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25 July 2011

**ASX RELEASE/ MEDIA RELEASE**

**Significant increase in Indicated Resources for  
Springsure Creek Project.**

- **Indicated Resources rise 79.3% to 129.5 Million Tonnes**
- **Total Resources rise 15.5% to 374.5 Million Tonnes**

Bandanna Energy Limited (Bandanna – ASX code “BND”), through its wholly owned subsidiary Springsure Creek Coal Pty Ltd, is pleased to announce an increase to 374.5 million tonnes in its JORC compliant Resources at EPC 891 (Springsure Creek). This Resource comprises Inferred Resources of 245.0 million tonnes and Indicated Resources of 129.5 million tonnes. The Indicated Resource represents an increase of 79.3% compared to the last Resource Statement issued in October 2010. The new Resource Statement follows the completion of 3 chip and 14 cored boreholes of the targeted Aries 2 seam.

The aim of the drilling program was to concentrate on increasing geological confidence levels of the delineated resources. As such whilst the overall increase in resource tonnages since October 2010 is relatively modest at 15.5%, the corresponding increase of Indicated Resource, from 72.2 Mt to 129.5 Mt, being 79.3%, is significant. Figure 1 shows the resource domains now identified for Springsure Creek.

The Resource upgrade comes despite extended periods of wet weather and poor ground conditions which have severely hampered drilling on the project, as was the case last year.

Bandanna Energy Managing Director, Dr Ray Shaw commented “this resource increase highlights the quality asset that our Springsure Creek Project clearly represents”. This resource increase will form the basis for a corresponding review of our reserve inventory and potential mine development plans”.

