ABN 690 7913 7518

receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that form. If you inadvertently use the same CRN for more than one of your Entitlements, you will be deemed to have applied only for Additional New Shares on the Entitlement to which that CRN applies.

If you take no action, you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you take up and pay for all or part of your Entitlement before the close of the Retail Offer at 5.00pm (AEST) on Friday, 9 September 2011, you will be allotted your New Shares on Monday, 19 September 2011. If you apply for Additional New Shares, subject to the available Retail Offer Shortfall, and subject to Bandanna's absolute discretion to scale-back your application for Additional New Shares (in whole or part), you will be allotted your Additional New Shares on Monday, 19 September 2011. Bandanna's decision on the number of New Shares (and any Additional New Shares) to be allocated to you will be final.

Bandanna also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or otherwise incorrect or if they or their nominees fail to provide information to substantiate their claims.

## **1.5 Acceptance of Retail Offer**

The method of acceptance of the Retail Offer will depend on your method of payment being:

- by BPAY; or
- by cheque, bank draft or money order.

By completing and Bandanna receiving your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you:

- (a) represent and warrant that you are an Eligible Retail Shareholder (as defined in Section 3.1) and have fully read and understood both this Retail Offer Booklet and the Entitlement and Acceptance Form and you acknowledge the matters, and make the warranties and representations and agreements contained in this Retail Offer Booklet and the Entitlement and Acceptance Form;
- (b) agree to be bound by the terms of this Retail Offer Booklet and the provisions of Bandanna's constitution;
- (c) authorise Bandanna to register you as the holder(s) of the New Shares (and any Additional New Shares) allotted to you;
- (d) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (e) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;

- (f) acknowledge that once Bandanna receives the Entitlement and Acceptance Form or any payment of Application Monies via BPAY, you may not withdraw it except as allowed by law;
- (g) agree to apply for, and be issued with up to, the number of New Shares (and any Additional New Shares) that you apply for at the Offer Price of \$1.00 per New Share (including those applied for by overpayment of Application Monies as described in Section 1.4);
- (h) authorise Bandanna, UBS, the Registry and each of their respective officers or agents to take action on your behalf within reason, necessary for the New Shares (and any Additional New Shares) to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (i) declare that you are the registered holder at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you at the Record Date;
- (j) represent and warrant that you are a resident of Australia or New Zealand;
- (k) acknowledge that the information contained in this Retail Offer Booklet and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (l) acknowledge that this Retail Offer Booklet is not a prospectus and does not contain all of the information that you may require in order to assess an investment in Bandanna and is given in the context of Bandanna's past and ongoing continuous disclosure announcements to ASX;
- (m) represent and warrant that the law of any other place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Shares;
- (n) acknowledge that none of Bandanna the Underwriter or any of their respective related bodies corporate affiliates or respective directors, officers, employees, agents, consultants or advisers guarantees the performance of Bandanna nor do they guarantee the repayment of capital; and
- (o) represent and warrant (for the benefit of Bandanna, the Underwriter and each of their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Offer either directly or through a nominee, are not an Eligible Institutional Shareholder and are otherwise eligible to participate in the Retail Offer.

By completing and Bandanna receiving your personalised Entitlement and Acceptance Form with Application Monies or by making a payment by BPAY, you will also be deemed to have represented on behalf of each person on whose account you are acting that:

- (a) you are not in the United States, you are not a U.S. Person, and if you are a nominee, you are not acting for the account or benefit of a U.S. Person;
- (b) you acknowledge that the New Shares have not been and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be



offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and

- (c) you have not and will not send any materials relating to the Retail Offer to any person in the United States.

## 1.6 Methods of payment

### Payment via BPAY

For payment by BPAY, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique CRN). You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please note that if you choose to pay by BPAY:

- while you are not required to submit the personalised Entitlement and Acceptance Form, you are taken to make the declarations on that Entitlement and Acceptance Form; and
- you are deemed to have taken up your Entitlement in respect of such whole number of New Shares, and if applicable, Additional New Shares, as is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY payment is received by the Registry by no later than 5.00pm (AEST) on Friday, 9 September 2011 (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of New Shares (and any Additional New Shares) (but only where the amount is \$1.00 or greater) will be refunded as soon as possible after the Retail Offer closes. No interest will be paid to Applicants on any Application Monies received or refunded.

Note: If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when making payment via BPAY only use the CRN specific to the relevant holding set out in the applicable Entitlement and Acceptance Form. If you do not use the correct CRN specific to that holding, as set out in the applicable Entitlement and Acceptance Form, your Application Monies above that for New Shares will be assumed to refer to an application for Additional New Shares (relating to that specific CRN, subject to the available Retail Offer Shortfall, and subject to Bandanna's absolute discretion to scale-back your application for Additional New Shares (in whole or part)).

### Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form (mailed to you with this Retail Offer Booklet) in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "Bandanna Energy Limited — Entitlement Offer Account" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to the full Application Monies (being \$1.00 multiplied by the number of New Shares and any Additional New Shares that you are applying for);
- in Australian currency drawn on an Australian branch of a financial institution; and
- made payable to “Bandanna Energy Limited — Entitlement Offer Account” and crossed “Not Negotiable”.

You should ensure that sufficient funds are held in any relevant account(s) to cover the full amount of the Application Monies. If the amount of your payment for Application Monies is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

Any Application Monies received for more than your final allocation of New Shares (and any Additional New Shares) (but only where the amount is \$1.00 or greater) will be refunded as soon as possible after the Retail Offer closes. No interest will be paid to Applicants on any Application Monies received or refunded.

Cash payments will not be accepted and receipts for payment will not be issued.

To participate in the Retail Offer, your payment must be received no later than the close of the Retail Offer, at 5.00pm (AEST) on Friday, 9 September 2011.

Shareholders who make payment via cheque, bank draft or money order should return their completed personalised Entitlement and Acceptance Form together with Application Monies:

- **BY MAIL** using the reply paid envelope provided with this Retail Offer Booklet (no postage required if posting from within Australia); or
- **BY MAIL** to the following address:  
Bandanna Energy Limited  
c/o Computershare Investor Services Pty Limited  
GPO Box 2987,  
Adelaide SA 5001

Applications will only be accepted by the methods above. Applications will not be accepted in person.

As described in Section 1.1, where you have more than one holding of Existing Shares, you will be sent more than one personalised Entitlement and Acceptance Form, and must **complete the relevant Entitlement and Acceptance Form for each separate Entitlement you hold**.

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# Section 2

## ASX OFFER ANNOUNCEMENTS



# Equity Raising Announcement



ABN 34 009 356 665

17 August 2011

Australian Stock Exchange Limited

Company Electronic Lodgement

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## Equity raising to fund export infrastructure development and Definitive Feasibility Studies

Bandanna Energy Limited ("Bandanna" or the "Company") today announces an equity raising by way of an accelerated non-renounceable entitlement offer ("Entitlement Offer") to raise up to approximately \$133 million to assist with developing key projects including securing Stage 1 capacity at Wiggins Island Coal Export Terminal ("WICET") and associated rail allocation.

Under the Entitlement Offer, eligible shareholders will be offered the opportunity to purchase Bandanna shares at \$1.00 each ("Offer Price") on the basis of 5 new ordinary shares for every 16 existing ordinary shares held at 7:00pm (AEST) on Monday, 22 August 2011 ("Record Date").

The Offer Price of \$1.00 per share represents a 12.6% discount to the theoretical ex-rights price and a 16.0% discount to the closing price of Bandanna shares on Tuesday, 16 August 2011. New shares issued under the Entitlement Offer will rank equally with existing ordinary shares.

All Bandanna directors with entitlements are intending to participate in the Entitlement Offer in respect of some or all of their entitlements. In addition, SAMTAN Aures Pty Ltd ("SAMTAN"), a wholly-owned subsidiary of a private South Korean coal producer and major shareholder of Bandanna has indicated its commitment to support the Entitlement Offer and at least maintain its current shareholding of approximately 10%, thus continuing its long-standing support of the development of Bandanna's assets.

The Entitlement Offer will be underwritten to \$100 million by UBS AG, Australia Branch ("UBS"), including the commitment from SAMTAN.

Together with Bandanna's existing cash reserves, proceeds raised from the Entitlement Offer will be used to:

- satisfy financial commitments at financial close for Bandanna's 4Mtpa export capacity through Wiggins Island Coal Export Terminal ("WICET") Stage 1;
- provide cash-backing for bank guarantees in respect of above and below rail commitments; and

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Level 12  
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BRISBANE, QLD 4000  
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F: 61 7 3041 4444

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Suite 2, Level 1  
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NORTH SYDNEY, NSW 2060  
T: 61 2 9923 1520  
F: 61 2 9923 1528

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- fund the Definitive Feasibility Studies (“DFS”) at Springsure Creek, Dingo West and South Galilee and other project development expenditure.

#### Indicative Entitlement Offer timetable

Event	Date <sup>1,2</sup>
Trading halt commences	Wednesday, 17 August 2011
Institutional offer opens	Wednesday, 17 August 2011
Institutional offer closes	Wednesday, 17 August 2011
Trading halt lifted; Bandanna shares recommence trading on ASX	Thursday, 18 August 2011
Record Date	7:00PM, Monday, 22 August 2011
Retail offer opens	Thursday, 25 August 2011
Institutional settlement	Friday, 26 August 2011
Allotment and normal trading of new shares issued under the institutional offer	Monday, 29 August 2011
Retail offer closes	Friday, 9 September 2011
Retail settlement	Friday, 16 September 2011
Retail allotment	Monday, 19 September 2011
Trading of new shares issued under retail offer	Tuesday, 20 September 2011

<sup>1</sup> All dates and times refer to Australian Eastern Standard Time

<sup>2</sup> Timetable is subject to change without notice, subject to applicable laws

#### Strategic Review update

Bandanna is currently in discussions with a number of parties regarding a range of potential transactions. These include corporate level transactions and asset level transactions at each of Dingo West, the Golden Triangle and South Galilee. Sales of both entire assets and minority investments in individual assets are being considered.

In addition, Bandanna has received new interest over the last couple of weeks from companies with significant mining operations in Australia and offshore.

However, Bandanna’s discussions with third parties may, or may not, result in a proposal being made or recommended by the Board. The market will be advised of any such transaction and the outcome of the Strategic Review process, as appropriate.

