

21 December 2011

## ASX RELEASE/ MEDIA RELEASE

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

- **Indicated Resources rise 76% to 228 Million Tonnes**
- **Total Resources rise 31% to 490.5 Million Tonnes**

Bandanna Energy Limited (Bandanna – ASX code “BND”), through its wholly owned subsidiary Springsure Creek Coal Pty Ltd, is pleased to announce that Xenith Consulting has certified resources in the Springton domain totalling 255.9 million tonnes. This Resource comprises Inferred Resources of 109.7 million tonnes and Indicated Resources of 146.1 million tonnes. The new Resource Statement follows the completion of boreholes of the targeted Aries 2 seam since July 2011.

The Springton domain was the focus of drilling from July 2011 and has recently been curtailed due to inclement weather. No drilling occurred in the Turkey Creek, Moorooloo and Arcturus domains and previous resource certifications by Resolve Geo remain for those sections of the deposit.

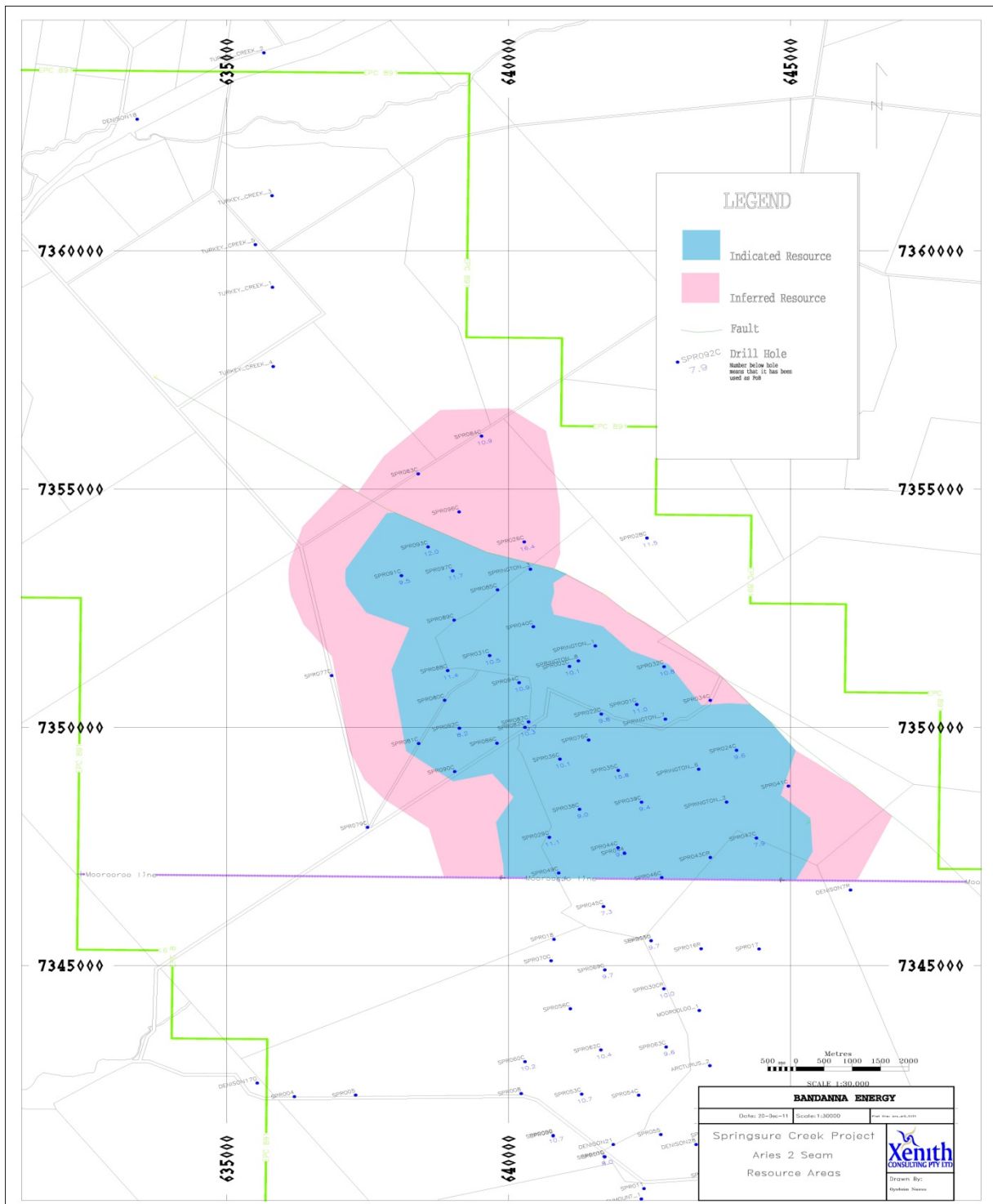
JORC Resources for Springsure Creek now total 490.5 million tonnes comprising Inferred Resources of 262.5 million tonnes and Indicated Resources of 228 million tonnes. This represents an overall increase of 31% compared to the last Resource Statement issued in July 2011, however, the 76% increase in Indicated resource demonstrates Springsure Creek Coal’s determination to substantially increase resource confidence ahead of proposed development in 2014.