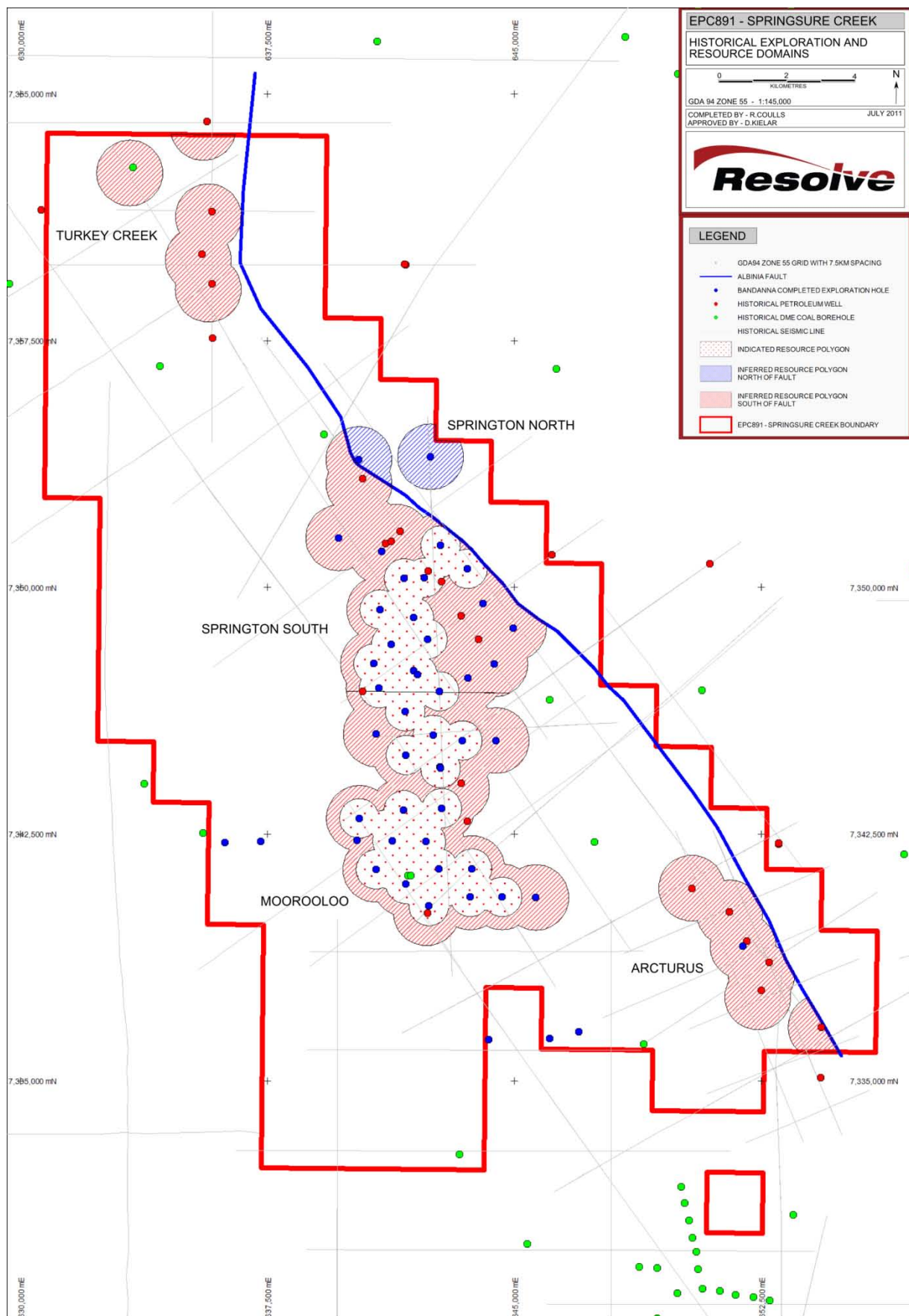
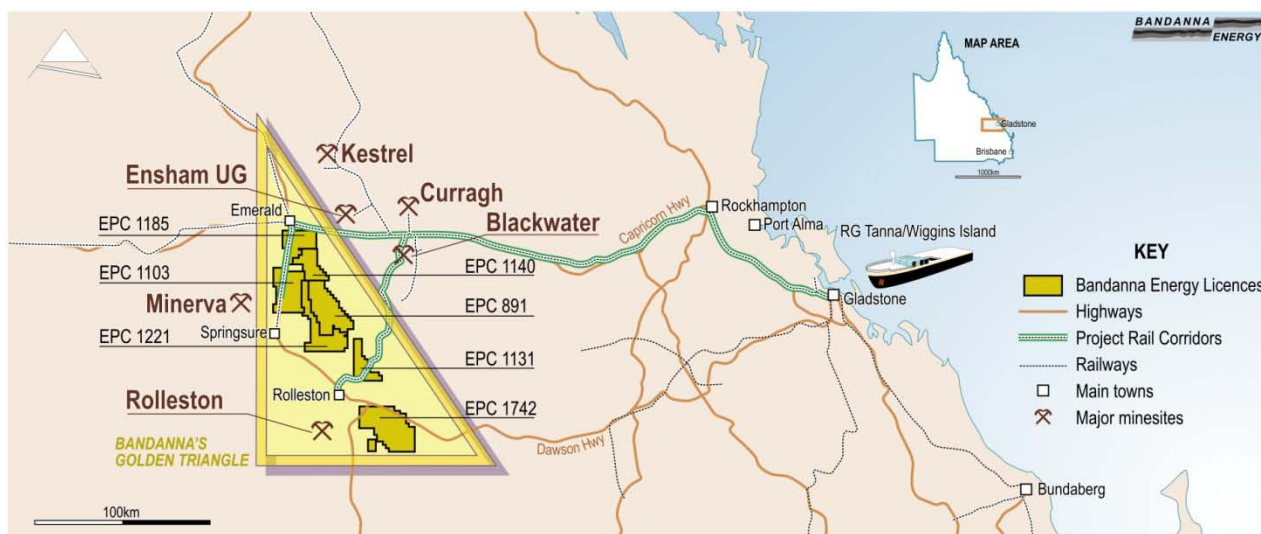


Figure 1 – Resource domains and position of drill holes.

Springsure Creek is located within Bandanna's "Golden Triangle" of projects (see Figure 2).



**Figure 2 – Bandanna's "Golden Triangle" of Projects**

Bandanna has secured 4 Mtpa export capacity through Stage 1 of the Wiggins Island Coal Export Terminal (WICET) at Gladstone, subject to signing a Take or Pay Agreement and WICET reaching financial close, which is scheduled for Q3 2011.

The full version of the EPC 891 Springsure Creek Resource Statement can be viewed at the Company website [www.bandannaenergy.com.au](http://www.bandannaenergy.com.au).

## **ENDS**

Further enquiries:

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## **\*Statement of Compliance**

The information compiled in this report relating to 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.