In commenting on the current position Managing Director Dr Ray Shaw said “despite the turmoil in financial markets, the fundamentals for the seaborne thermal coal sector and Bandanna remain extremely strong. The medium term requirements in India and China are very large and the report of new export restrictions on lower calorific coals out of Indonesia enhances Australia’s relative standing as a source for export thermal coal. The shunning of

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future nuclear power expansion by countries such as Japan and Germany has created new market growth potential and countries such as Korea also have plans to use significantly more imported coal. Bandanna is well placed in the Korean market thanks to the presence of SAMTAN as a major shareholder with marketing rights into Korea."

Bandanna has a near term requirement to enter into a Take-or-Pay agreement with WICET and provide associated bank guarantees related to port and rail capacity. This Entitlement Offer will provide Bandanna with the ability to cash-back the required bank guarantees.

The Bandanna Board expects that following the completion of the Entitlement Offer and using other funding alternatives which the Company is considering, Bandanna will be able to fund budgeted project expenditure to June 2012. Bandanna will also continue to pursue value maximising transactions at the corporate and/or asset level over coming months, if acceptable terms can be agreed.

#### **Company update**

During 2011, Bandanna has reached a number of significant milestones, including:

- increases in reserves at Springsure Creek to 102.6Mt and resources to 374.5Mt;
- resource upgrade at South Galilee (including delineation of a Measured Resource);
- receipt of final Environmental Impact Statement Terms of Reference for Springsure Creek and Arcturus;
- in regard to Strategic Cropping Land, the Queensland Government has proposed a specific legislated transitional framework to apply to the Springsure Creek Project to provide for it to be developed as an underground coal project;
- completion of Feasibility Studies for Springsure Creek, Arcturus and Dingo West;
- completion of the Pre-Feasibility Study for South Galilee; and
- lodgement of Mining Lease Applications for South Galilee and Dingo West.

Yours faithfully,

Bandanna Energy Limited

Ray Shaw,

Managing Director

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## Statement of Compliance

The Reserves estimate for Springsure Creek was prepared by Mr Jeremy Busfield, Principal Mining Engineer of MineCraft Consulting Pty Ltd.

Jeremy holds a Bachelor of Mining Engineering degree from the University of Queensland, is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Registered Professional Engineer of Queensland (Mining) (RPEQ 10285). Jeremy has worked in various planning, operational and consulting roles for the underground coal industry for 26 years and as such qualifies as Competent Person under the JORC Code. The relationship between the Estimator and the Project owner is that of independent consultant. Jeremy consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears.

The information compiled in this report relating to Springsure Creek resources is based on information compiled by David Keilar, who is a member of the Australian Institute of Geoscientists and who is employed by Resolve Geo Pty Ltd. David has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Keilar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Resolve Geo Pty. Ltd. is a shareholder in Bandanna Energy Limited.

## ENDS

Further enquiries:

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Andrew Crook Mb: 0419 788 431



# Equity Raising Presentation

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## Bandanna Energy Equity Raising

17 August 2011



2011

Bandanna Energy – Equity Raising

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### Summary information

This Presentation contains summary information about Bandanna and its activities current as at the date of this Presentation. The information in this Presentation is of general background and does not purport to be complete nor does it contain all the information which would be required in a disclosure statement or prospectus prepared in accordance with the requirements of the Corporations Act 2001 (Cth). It should be read in conjunction with Bandanna's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

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## Equity raising

- > Bandanna to raise up to approximately \$133 million via a 5 for 16 accelerated non-renounceable entitlement offer to eligible shareholders ("Entitlement Offer") at an issue price of \$1.00 per share
- > Together with Bandanna's existing cash reserves, proceeds raised from the Entitlement Offer will be used to:
  - > satisfy financial commitments at financial close for Bandanna's 4Mtpa export capacity through Wiggins Island Coal Export Terminal ("WICET") Stage 1;
  - > provide cash-backing for bank guarantees in respect of above and below rail commitments; and
  - > fund the Definitive Feasibility Studies ("DFS") at Springsure Creek, Dingo West and South Galilee and other project development expenditure
- > SAMTAN Aures Pty Ltd ("SAMTAN"), a wholly-owned subsidiary of a private South Korean coal producer and major shareholder of Bandanna, has indicated its commitment to support the Entitlement Offer and at least maintain its current shareholding of approximately 10%, thus continuing its long-standing support of the development of Bandanna's assets
- > The Entitlement Offer will be underwritten to \$100 million by UBS AG, Australia Branch ("UBS"), including the commitment from SAMTAN



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## Investment highlights

- ✓ One of the largest Queensland thermal coal resource inventories of any ASX-listed pre-production coal company
  - > delineated approximately 1,534Mt of total JORC compliant resource and 147Mt of JORC compliant reserve<sup>1</sup>
  - > ~945Mt resource in Bowen Basin assets (100% owned) and ~589Mt in the South Galilee Project<sup>2</sup>
- ✓ Unique opportunity to develop large scale, high quality projects
  - > ~11Mtpa dual longwall underground development at Springsure Creek
  - > potential to develop a further ~9Mtpa in production from Arcturus and Arcadia, leveraging off Springsure Creek infrastructure
  - > >15Mtpa potential gross export coal from the Galilee Basin (100% basis)
- ✓ Port allocation of 4Mtpa at WICET Stage 1
- ✓ Targeting near term production at Dingo West using existing port infrastructure
- ✓ Highly skilled and experienced management team

## Notes:

- 1 Refer generally to Slide 39 (Reserves and resource summary) for details in relation to the reserves and resources referred to in this Presentation. References to resources in this presentation include reserves
- 2 Reflects Bandanna's 50% share in the South Galilee project



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## Strategic Review update

- > Bandanna is currently in discussions with a number of parties regarding a range of potential transactions
  - > these include corporate level transactions and asset level transactions at each of Dingo West, the Golden Triangle and South Galilee
  - > sales of both, entire assets and minority investments in individual assets, are being considered
- > In addition, Bandanna has received new interest over the last couple of weeks from companies with significant mining operations in Australia and offshore
- > However, Bandanna's discussions with third parties may, or may not, result in a proposal being made or recommended by the Board
  - > the market will be advised of any such transaction and the outcome of the Strategic Review process, as appropriate
- > Bandanna has a near term requirement to enter into a Take-or-Pay agreement with WICET and provide associated bank guarantees related to port and rail capacity
  - > this Entitlement Offer will provide Bandanna with the ability to cash-back the required bank guarantees
- > The Bandanna Board expects that following the completion of the Entitlement Offer and using other funding alternatives which the Company is considering, Bandanna will be able to fund budgeted project expenditure to June 2012
- > Bandanna will continue to pursue value maximising transactions at the corporate and/or asset level over coming months, if acceptable terms can be agreed



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## 2011 corporate milestones

- > During 2011, Bandanna has reached a number of significant milestones, including:
  - > increases in reserves at Springsure Creek to 102.6Mt and resources to 374.5Mt;
  - > resource upgrade at South Galilee (including delineation of a Measured Resource);
  - > receipt of final Environmental Impact Statement ("EIS") Terms of Reference for Springsure Creek and Arcturus;
  - > in regard to Strategic Cropping Land ("SCL"), the Queensland Government has proposed a specific legislated transitional framework to apply to the Springsure Creek Project to provide for it to be developed as an underground coal project;
  - > completion of Feasibility Studies for Springsure Creek, Arcturus and Dingo West;
  - > completion of the Pre-Feasibility Study for South Galilee; and
  - > lodgement of Mining Lease Applications for South Galilee and Dingo West





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## Offer details

- > 5 for 16 accelerated non-renounceable entitlement offer to eligible shareholders to raise up to approximately \$133 million
- > Issue price of \$1.00 per share
  - > represents a 12.6% discount to TERP<sup>1</sup> and a 16.0% discount to the last trading price on 16 August 2011
- > Offer to institutional shareholders will open and conclude on Wednesday, 17 August 2011
- > Offer to retail shareholders will open on Thursday, 25 August 2011 and conclude on Friday, 9 September 2011
- > Record date is 7:00PM on Monday, 22 August 2011
- > SAMTAN is intending to participate in the Entitlement Offer to at least maintain its current shareholding of approximately 10%
- > All directors with entitlements are intending to participate in the Entitlement Offer in respect of some or all of their entitlements<sup>2</sup>
- > The Entitlement Offer will be underwritten to \$100 million by UBS, including the commitment from SAMTAN

Note:

- 1 Theoretical Ex-Rights Price (TERP) is the theoretical Bandanna share price post the Entitlement Offer which is weighted for the market capitalisation of Bandanna immediately before the announcement of the Entitlement Offer and the value of the Bandanna shares to be issued under the Entitlement Offer which are issued at a discount
- 2 Park Soon IL does not have any personal entitlement, but is a representative of SAMTAN



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## Estimated sources and uses of proceeds

Sources (\$m)		Uses (\$m)	
Entitlement Offer <sup>1</sup>	\$100-133	WICET Stage 1 and Gladstone PSA bank guarantees (cash-backing) <sup>3</sup>	\$56
Available cash on balance sheet <sup>2</sup>	\$40	Above and below rail bank guarantees (cash-backing) <sup>3</sup>	\$43
		Bowen Basin assets <sup>4</sup> and South Galilee — land acquisitions — drilling & exploration — DFS — potential Abbot Point commitment <sup>7</sup>	\$41-74 <sup>5,6</sup>
<b>Total</b>	<b>\$140-173</b>	<b>Total</b>	<b>\$140-173</b>

Notes:

1 Lower-end assumes no retail take-up; upper-end assumes 100% retail take-up (pre-transaction costs of approximately \$4 million)

2 As at 1 August 2011

3 Refer overleaf for breakdown of port and rail commitments

4 Includes Dingo West and Golden Triangle Projects

5 Based on Bandanna's internal budgeting for FY12 and the FY12 work plan for South Galilee as currently proposed between Bandanna and AMCI

6 Bandanna's budgeted expenditure (ex port and rail) from August 2011 to the end of FY12 across all of its projects is \$92m, including an allowance in respect of the capital expenditure referred to in footnote 7

7 Capital required if a determination to apply for capacity at Abbot Point T4 is made and is successful



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## Bandanna's commitments to WICET and associated rail infrastructure

Item	\$m
<b>Already committed and paid</b>	
— Cash calls <sup>1</sup>	17
— Preference capital subscription cash collateral <sup>1</sup>	20
<b>Total commitments and payments made</b>	<b>37</b>
<b>Further commitments<sup>2</sup></b>	
— WICET Take-or-Pay guarantee <sup>3</sup>	52
— Gladstone Port Services Agreement <sup>4</sup>	4
— Above and below rail guarantees <sup>5</sup>	43
<b>Total further commitments</b>	<b>99</b>
<b>Overall commitments</b>	<b>136</b>