Additional to the A2 seam, Springsure Creek Coal is pleased to announce the incorporation of 29.3Mt of Inferred Resources in the Castor Seam within the Springton South domain. The Castor Seam underlies the Aries 2 Seam and has potential to be mined post or pre Aries 2 development. The Castor Seam has mineable thicknesses in excess of 2.0m with insitu ash 10-12% and CV 26.0 KJ/Kg adb

**Table 1.** Total Resources for A2 Seam at Springsure Creek

<b>Domain</b>	<b>Area (Km2)</b>	<b>Thickness (m)</b>	<b>RD (Kg/m3)</b>	<b>Tonnage (Mt)</b>
<b>Turkey Creek Inferred</b>	11.71	2.03	1.40	35
<b>Springton North Inferred *</b>	35.29	1.91	1.40	21.5
<b>Springton South Inferred *</b>	44	2.80	1.38	59
<b>Springton South Indicated *</b>	106	3.01	1.38	146
<b>Moorooloo Inferred</b>	17.60	2.87	1.42	71.7
<b>Moorooloo North Indicated</b>	6.18	3.36	1.38	28.7
<b>Moorooloo South Indicated</b>	12.99	2.95	1.39	53.3
<b>Arcturus Inferred</b>	12.46	2.36	1.60	46
			<b>Total</b>	<b>461.2</b>
			<b>Indicated</b>	<b>228</b>
			<b>Inferred</b>	<b>233.2</b>

Springsure Creek Coal is currently undertaking a Definitive Feasibility Study (DFS) for its Springsure Creek Project and the large increase in Indicated Resources can now be fed into the advanced mine design as part of this process. Prior to this update, 75% of Indicated Resources were converted to Probable Reserve through the mine design process.



**Figure 1**

Figure 1 shows the resource domains now identified for the Aries 2 Seam at Springsure Creek in the Springton South and North domains only. For resources previously identified to the south of the Mooreooloo line please refer to July 2011 announcement.

## Drilling Program 2012 – Resources and Reserves Design

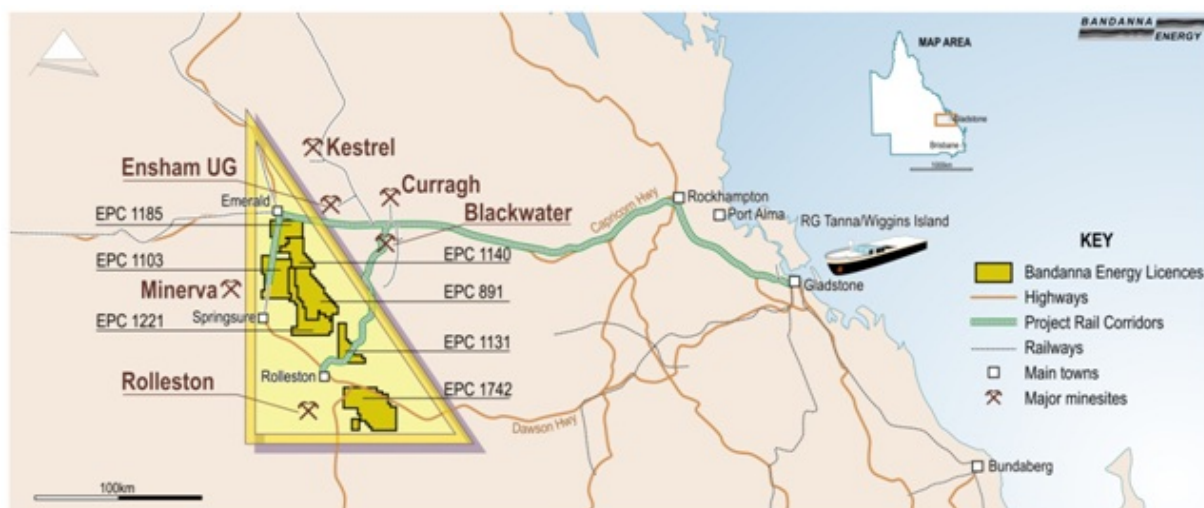
The Bandanna Energy Pty Ltd Board has approved the 2012 Drilling Budget for Springsure Creek. The Budget allows for two drill rigs completing some 80 drill holes to achieve two distinct aims:

- One rig targeting the compilation of Measured Resources sufficient to underpin Proven and Marketable Reserves for the first 10-15 years of longwall production;
- The second rig to maintain the expansion of Indicated Resources to the south east and south west of existing Indicated Resources and Probable Reserve.

All holes will also collect geotechnical, gas, hydrological and other data consistent with the requirements of the DFS.

Bandanna Energy Managing Director, Dr Ray Shaw commented, “this increase in resources, and in particular the marked rise in Indicated Resources, not only defines Springsure Creek as a world class thermal coal resource project but showcases Bandanna’s resolve to consistently meet its exploration, environmental and engineering targets and timelines and for the project to remain on course for coal production in FY2014.”

Springsure Creek is located within Bandanna’s group of Bowen Basin Projects (see Figure 2).



**Figure 2 – Bandanna’s Bowen Basin Projects**

Bandanna has secured 4 Mtpa export capacity for Springsure Creek through Stage 1 of the Wiggins Island Coal Export Terminal (WICET) at Gladstone, following the signing of a “take or pay” agreement in October 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:

Dr Ray Shaw: (07) 3041 4400

## **\*Statement of Compliance**

1) The information compiled in this report relating to resources for the Turkey Creek, Moorooloo and Arcturus domains 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.

2) The information in this report relating to exploration results and coal resources for the Springton North and Springton South domains is based on information compiled by Mr Troy Turner who is a member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd.

Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2004 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.*"

Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.