

Bandanna Energy Limited
(ASX :BND)

Australia's Next Coal Producer

**RBS Morgans: Emerging
Coal Conference**



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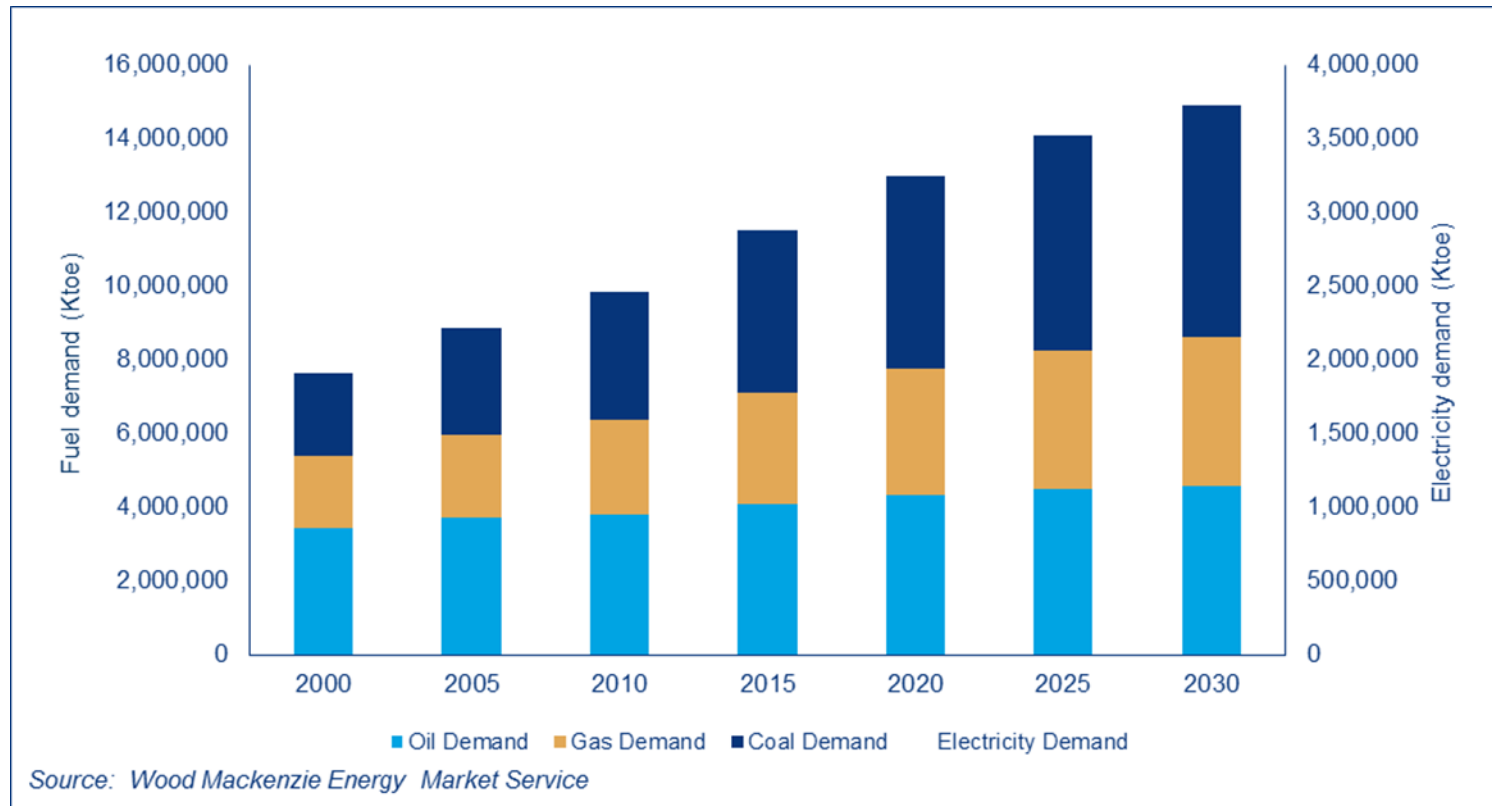
- 1 Bandanna – Investment Highlights
- 2 Coal Market Update
- 3 Resource Summary
- 4 Secure Infrastructure Capacity
- 5 Springsure Creek – Pathway to Production
- 6 Other Projects
- 7 Investment Summary