Notes:

1 Bandanna has been contributing to the operating costs of WICET. Together with subscription collateral, these cash calls represent Bandanna's current preference capital contribution to WICET

2 Assumes WICET financial close occurs

3 This represents a bank guarantee in respect of 1 year of Bandanna's Take-or-Pay commitment at WICET. The bank guarantee is assumed to be cash-backed

4 This represents one year of the Take-or-Pay commitment in respect of GPC's Port Services Agreement at WICET

5 This represents cash-backed bank guarantees in respect of above and below rail. Some guarantees are still subject to negotiation



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## Offer timetable

### Offer Details

Event	Date <sup>1,2</sup>
Trading halt commences	Wednesday, 17 August 2011
Institutional offer opens	Wednesday, 17 August 2011
Institutional offer closes	Wednesday, 17 August 2011
Trading halt lifted; Bandanna shares recommence trading on ASX	Thursday, 18 August 2011
Record Date	7:00PM, Monday, 22 August 2011
Retail offer opens	Thursday, 25 August 2011
Institutional settlement	Friday, 26 August 2011
Allotment and normal trading of new shares issued under the institutional offer	Monday, 29 August 2011
Retail offer closes	Friday, 9 September 2011
Retail settlement	Friday, 16 September 2011
Retail allotment	Monday, 19 September 2011
Trading of new shares issued under retail offer	Tuesday, 20 September 2011

## Notes:

- 1 All dates and times refer to Australian Eastern Standard Time (AEST)  
 2 Timetable is subject to change without notice, subject to applicable laws



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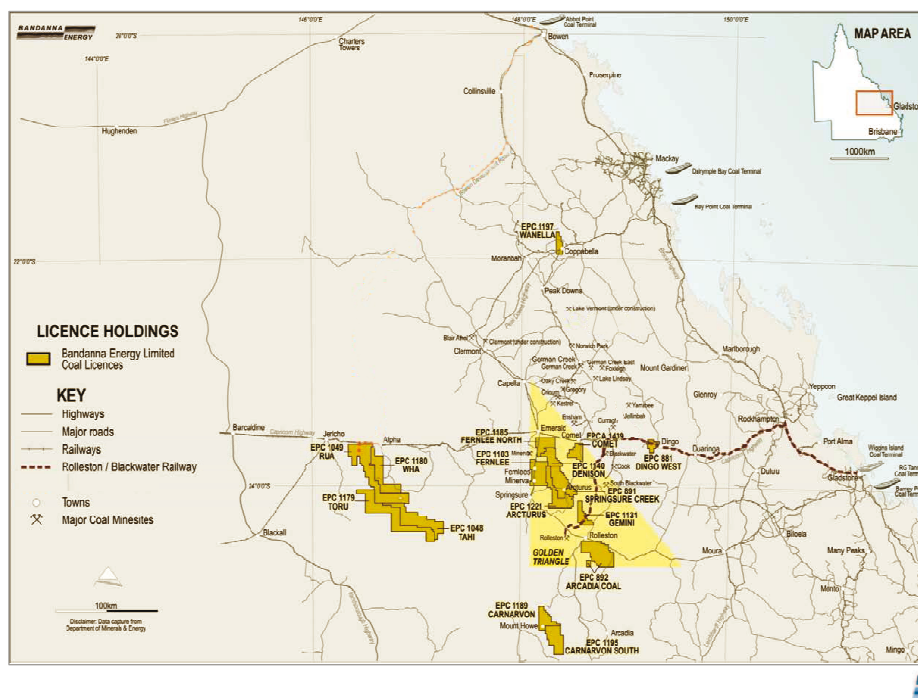


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## Asset locations

- > Over 1.5 billion tonnes of JORC-code compliant resources situated within two of Australia's most prospective coal bearing regions



# Overview of Bandanna's Assets

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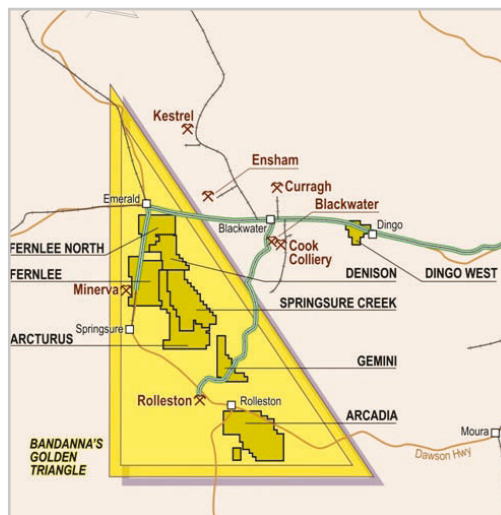


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## Golden Triangle Projects

- > Comprises Springsure Creek, Arcturus and Arcadia projects which are all 100% owned by Bandanna:
  - > Springsure Creek Project (~375Mt JORC Resources including ~103Mt JORC Reserves);
  - > Arcturus (~206Mt JORC Resources including ~44Mt JORC Reserves);
  - > Arcadia Project (~273Mt JORC Resources)
- > All tenements are located within 50km of each other
- > Potential to develop major (>20Mtpa) multi-source mine operation and sharing of above-ground infrastructure between the Projects
- > Feasibility Studies completed for Springsure Creek and Arcturus, confirming strong project economics

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Overview of Bandanna's Assets—Bowen Basin Assets

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## Springsure Creek Project

- > The Springsure Creek Project (EPC 891) is located in the southern Bowen Basin, approximately 35km south east of Emerald township
  - > underground, raw thermal coal opportunity – located within 20km of existing rail infrastructure
  - > recent upgrade in reserves from 49Mt to 102.6Mt and resources from 324.2Mt to 374.5Mt
  - > potential for 2 longwall operations to produce 11Mtpa
- > Feasibility Study completed, confirming strong project economics
  - > life-of-mine (LOM) average FOB operating cost of \$58.64/ product tonne (excl. government royalties)
  - > total development capital cost of approximately \$1.1bn (two longwalls)
  - > NPV of approximately \$843m
- > Currently progressing environmental and approvals processes

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Overview of Bandanna's Assets—Bowen Basin Assets

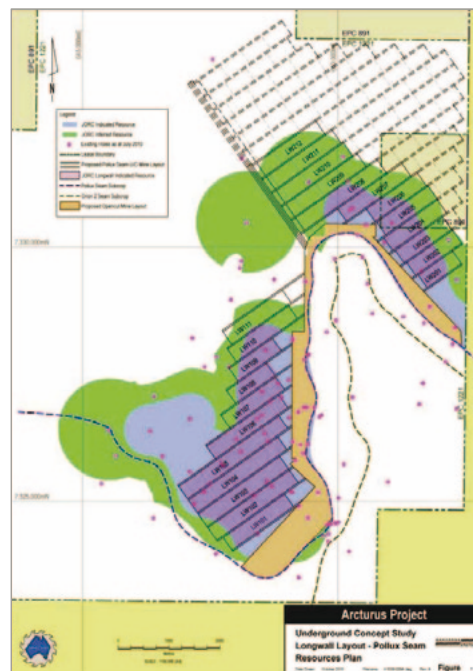
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## Arcturus Project

- > Arcturus Project (EPC 1221) is located in the southern Bowen Basin, approximately 30km south east of Emerald township
  - > total JORC resource of 206.3Mt, including 102.6Mt indicated resource
  - > marketable reserve of 44.3Mt<sup>1</sup>
  - > potential for joint development with Springsure Creek
  - > subject to SCL constraints, could be developed as an open cut / underground mine or as a stand alone underground mine to produce up to 5Mtpa
- > Feasibility Study completed, confirming strong project economics<sup>2</sup>
  - > LOM average FOB operating cost of \$76.57/ product tonne (excl. government royalties)
  - > total development capital cost of approximately \$235m (assuming contract mining)
  - > NPV of approximately \$129m, before considering synergies with the development of Springsure Creek
- > Currently progressing environmental and approvals processes



Note:

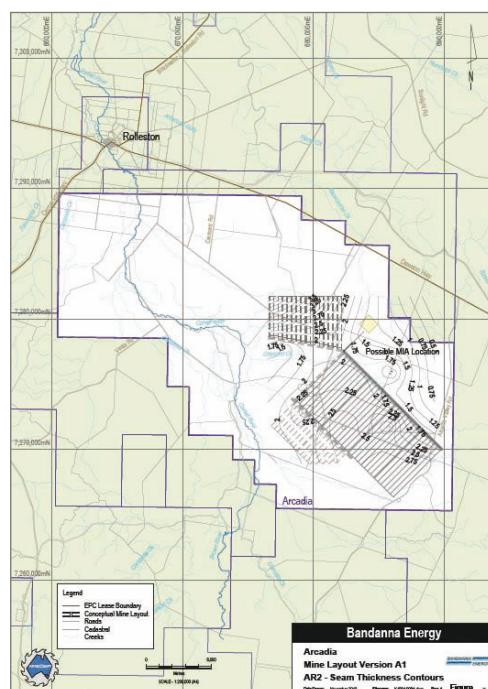
- 1 Comprises 17.4Mt from open cut and 26.9Mt from underground
- 2 Feasibility Study completed by Larpro assumed mining via an initial open cut for six years, followed by underground mining

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## Arcadia Project

- > Third underground project in the Golden Triangle precinct
- > Exploration focused on Purbrook Anticline
- > Integrated study commissioned in 2010 involving a single high production underground longwall on the Purbrook Anticline
- > Coal quality testing indicates the potential for a raw thermal coal, or a washed semi-soft coking product and lower ash thermal coal
- > JORC Inferred Resource of 273Mt
- > Project economics have not been evaluated on a stand alone basis
  - > likely to be the last of the Golden Triangle projects to be developed



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## Dingo West Project

- > Located in the Bowen Basin on the Blackwater rail line
- > Near term 1Mtpa saleable PCI project, with first coal expected in FY2013<sup>1</sup>
  - > expected to be accommodated within the existing capacity at Barney Point on an ad hoc basis
- > Expected product yield of 75%
- > Total JORC resource of ~91Mt
  - > further resource definition and maiden reserve expected in 2H 2011
- > Feasibility Study completed, confirming strong project economics
  - > LOM average FOB operating cost of \$84.72/ product tonne (excl. government royalties)
  - > total development capital cost of approximately \$134m, including wash plant
  - > NPV of approximately \$210m
- > Mining Lease Application submitted in July 2011



Note:

<sup>1</sup> Contingent on ad hoc access to rail and port

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Overview of Bandanna's Assets—Bowen Basin Assets

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## Strategic Cropping Land update

- > South Galilee and Dingo West will not be impacted by SCL
- > The Queensland Government has proposed a specific legislated transitional framework to apply to the Springsure Creek Project to provide for it to be developed as an underground coal project
  - > under this framework, Bandanna will be required to make all reasonable endeavours, including if necessary, contouring and laser levelling, to rehabilitate any effects on SCL such as through subsidence
- > As such, Bandanna does not expect economics or timing of Springsure Creek to be materially impacted
- > Based on the results of the Feasibility and Pre-Feasibility Studies, Springsure Creek, Dingo West and South Galilee collectively account for more than 90% of the enterprise value of Bandanna
- > Arcturus and Arcadia will be subject to the proposed SCL legislation
- > Bandanna will continue to work constructively with the State Government as it develops the proposed SCL legislation, Transitional Arrangements and specific legislated transitional framework for Springsure Creek

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Overview of Bandanna's Assets—Bowen Basin Assets

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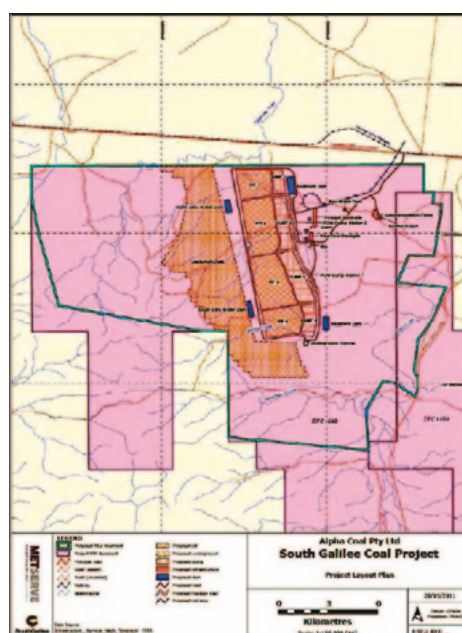
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## South Galilee Project

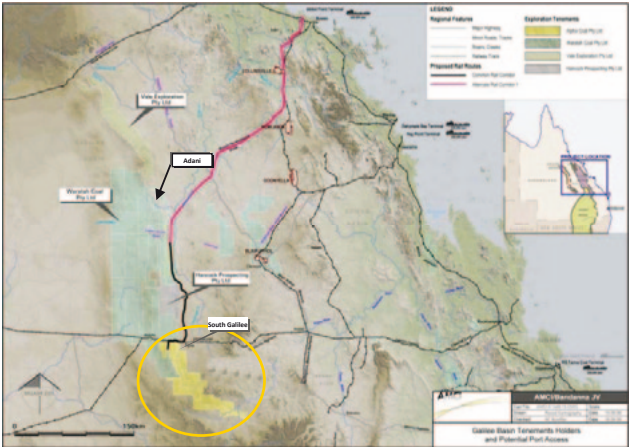
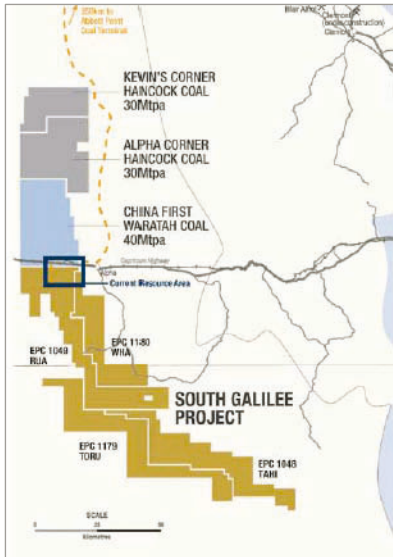
- > The South Galilee Project JV, which Bandanna owns 50/50 with AMCI, recently completed a Pre-Feasibility Study:
  - > affirming the potential to support production of 15Mtpa+ of high volatile, thermal coal for over 30 years
- > This Project of State Significance is planned to be undertaken in 3 stages, with production commencing in Q1 2015 subject to port and rail access
- > Total JORC resource of 1,179Mt (100% basis)
  - > includes high quality D1 and D2 seams only
- > Pre-Feasibility Study completed, confirming strong project economics
  - > LOM average FOB operating cost of \$48.15/ product tonne (excl. government royalties)
  - > total development capital cost of approximately \$4.1bn (one open cut and two longwalls) on a 100% basis
  - > NPV of approximately \$1,257m (100% basis)
- > Mining Lease Application submitted in July 2011
  - > environmental approvals are well advanced
- > Well positioned to secure important water rights, being a founding proponent of the Connors River Dam



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# South Galilee Project (cont'd)

- > The South Galilee Project has lodged an expression of interest regarding access to export 15Mtpa through new port infrastructure at Abbot Point through the T4 expansion (as a third party user)
  - > a heavy-duty standard gauge, common-user rail line of ~500km connecting the region to Abbot Point will also be required—rail solutions have been proposed by Waratah, Hancock and Adani



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## Upcoming events

- > WICET financial close
- > Further exploration drilling at Springsure Creek, Arcturus and Dingo West
- > DFS for Springsure Creek, Dingo West and South Galilee
- > Engineering design work for Springsure Creek and Dingo West
- > Environmental Impact Study for Springsure Creek
- > Environmental management plan determination for Dingo West
- > Mining lease application for Springsure Creek
- > Expand staffing in Brisbane office

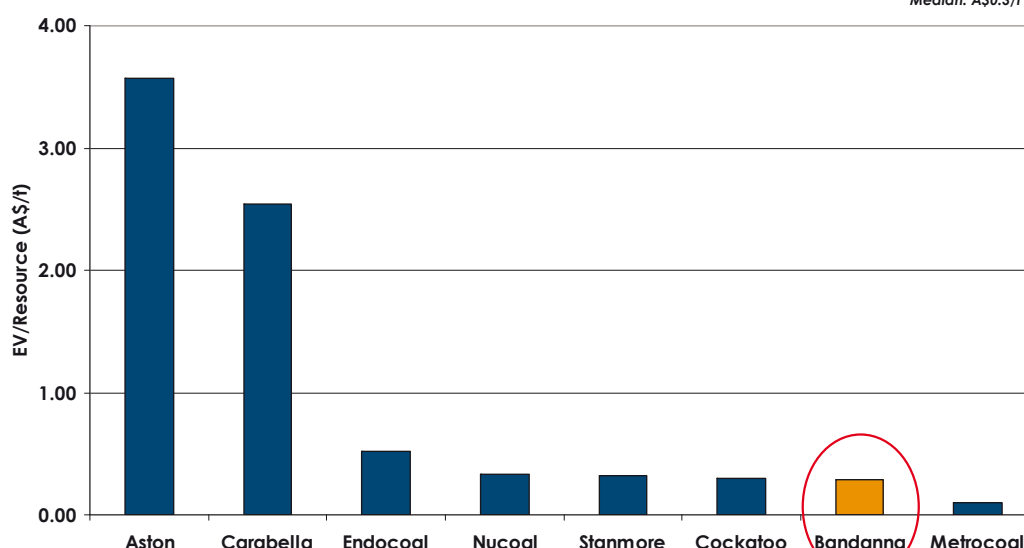


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## Attractive valuation metrics

### Trading comparables<sup>1</sup>

Bandanna: A\$0.3/t  
Average: A\$1.0/t  
Median: A\$0.3/t



Note:

<sup>1</sup> As at 16 August 2011 trading close shown on a fully diluted basis; cash positions as at 30 June 2011, adjusted for transactions announced post-FY11 year end where relevant





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## Conclusion

- ✓ Bandanna has made significant progress during 2011, including:
  - > reserve and resource upgrades at Springsure Creek, and resource upgrades at South Galilee;
  - > completion of Feasibility Studies for Springsure Creek, Arcturus and Dingo West and a Pre-Feasibility Study for South Galilee;
  - > lodgement of Mining Lease Applications for South Galilee and Dingo West; and
  - > receipt of EIS Terms of Reference for Springsure Creek and Arcturus, and in regard to SCL, the Queensland Government has proposed a specific legislated transitional framework to apply to the Springsure Creek Project to provide for it to be developed as an underground coal project
- ✓ Following the completion of the Entitlement Offer, Bandanna will be positioned for the next stage of its growth, allowing Bandanna to:
  - > satisfy financial commitments at financial close for Bandanna's 4Mtpa export capacity through WICET Stage 1 and provide cash-backing for bank guarantees in respect of above and below rail commitments; and
  - > fund the DFS at Springsure Creek, Dingo West and South Galilee and other project development expenditure
- ✓ The Bandanna Board expects that following the completion of the Entitlement Offer and using other funding alternatives which the Company is considering, Bandanna will be able to fund budgeted project expenditure to June 2012
- ✓ This will assist Bandanna in its transition from developer to producer, with first coal expected at Dingo West in FY2013 and from Springsure Creek in 2014



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## Summary of key risks

- > There are various risks associated with an investment in Bandanna and many of these are outside the control of the Company. Please refer to the expanded key risks on the following pages of this Presentation
- > Key risk factors include:
  - > Uncertainty of development of projects and exploration risk
  - > Commodity prices and exchange rates
  - > Mineral resource and ore reserve estimates
  - > Production estimates
  - > General operation risks upon commencement of production
  - > Changes in capital and operating cost estimates
  - > Securing financing for development of Bandanna's projects
  - > Government policy on land access and Strategic Cropping Land issues
  - > Acquisition of land required for mining operations
  - > Changes in State or Federal Government or general Government policy
  - > Changes in accounting policies
  - > Spur line rail access
  - > Transport infrastructure risk
  - > WICET Stage 1 cost overrun risk
  - > Environmental and social risk
  - > Key personnel
  - > Authorisations, permits and licences may be withdrawn or not obtained



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There are various risks associated with investing in Bandanna, as with any stock market investment, and specifically because of the nature of Bandanna's coal business and the present stage of development of Bandanna's operations. This includes projects in which Bandanna has an interest. A reference to Bandanna in this "Key risks" section should therefore be taken to include, where relevant, a reference to those project interests.

Potential investors should consider whether the shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below and on the following pages. Many of those risk factors are outside the control of the Directors.

It is important to recognise that share prices might fall or rise. Factors affecting the operating and financial performance of Bandanna and the market price of Bandanna shares include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates, changes to commodity prices, the announcement of new technologies and variations in general market conditions and/or market conditions which are specific to the particular industry.

In addition, share prices of many companies are affected by factors which might be unrelated to the operating performance of the relevant company. Such factors might adversely affect the market price of Bandanna shares.

### Uncertainty of development of projects and exploration risk

The projects in which Bandanna has an interest are currently either in exploration or development stage. Coal exploration and mine development generally involves a high degree of risk and is subject to hazards and risks including unusual and unexpected geological formations, seismic activity, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, any facilities, damage to life or property, environmental damage and possible legal liability. As a result, development projects may take longer and/or cost more to develop than planned and expected production rates may not be achieved. There is also a risk that no additional coal is discovered or able to be delineated.

The information provided in this Presentation in relation to Bandanna's projects is the current estimate of coal resources and reserves, capital and operating cost, as determined from geological data obtained from drill holes and other exploration techniques and feasibility studies conducted to date.



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**Commodity prices and exchange rates**

Bandanna will derive its revenue from the sale of coal. Difficulties encountered in negotiations with customers may adversely affect Bandanna's financial performance if the price that customers are willing to pay and/or the quantity of coal required by customers are below expectations.

Coal prices may fall as a result of a number of factors beyond Bandanna's control, including increased global supply, decreased demand, currency exchange rates, general economic conditions, regulation relating to carbon emissions and other factors. Bandanna cannot provide an assurance as to the prices it will achieve for any of its coal products in the future.

Coal sales are generally contracted in US\$. Accordingly, fluctuations in the A\$ relative to the US\$ may materially affect the cash flow and earnings which Bandanna will realise from its operations in A\$ terms.

**Mineral resource and ore reserve estimates**

Resource and reserve estimates are stated to be prepared in accordance with the JORC Code and are expressions of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made, but may change significantly when new information becomes available. There are risks associated with such estimates, including that coal mined may be of a different quality, tonnage or strip ratio from the estimates. Resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resources and reserves could affect Bandanna's development and mining plans.

There is also a risk that exploration targets are not met and resources cannot be converted into reserves.

**Production estimates**

Bandanna is currently not in production. Actual future production may vary from targets and projections of future production for a variety of reasons, including inability to secure sufficient port and rail capacity. There is greater risk that actual production will vary from estimates of production made for properties under exploration or not yet in production or from operations that are to be expanded.

**General operation risks upon commencement of production**

Bandanna's mining operations may be affected by (amongst other things) the following: weather/natural disasters; unexpected maintenance or technical problems; unplanned capital expenditure; variations in coal seam thickness and quality; variations in the amount of rock and soil overlying coal deposits and other variations in geological conditions; and increases in labour costs.



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**Changes in capital and operating cost estimates**

Whilst every care has been made in estimating the capital cost and future operating costs for Bandanna's projects, including contingency, the actual costs structure experienced in constructing the facilities and operating the mine and process plant may vary from current estimates. Any such variations could adversely affect Bandanna's financial position and performance.

**Securing financing for development of Bandanna's projects**

No assurance can be given that any financing required from time to time will be available on terms favourable to Bandanna. In such circumstances, if Bandanna is either unable to secure financing or secure financing on favourable terms, this may have a material adverse effect on Bandanna.

Existing credit facilities and internally-generated funds will not be sufficient for expenditure that might be required for acquisitions, new projects, further exploration and feasibility studies. Bandanna will need to raise additional debt or equity in the future. There is no assurance that Bandanna will be able to obtain additional debt or equity funding when required, or that the terms associated with that funding will be favourable, which may have an adverse effect on Bandanna.

**Government policy on land access and Strategic Cropping Land issues**

In late 2010, the Queensland Government announced plans for a policy to protect food producing lands from alienation by competing land users, referred to as Strategic Cropping Land. Bandanna has embraced the intent of any future Strategic Cropping Land policy in planning for the development of these project, including modifying its mine plans in order to avoid, where possible, impacting land which it believes may ultimately be classified as Strategic Cropping Land. Bandanna has also already sought to minimise the impact on such land by planning predominantly for underground mining in areas where it is not possible to avoid an impact.

Bandanna has received finalised EIS Terms of Reference (TORs) for both Springsure Creek and Arcturus. The Queensland Government has notified Bandanna of a proposal for Springsure Creek to be included under the proposed SCL Transitional Arrangements.

Bandanna also plans to undertake initiatives in joint venture with agricultural property managers and the Sustainable Minerals Institute of the University of Queensland to develop best practice land management techniques, promote co-existence between agriculture and mining land uses and mitigate the effect of mining on land which may ultimately be classified as Strategic Cropping Land.

Despite the extensive measures undertaken, no formal legislation in relation to Strategic Cropping Land has been enacted, and it is thus not entirely clear how the policy will impact some of Bandanna's mining operations.



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**Acquisition of land required for mining operations**

Some of Bandanna's proposed areas for development overlap with third party landholders. Bandanna has not reached an agreement with all landholders with respect to either gaining a concession to operate or an outright acquisition of the land. Although negotiations for most of these land parcels have commenced, any delay in reaching an agreement will impact the timing of development and production.

**Changes in State or Federal Government or general Government policy**

Changes in legislative and administrative regimes, taxation laws, interest rates, other legal and government policies in Australia may have an adverse effect on the assets, operations and ultimately the financial performance of Bandanna and the market price of Bandanna shares.

The Federal Government announced on 2 July 2010 that it intends to introduce a Minerals Resource Rent Tax ("MRRT") from 1 July 2012, payable at the rate of 30% on profits made from the exploitation of Australia's non-renewable resources. The MRRT will apply to all coal and iron ore mining projects in Australia. Projects coming under the MRRT regime will also be entitled to a 25% extraction allowance. The Federal Government also announced on 10 July 2011 of a proposed carbon tax on emissions of greenhouse gases ("Carbon Tax").

Although at this stage, exact details concerning the MRRT and Carbon Tax remain uncertain and the extent to which the MRRT and Carbon Tax may impact on Bandanna and/or its operations is yet to be determined, the introduction of the MRRT and Carbon Tax has the potential to increase Bandanna's effective tax rate, which could adversely affect Bandanna's financial performance and share price.

**Changes in accounting policies**

Changes in accounting policies may have an adverse impact on Bandanna.

**Spur line rail access**

Bandanna will require the cooperation of third parties in order to secure the area required for its spur lines to both the Golden Triangle and South Galilee projects. In the event that agreements cannot be reached with these third parties, Bandanna's projects may face delays or additional costs resulting from the need to use an alternative route.



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**Transport infrastructure risk**

Bandanna's future growth is contingent on government and private sector delivery of proposed transport infrastructure, including the development and expansion of WICET, Queensland Rail track upgrades and rail and port solutions for its South Galilee Project. The development of this infrastructure and the future cost of access to new and existing infrastructure is outside of Bandanna's control. In the event access to adequate infrastructure is not obtained, Bandanna's development plans will be adversely affected. Delays in the development of new infrastructure, or the provision of access to infrastructure at higher than expected costs, could adversely affect Bandanna's financial performance and share price. Coal produced from Bandanna's mining operations is to be transported to customers by a combination of rail and sea. A number of factors could disrupt these transport services, including weather-related problems, rail or port capacity constraints, key equipment and infrastructure failures and industrial action, impairing Bandanna's ability to supply coal to its customers, which could adversely affect Bandanna's financial performance and share price. In the event that WICET Stage 1 does not reach financial close, Bandanna's development plans will be adversely affected.

**WICET Stage 1 cost overrun risk**

In the event that the costs of construction of WICET materially exceed current projections, this risk will ultimately be transferred to the WICET Stage 1 equity owners. WICET has not yet reached and it is possible financial close may not be reached.

**Environmental and social risk**

Coal exploration and mine development is an environmentally hazardous activity which may give rise to substantial costs for environmental rehabilitation, damage control and losses. With increasingly heightened government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent. Bandanna could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with air quality, water and noise pollution and other discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of certain of its properties, greenhouse gas emissions and the storage, treatment and disposal of wastes. Sanctions for non-compliance with these laws and regulations may include administrative, civil and criminal penalties, revocation of permits, reputational issues, increased licence conditions and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault. Increased costs associated with regulatory compliance and and/or with litigation could have a material and adverse effect on Bandanna's financial performance.



Key personnel

Bandanna's future success depends on the expertise and continued service of certain key executives and technical personnel. Although Bandanna enters into employment and incentive arrangements with such personnel to secure their services, Bandanna cannot guarantee the retention of their services. Should key personnel leave, Bandanna's business and financial performance may be adversely affected.

Authorisations, permits and licences may be withdrawn or not obtained

Bandanna's exploration and prospective production are dependent upon the granting and maintenance of appropriate licences, permits and regulatory consents (authorisations) which may not be granted or may be withdrawn or made subject to limitations at the discretion of, inter alia, government or regulatory authorities. Although the authorisations may be renewed following expiry or granted (as the case may be), there can be no assurance that such authorisations will be continued, renewed or granted, or as to the terms of such renewals or grants. If there is a failure to obtain or retain the appropriate authorisations or there is a delay in obtaining or renewing them or they are granted subject to additional onerous conditions, this may adversely affect the ability of Bandanna to conduct its exploration or development operations, which may adversely affect Bandanna's financial performance.



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## Reserves & resource summary

Project	Bandanna %	Measured Resources (Mt)	Indicated resources (Mt)	Inferred Resource (Mt)	Total Resources (Mt)	Marketable Reserve (Mt)
Dingo West	100%	-	-	91.1	91.1	-
Springsure Creek	100%	-	129.5	245.0	374.5	102.6
Arcturus	100%	-	102.6	103.7	206.3	44.3 <sup>2</sup>
Arcadia	100%	-	-	272.9	272.9	-
South Galilee	50%	83.3	103.1	403.0	589.0	-
	<b>TOTAL</b>	<b>83.3</b>	<b>335.2</b>	<b>1,115.7</b>	<b>1,534.2</b>	<b>146.9</b>

Note:

- 1 Refer to Statement of Competent Person(s) on Slide 42  
 2 Comprises 17.4Mt from open cut and 26.9Mt from underground



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## Feasibility Study financial results summary

Parameter	Springsure Creek <sup>1</sup>	Arcturus <sup>1,2</sup>	Dingo West <sup>1</sup>	South Galilee <sup>3</sup>
Type of coal	Thermal	Thermal	PCI	Thermal
FOB operating costs (LOM average, excl. government royalties) <sup>4</sup>	\$58.64/ prod t	\$76.57/prod t	\$84.72/prod t	\$48.15/prod t
Total development capital costs <sup>4</sup>	\$1,131m	\$235m	\$134m	\$4,147m
Discount rate	10% real	10% real	10% real	12% nominal
<b>NPV</b>	<b>\$842.8m</b>	<b>\$128.8m</b>	<b>\$210.5m</b>	<b>\$1,257m</b>

Notes:

- 1 Per the Feasibility Studies completed by Larpro (April 2011)  
 2 Larpro have assumed mining via an initial open cut for six years, followed by underground mining  
 3 Per the Pre-Feasibility Study completed by the South Galilee JV (April 2011). Capital costs and NPV are quoted on a 100% basis  
 4 Reported in real 2011 terms  
 5 The Feasibility and Pre-Feasibility studies have been completed in accordance with Australian Standards



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## Coal quality

Additional Materials

		South Galilee (Thermal)	Dingo West (Washed PCI)		Arcturus (Thermal)		Springsure Ck (Thermal)		Arcadia (Thermal)		Golden Triangle (Thermal)	
		Air Dried	As Rec'd	Air Dried	As Rec'd	Air Dried	As Rec'd	Air Dried	As Rec'd	Air Dried	As Rec'd	Air Dried
Moisture %	Total		10.0		15.0		15.0		10.0		13.5	
Proximate Analysis	LM.	6.7		1.5		8.5		8.0		4.5		7.3
	Ash	11.0	7.8	8.5	13	14	10.2	11	11.3	12.0	10.9	11.7
	Volatile Matter	34.8	13.6	14.9	26.7	28.8	26.2	28.4	28.9	30.6	27.1	29.0
	F.C.	47.5	68.7	75.2	45.3	48.7	48.6	52.7	49.8	52.9	48.5	52.0
Total Sulphur (%)		0.81	0.55	0.60	0.34	0.37	0.23	0.25	0.31	0.33	0.28	0.30
Phos. (%)			0.073	0.080								
Chlorine (%)		0.004	0.05	0.06	0.01	0.01	0.03	0.03	0.038	0.04	0.025	0.027
Cal Value	Gross (Kcal/kg)	6,352	6,990	7,650	5,540	5,960	5,830	6,310	6,220	6,597	5,880	6,304
	Net (Kcal/kg)	5,800	6,770		5,260		5,550		6,024			



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## Statement of Competent Person(s)

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### \*Statement of Compliance

The Underground Reserves Estimate been prepared by Mr Jeremy Busfield, Principal Mining Engineer of MineCraft Consulting Pty Ltd. Jeremy holds a Bachelor of Mining Engineering degree from the University of Queensland, is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Registered Professional Engineer of Queensland (Mining) (RPEQ 10285). Jeremy has worked in various planning, operational and consulting roles for the underground coal industry for 26 years and as such qualifies as Competent Person under the JORC Code. The relationship between the Estimator and the Project owner is that of independent consultant. Jeremy consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears.

The information compiled in this report relating to South Galilee resources is based on information compiled by Lynne Barwell. Lynne Barwell is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity she is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Lynne Barwell consents to the inclusion in the report of the matters based on his information and in the form and context in which it appears.

The information compiled in this report relating to Arcturus and Dingo West resources is based on information compiled by Gordon Saul, who is a member of the Australian Institute of Geoscientists and who is employed by Resolve Geo Pty Ltd. Gordon Saul has sufficient experience which is relevant to the style of mineralization and types of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Gordon Saul consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears. Resolve Geo Pty Ltd is a shareholder in Bandanna Energy Limited.

The information compiled in this report relating to Springsure Creek resources is based on information compiled by David Keilar, who is a member of the Australian Institute of Geoscientists and who is employed by Resolve Geo Pty Ltd. David has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Keilar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Resolve Geo Pty, Ltd, is a shareholder in Bandanna Energy Limited.

Open cut Reserves estimate for Arcturus has been prepared by Mr Ken Hill. Ken Hill is the Managing Director of Xenith Consulting Pty Ltd. He holds a Bachelor in Civil Engineering degree from the University of Queensland and a Post Graduate Diploma in Business Administration from University Queensland. He has over 20 years experience in the open cut coal mining industry and substantial experience in mining operations financial evaluations. Ken Hill is a Member of the Australasian Institute of Mining and Metallurgy and as such qualifies as a Competent Person under the JORC Code. Ken Hill consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears.

The Underground Reserve estimates for Arcturus and Springsure Creek have been prepared by Mr Jeremy Busfield, Principal Mining Engineer of MineCraft Consulting Pty Ltd. Jeremy holds a Bachelor of Mining Engineering degree from the University of Queensland. He is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Registered Professional Engineer of Queensland (Mining) (RPEQ 10285). Jeremy Busfield has worked in various planning, operational and consulting roles for the underground coal industry for 26 years and as such qualifies as Competent Person under the JORC Code. The relationship between the Estimator and the Project owner is that of independent consultant. Jeremy Busfield consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears.



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## Disclaimers – foreign jurisdictions

This Presentation does not constitute an offer of securities in any jurisdiction in which it would be unlawful. No offer of new shares in Bandanna (**New Shares**) may be made in any country outside Australia or New Zealand except to the extent permitted below.

### China

The information in this Presentation does not constitute a public offer of New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

### European Economic Area - Belgium, Germany and the Netherlands

The information in this Presentation has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

### France

This Presentation is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This Presentation and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.



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## Disclaimers – foreign jurisdictions (cont'd)

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

### Hong Kong

**WARNING:** This Presentation has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this Presentation or to permit the distribution of this Presentation or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than (i) to "professional investors" (as defined in the SFO) or (ii) in other circumstances that do not result in this Presentation being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.

The contents of this Presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Presentation, you should obtain independent professional advice.

### Ireland

The information in this Presentation does not constitute a prospectus under any Irish laws or regulations and this Presentation has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(1) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

### Italy

The offering of the New Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the New Shares may be distributed in Italy and such securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(f) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

- to Italian qualified investors, as defined in Article 100 of Decree no.58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation no. 11971") as amended ("Qualified Investors"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.



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Additional Materials

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## Disclaimers – foreign jurisdictions (cont'd)

Any offer, sale or delivery of the New Shares or distribution of any offer document relating to the New Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the New Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such New Shares being declared null and void and in the liability of the entity transferring the New Shares for any damages suffered by the investors.

### Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

### Korea

The Company is not making any representation with respect to the eligibility of any recipients of this Presentation to acquire the New Shares under the laws of Korea, including, without limitation, the Foreign Exchange Transaction Act and regulations thereunder. The New Shares have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea ("FSCMA") and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

Accordingly, the New Shares have not been and will not be offered or sold in Korea by means of any document, other than (i) to "accredited investors" (as defined in the FSCMA) or (ii) in other circumstances that do not constitute an offer to the public within the meaning of the FSCMA.

### Malaysia

This Presentation may not be distributed or made available in Malaysia. No approval from the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered or made available for purchase in Malaysia except in an exemption from the prospectus and approval requirements of Securities Commission of Malaysia.

### New Zealand

This Presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The New Shares in the entitlement offer are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).



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Additional Materials

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

## Disclaimers – foreign jurisdictions (cont'd)

Other than in the entitlement offer, New Shares may be offered and sold in New Zealand only to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the Company ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this Presentation.

### Norway

This Presentation has not been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this Presentation shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except:

- (a) to "professional investors" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876);
- (b) any natural person who is registered as a professional investor with the Norwegian Financial Supervisory Authority (No. Finanstilsynet) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities;
- (c) to fewer than 100 natural or legal persons (other than "professional investors", as defined in clauses (a) and (b) above); or
- (d) in any other circumstances provided that no such offer of New Shares shall result in a requirement for the registration, or the publication by the Company or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

### Singapore

This Presentation and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Presentation has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined under section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Presentation immediately. You may not forward or circulate this Presentation to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.



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Additional Materials

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

## Disclaimers – foreign jurisdictions (cont'd)

### Sweden

This Presentation has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this Presentation may not be made available, nor may the New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this Presentation and they may not distribute it or the information contained in it to any other person.

### Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Presentation has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Presentation nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Presentation nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Presentation will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This Presentation is personal to the recipient only and not for general circulation in Switzerland.

### United Arab Emirates

Neither this Presentation nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This Presentation does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the New Shares, including the receipt of applications and/or the allotment or redemption of such securities, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for New Shares is valid or permitted in the Dubai International Financial Centre.

### United Kingdom

Neither the information in this Presentation nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This Presentation is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Presentation, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This Presentation should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.



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Additional Materials

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

## Disclaimers – foreign jurisdictions (cont'd)

In the United Kingdom, this Presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Presentation relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Presentation or any of its contents.

### United States

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Presentation have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.



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Additional Materials



# Institutional Offer Completion Announcement



ABN 34 009 356 665

18 August 2011

Australian Stock Exchange Limited

Company Electronic Lodgement

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

## Successful Completion of Institutional Component of Entitlement Offer

### Key points

- \$100 million Institutional Offer oversubscribed
- Strong demand from existing and new institutional investors
- Remaining shareholders eligible to participate in Retail Offer commencing on Thursday, 25 August 2011

### Institutional Offer

Bandanna Energy Limited ("Bandanna") today announced the successful completion of the institutional component ("Institutional Offer") of its 5 for 16 accelerated non-renounceable entitlement offer ("Entitlement Offer") of new Bandanna ordinary shares ("New Shares") at an offer price of \$1.00 per New Share ("Offer Price")

Completion of the Institutional Offer represents the first stage of Bandanna's capital raising of up to approximately \$133 million, announced on 17 August 2011. The Institutional Offer has raised gross proceeds of approximately \$100 million.

The Institutional Offer attracted strong demand from Bandanna's existing institutional shareholders and new institutional investors and was oversubscribed.

Bandanna's Managing Director, Ray Shaw said that "there was strong support for the capital raising from both existing and new investors. The proceeds from the capital raising will be used to assist with developing key projects including securing Stage 1 capacity at Wiggins Island Coal Export Terminal and associated rail allocation."

SAMTAN Aures Pty Ltd ("SAMTAN"), a wholly owned subsidiary of a private South Korean coal producer and major shareholder of Bandanna elected to take up its full entitlement, to maintain its current shareholding of approximately 10%.

New Shares taken up under the Institutional Offer are expected to be issued on Monday, 29 August 2011 and commence trading on ASX on the same day.

### Retail Offer

The retail component of the Offer ("Retail Offer") is for up to approximately \$33 million and is not underwritten. The Retail Offer will open on Thursday, 25 August 2011 and close at 5.00pm (AEST) on Friday, 9 September 2011.

REGISTERED & PRINCIPAL OFFICE  
Level 12  
410 Queen Street  
BRISBANE, QLD 4000  
T: 61 7 3041 4400  
F: 61 7 3041 4444

SYDNEY OFFICE  
Suite 2, Level 1  
80 Mount Street  
NORTH SYDNEY, NSW 2060  
T: 61 2 9923 1520  
F: 61 2 9923 1528

[www.bandannaenergy.com.au](http://www.bandannaenergy.com.au)

Eligible retail shareholders will have the opportunity to participate at the same price and offer ratio as under the Institutional Offer. Eligible retail shareholders may also apply for New Shares in excess of their Entitlement ("Additional New Shares"). Additional New Shares will only be allocated to eligible retail shareholders if and to the extent that Bandanna so determines, in its absolute discretion and subject to any available shortfall, having regard to circumstances as at the time of the close of the Retail Offer.

The retail offer booklet will be sent to eligible retail shareholders in Australia and New Zealand on 25 August 2011 and will also be made available on Bandanna's website for eligible retail shareholders to view ([bandannaenergy.com.au](http://bandannaenergy.com.au)). Eligible retail shareholders wishing to participate in the Retail Offer for New Shares and Additional New Shares will need to complete the Entitlement and Acceptance Form which will accompany the retail offer booklet.

Event	Date <sup>1,2</sup>
Trading halt lifted; Bandanna shares recommence trading on ASX	Thursday, 18 August 2011
Record Date	7:00PM, Monday, 22 August 2011
Retail offer opens	Thursday, 25 August 2011
Institutional settlement	Friday, 26 August 2011
Allotment and normal trading of new shares issued under the institutional offer	Monday, 29 August 2011
Retail offer closes	Friday, 9 September 2011
Retail settlement	Friday, 16 September 2011
Retail allotment	Monday, 19 September 2011
Trading of new shares issued under retail offer	Tuesday, 20 September 2011

<sup>1</sup> All dates and times refer to Australian Eastern Standard Time

<sup>2</sup> Timetable is subject to change without notice, subject to applicable laws

### Further Information

Shareholders who have questions regarding the Retail Offer should call the Bandanna Energy Offer Information Line on 1300 657 955 (from within Australia) or +61 3 9415 4037 (from outside Australia) at any time from 8.30am to 5.30pm (AEST) Monday to Friday during the Retail Offer Period.

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

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States, unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Neither this announcement nor any other documents relating to the offer of New Shares may be sent or distributed to persons in the United States.

### ENDS

Further enquiries:

Dr Ray Shaw: (07) 3041 4400

Andrew Crook Mb: 0419 788 431

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# Section 3

## IMPORTANT INFORMATION



### 3. Important Information

This Retail Offer Booklet (including the ASX Offer Announcements and the Equity Raising Presentation reproduced in it) and accompanying personalised Entitlement and Acceptance Form have been prepared by Bandanna.

This Retail Offer Booklet should be read in conjunction with Bandanna's other periodic and continuous disclosure announcements to the ASX available at [www.asx.com.au](http://www.asx.com.au).

No party other than Bandanna has authorised or caused the issue of the information in this Retail Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Retail Offer Booklet.

**This information is important and requires your immediate attention.**

You should read the information in this Retail Offer Booklet carefully and in its entirety before deciding whether to invest in New Shares. In particular, you should consider the risk factors outlined in the "Key Risks" section of the Equity Raising Presentation released to ASX on Wednesday, 17 August 2011 which is included in Section 2 of this Retail Offer Booklet and in Section 3.2, any of which could affect the operating and financial performance of Bandanna or the value of an investment in Bandanna.

Bandanna has applied for the grant by ASX of official quotation of the New Shares. It is expected that trading will commence in relation to New Shares issued under the Retail Offer on Tuesday, 20 September 2011. Bandanna disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on the official list of ASX or receiving their confirmation of issue, whether on the basis of confirmation of the allocation provided by Bandanna or the Registry or otherwise.

#### 3.1 Eligible Retail Shareholders

The Entitlement Offer in this Retail Offer Booklet contains an offer of New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as modified by Australian Securities and Investments Commission Class Order [CO 08/35].

Eligible Retail Shareholders are those Shareholders who:

- are registered as holders of Existing Shares at the Record Date, being 7.00pm (AEST) on Monday, 22 August 2011;
- have a registered address on the Bandanna share register in Australia or New Zealand;
- are not in the United States, you are not a U.S. Person, and are not acting for the account or benefit of a U.S. Person;
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Offer, and were not treated as Ineligible Institutional Shareholders under the Institutional Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Offer, are Eligible Retail Shareholders.

Bandanna may (in its absolute discretion) extend the Retail Offer to any



Institutional Shareholder in foreign jurisdictions which did not participate in the Institutional Offer (subject to compliance with applicable laws).

### **3.2 Risks**

The Equity Raising Presentation details important factors and risks that could affect the financial and operating performance of Bandanna. You should refer to the “Key Risks” section of the Equity Raising Presentation released to ASX on Wednesday, 17 August 2011 which is included in Section 2 of this Retail Offer Booklet. You should consider these risk factors carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Retail Offer.

### **3.3 Additional New Shares**

Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Entitlement. The number of Additional New Shares available for allocation will be limited to the number of New Shares available under the Retail Offer Shortfall. Any Additional New Shares will only be allocated to Eligible Retail Shareholders if and to the extent that Bandanna so determines, in its absolute discretion, having regard to circumstances as at the time of the close of the Retail Offer.

If you apply for Additional New Shares then, subject to the available Retail Offer Shortfall, and subject to Bandanna’s absolute discretion to scale-back your application for Additional New Shares (in whole or part), you will be allotted your Additional New Shares on Monday, 19 September 2011. Bandanna’s decision on the number of New Shares to be allocated to you will be final.

### **3.4 Retail Offer Shortfall**

As set out in Section 1.1, New Shares equal in amount to those not applied for by Eligible Retail Shareholders pursuant to their Entitlements and those of Ineligible Retail Shareholders will comprise the Retail Offer Shortfall.

The Retail Offer Shortfall will be used fulfil applications for Additional New Shares (subject to scale-back at Bandanna’s absolute discretion, as discussed in Section 3.3).

### **3.5 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your Application once it has been lodged.

### **3.6 No Entitlements trading**

Entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable.

### **3.7 Notice to nominees and custodians**

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Offer (whether they accepted their Entitlements or not) and Institutional Shareholders who were treated as Ineligible Institutional Shareholders under the Institutional Offer.

### **3.8 Not investment advice**

This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial situation, taxation circumstances or particular needs. Bandanna is not licensed to provide financial product advice in respect of the New Shares. This Retail Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading this Retail Offer Booklet, you have any questions about the Retail Offer, you should contact your stockbroker, accountant, solicitor or other independent professional adviser.

### **3.9 Taxation**

You should be aware that there may be taxation implications associated with participating in the Retail Offer and receiving New Shares.

Bandanna does not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Retail Offer. Bandanna, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Retail Offer Booklet.

### **3.10 Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

### **3.11 Ranking of New Shares**

The New Shares will be issued on a fully paid basis and will rank equally in all respects with Existing Shares. The rights and liabilities attaching to the New Shares are set out in Bandanna's constitution, a copy of which is available at [www.asx.com.au](http://www.asx.com.au).

### **3.12 Quotation and trading**

Bandanna has applied to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rule requirements. If the ASX does not grant quotation to the New Shares, Bandanna will repay all Application Monies (without interest).

Subject to approval being granted, it is expected that normal trading of New Shares allotted under the Retail Offer will commence on Tuesday, 20 September 2011.

### **3.13 Holding statements**

Holding statements in respect of New Shares allotted under the Retail Offer are expected to be dispatched to Eligible Retail Shareholders on Thursday, 22 September 2011.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding

statements will do so at their own risk. Bandanna and the Underwriter disclaim all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Bandanna, the Registry or the Underwriter.

### **3.14 Information availability**

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of this Retail Offer Booklet during the Retail Offer Period on the Bandanna website, [www.BandannaEnergy.com.au](http://www.BandannaEnergy.com.au), or by calling the Bandanna Energy Offer Information Line. Persons who access the electronic version of this Retail Offer Booklet should ensure that they download and read the entire Retail Offer Booklet. The electronic version of this Retail Offer Booklet on the ASX website will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the Bandanna Energy Offer Information Line on 1300 657 955 (within Australia) or +61 3 9415 4037 (from outside Australia) between 8.30am and 5.30pm (AEST) Monday to Friday during the Retail Offer Period.

### **3.15 Future performance and forward-looking statements**

Neither Bandanna nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Entitlement Offer. This Retail Offer Booklet contains certain “forward-looking statements”. Forward-looking words such as, “expect”, “should”, “could”, “may”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Retail Offer Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements including forecasts, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward-looking statements only speak as to the date of this Retail Offer Booklet and Bandanna assumes no obligation to update such information. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Bandanna and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Retail Offer Booklet.

You should also refer to the “Key Risks” section of the Equity Raising Presentation released to ASX on Wednesday, 17 August 2011 which is included in Section 2 of this Retail Offer Booklet and Section 3.2 of this Retail Offer Booklet.

### **3.16 Past performance**

Investors should note that the past share price performance of the Shares provides no guidance as to future Share price performance. For further information, please see past announcements released to the ASX.

### **3.17 Governing law**

This Retail Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law

applicable in New South Wales. Each Shareholder who applies for New Shares (and any Additional New Shares) submits to the non-exclusive jurisdiction of the courts of New South Wales.

### **3.18 Financial Data**

All dollar values in this Retail Offer Booklet, other than as specified, are in Australian dollars (\$).

### **3.19 Foreign jurisdictions**

This Retail Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia.

The New Shares being offered under the Entitlement Offer in this Retail Offer Booklet are also being offered to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Retail Offer Booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The Entitlement Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Offer or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

Bandanna is of the view that it is unreasonable to extend the Retail Offer to Ineligible Retail Shareholders, having regard to:

- the small number of Ineligible Retail Shareholders;
- the number and value of the New Shares which would be offered to Ineligible Retail Shareholders; and
- the cost of complying with the legal requirements and requirements of the regulatory authorities, in the respective overseas jurisdictions.

Accordingly, the Retail Offer is not being extended to any Retail Shareholder whose registered address is outside Australia or New Zealand. Bandanna reserves the right to treat as invalid any Entitlement and Acceptance Form that appears to have been submitted by an Ineligible Retail Shareholder.

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of this Retail Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

#### **New Zealand**

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of Bandanna with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Retail Offer Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

This Retail Offer Booklet is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

### **United States**

This Retail Offer Booklet and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. None of this Retail Offer Booklet, the ASX Offer Announcements (including the Equity Raising Presentation) reproduced in it nor the Entitlement and Acceptance Form may be distributed to or released in the United States.

The New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The New Shares offered in the Retail Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Regulation S under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

In addition, the New Shares may not be deposited in any existing unrestricted American Depositary Receipt Facility or future such program with respect to the securities of Bandanna that has been or may be established until 40 days following the completion of the Retail Offer.

See the “Foreign selling restrictions” section of the Equity Raising Presentation released to ASX on Wednesday, 17 August 2011 which is included in Section 2 of this Retail Offer Booklet for more information.

### **3.20 Investment speculative**

As with all stock market investments, there are risks associated with an investment in Bandanna. Share prices may rise or fall and the price of Shares may trade below or above the Offer Price for the New Shares under this Retail Offer Booklet.

The New Shares to be allotted pursuant to this Retail Offer Booklet should be regarded as speculative in nature and carry no guarantee with respect to the payment of dividends, return of capital or their market value.

Investment in Bandanna is regarded as speculative and neither Bandanna nor any of its Directors guarantees that any specific objective of Bandanna will be achieved or that any particular performance of Bandanna or its Shares, including the New Shares offered by this Retail Offer Booklet, will be achieved.

### **3.21 Underwriting arrangements**

Bandanna has entered into an underwriting agreement with the Underwriter who has agreed to underwrite an amount equal to \$100 million (raised through the Institutional Offer) and to manage the Entitlement Offer.

As is customary with these types of arrangements:

- Bandanna has agreed to indemnify the Underwriter and its related bodies corporate and affiliates and each of their respective officers, directors, employees, advisers, representatives and agents against losses they may suffer or incur in connection with the Entitlement Offer;
- the Underwriter may, at any time up to the retail settlement date (Friday, 16 September 2011), terminate the underwriting agreement and be released



from its obligations (including its obligations to manage, but not underwrite, the Retail Offer) under it on the occurrence of certain events, including (but not limited to) if:

- Bandanna ceases to be listed on the ASX or the Shares are suspended from trading on, or cease to be quoted on, the ASX (other than trading halts necessary for the Entitlement Offer to proceed);
- Bandanna is prevented from allotting and issuing the New Shares;
- the ASX Offer Announcements contain (whether by omission or otherwise) any statement which is false, misleading or deceptive, including if the cleansing notice lodged under section 708AA of the Corporations Act in connection with the Entitlement Offer is or becomes defective, or any material statement or material estimate in any ASX Offer Announcement is or becomes incapable of being met;
- Bandanna, or a member of its group, is insolvent or there is an act or omission which is likely to result in Bandanna, or a member of its group, becoming insolvent;
- ASIC applies for an order under sections 1324 or 1325 or an order under Part 9.5 of the Corporations Act;
- a Director is charged with an indictable offence or a regulatory body commences a public action against a Director in his or her capacity as a director of Bandanna;
- there are material disruptions in financial conditions or markets, certain declines in financial markets or hostilities commence or escalate in certain key countries; or
- there is a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Bandanna.

The Underwriter will be remunerated by Bandanna for providing these services at market rates and will be reimbursed for certain expenses incurred.

### **3.22 Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Retail Offer that is not contained in this Retail Offer Booklet.

Any information or representation that is not in this Retail Offer Booklet may not be relied on as having been authorised by Bandanna, or its related bodies corporate in connection with the Retail Offer. Except as required by law, and only to the extent so required, none of Bandanna, or any other person, warrants or guarantees the future performance of Bandanna or any return on any investment made pursuant to this Retail Offer Booklet.



# Section 4

## GLOSSARY

## 4. Glossary

In this Retail Offer Booklet the following terms have the following meanings:

Term	Definition
\$	Australian dollars.
<b>Additional New Shares</b>	The New Shares that Eligible Retail Shareholders may apply for in excess of their Entitlement. Refer to Section 3.3 for further detail.
<b>AEST</b>	Australian Eastern Standard Time.
<b>Applicant</b>	A person who makes an Application under the Retail Offer.
<b>Application</b>	An application to subscribe for New Shares under this Retail Offer Booklet made on the Entitlement and Acceptance Form and accompanied by the relevant Application Monies.
<b>Application Monies</b>	The monies received from persons applying for New Shares pursuant to the terms of the Retail Offer.
<b>ASIC</b>	Australian Securities & Investments Commission.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the market conducted by that company.
<b>ASX Listing Rules</b>	The official listing rules of ASX.
<b>ASX Offer Announcements</b>	The announcements released to ASX on Wednesday 17 August 2011 and 18 August 2011 in connection with the Entitlement Offer, copies of which are contained in Section 2 of this Retail Offer Booklet.
<b>Bandanna, Bandanna Energy or Company</b>	Bandanna Energy Limited (ABN 34 009 356 665).
<b>Business Day</b>	A day on which banks are open for business in Sydney, Australia, but not a Saturday, Sunday or a public holiday.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>CRN</b>	Customer Reference Number.
<b>Director</b>	A director of Bandanna.
<b>DFS</b>	Definitive Feasibility Studies.
<b>Eligible Institutional Shareholder</b>	An Institutional Shareholder who has successfully received an offer under the Institutional Offer (as the Underwriter determines).
<b>Eligible Retail Shareholder</b>	As defined in Section 3.1.
<b>Eligible Shareholders</b>	Eligible Institutional Shareholders and Eligible Retail Shareholder.
<b>Entitlement</b>	The entitlement to subscribe for 5 New Shares for every 16 Existing Shares held at the Record Date by Eligible Shareholders.
<b>Entitlement and Acceptance Form</b>	The Entitlement and Acceptance Form accompanying this Retail Offer Booklet.
<b>Entitlement Offer</b>	The offer of New Shares to Eligible Shareholders in the proportion of 5 New Shares for every 16 Existing Shares held at the Record Date by Eligible Shareholders, comprising the Institutional Offer and the Retail



	Offer.
<b>Equity Raising Presentation</b>	The equity raising presentation released to ASX on Wednesday, 17 August 2011 in connection with the Entitlement Offer, a copy of which is contained in Section 2 of this Retail Offer Booklet.
<b>Excess Amount</b>	Payment amounts received by Bandanna in excess of an Eligible Retail Shareholder's Entitlement. This amount will generally be accepted as an application for Additional New Shares.
<b>Existing Shares</b>	A Share on issue before the Record Date.
<b>Ineligible Institutional Shareholder</b>	An Institutional Shareholder: <ul style="list-style-type: none"> <li>• who has a registered address outside Australia and New Zealand and any other jurisdictions as Bandanna and the Underwriter agree; or</li> <li>• that the Underwriter determines will be an Ineligible Institutional Shareholder for the purposes of the Institutional Offer.</li> </ul>
<b>Ineligible Retail Shareholder</b>	A Shareholder that is not an Eligible Retail Shareholder, an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder.
<b>Ineligible Shareholders</b>	Ineligible Institutional Shareholders and Ineligible Retail Shareholders.
<b>Institutional Offer</b>	The offer of New Shares to Eligible Institutional Shareholders as part of the Entitlement Offer.
<b>Institutional Shareholder</b>	A Shareholder at the Record Date who is a "sophisticated investor" or "professional investor" as those terms are used under sections 708(8) and 708(11), respectively, of the Corporations Act.
<b>New Shares</b>	The Shares offered under the Entitlement Offer.
<b>Offer Price</b>	\$1.00 per New Share.
<b>Record Date</b>	The time and date for determining which Shareholders are entitled to an Entitlement under the Entitlement Offer, being 7.00pm (AEST) on Monday, 22 August 2011.
<b>Registry</b>	Computershare Investor Services Pty Limited (ABN 48 078 279 277).
<b>Retail Offer</b>	The offer of New Shares to Eligible Retail Shareholders as part of the Entitlement Offer.
<b>Retail Offer Booklet</b>	This booklet dated Thursday, 25 August 2011, including the ASX Offer Announcements and the Equity Raising Presentation.
<b>Retail Offer Period</b>	The period commencing on the opening date of the Retail Offer and ending on the closing date of the Retail Offer, as specified in the "Key Dates" section of this Retail Offer Booklet.
<b>Retail Offer Shortfall</b>	New Shares of an amount equal in number to those not applied for by Eligible Retail Shareholders pursuant to their Entitlements and those of Ineligible Retail Shareholders through the Retail Offer.
<b>Section</b>	A section of this Retail Offer Booklet.
<b>Share</b>	An ordinary fully paid share in Bandanna.
<b>Shareholder</b>	The registered holder of an Existing Share.
<b>Underwriter or UBS</b>	UBS AG, Australia Branch (ABN 47 088 129 613)
<b>Underwriting Agreement</b>	The underwriting agreement dated 17 August 2011 between Bandanna and the Underwriter.
<b>U.S. or United States</b>	United States of America.

<b>U.S. Persons</b>	Has the meaning given in Rule 902(k) of Regulation S under the U.S. Securities Act.
<b>U.S. Securities Act</b>	U.S. Securities Act of 1933.
<b>WICET</b>	Wiggins Island Coal Export Terminal.



# Corporate Directory

## **Bandanna Energy Limited's Registered Office**

Level 12, 410 Queen Street  
Brisbane, QLD, 4000

Phone: +61 7 3041 4400

## **Directors**

Mr Jeremy W. Barlow (Non-Executive Chairman)  
Dr Raymond D. Shaw (Managing Director)  
Mr David D.H. Graham (Non-Executive Director)  
Mr Robert K. Johansen (Non-Executive Director)  
Mr Park Soon IL (Non-Executive Director)

## **Company Secretary**

Mr Matthew Scott

## **Legal Adviser**

Freehills  
19 Martin Place,  
Sydney NSW 2000

## **Underwriter**

UBS AG, Australia Branch  
Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

## **Registry**

Computershare Investor Services Pty Limited  
GPO Box 2987  
Adelaide SA 5001

Phone: 1300 657 955 (within Australia) or  
+61 8 8236 2300 (outside of Australia)

## **Bandanna Energy Limited Offer Information Line**

Open 8.30am to 5.30pm (AEST) Monday to Friday during the Retail Offer Period

Phone: 1300 657 955 (within Australia) or  
+61 3 9415 4037 (from outside Australia)