Attractive Assets	<ul style="list-style-type: none"> • >1Bt coal resources in Bowen Basin – all held 100% by Bandanna • >580Mt coal resource in Galilee Basin – 50/50 JV with AMCI • Port ownership – 14% shareholder in Wiggins Island Stage 1
Secure Rail – Port Supply Chain	<ul style="list-style-type: none"> • Port Capacity – 4 Mtpa, 10yr rolling contract at Wiggins Stage 1 • Below Rail Access Agreement – QRN, 4 Mtpa • Above Rail Haulage Agreement – Pacific National
New management team leading Bandanna's transition from Explorer to Coal Producer	<ul style="list-style-type: none"> • Chairman - John Pegler (>40yrs experience at Rio Tinto and CEO/MD at Ensham Resources 2001-2009, Current Chair Australian Coal Association, Life Member – Qld Resources Council) • Managing Director – Michael Gray (>20yrs incl CEO Middlemount, the most recent greenfield development project in Queensland) • Chief Development Officer – Stuart Clarke (>20yrs O/C and UG development and operations experience at BHP, Peabody, Downer)
Strong Cash Position	<ul style="list-style-type: none"> • \$117 million cash in bank • Fully funded to complete Definitive Feasibility Study, approvals and initial development for Springsure Creek and Dingo West projects

Springsure Creek – on track for production H2 2014

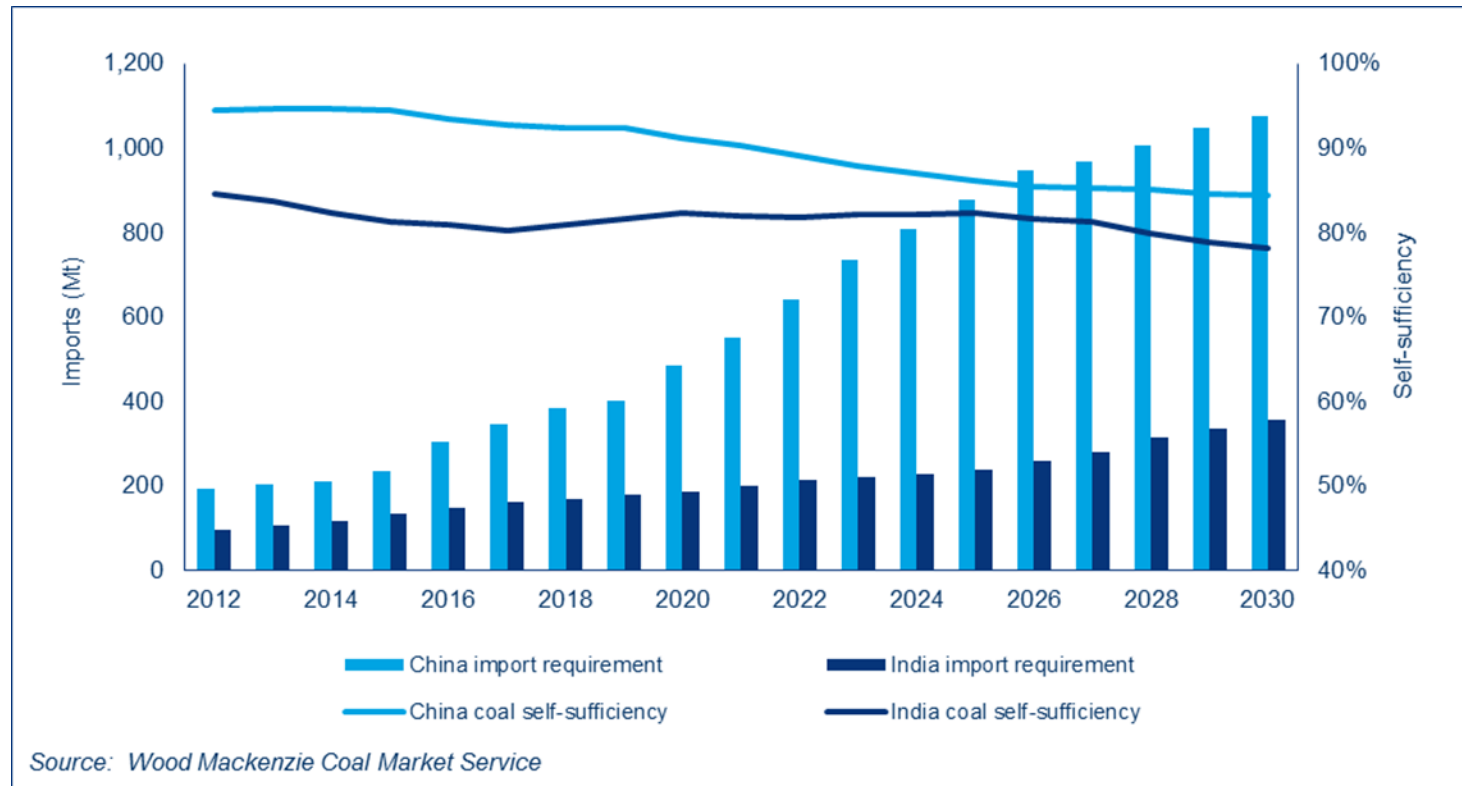
Resource and Reserve Upgraded	<ul style="list-style-type: none">• Total Resources increased 31% to 490.5Mt in Dec 2011• Marketable Reserves increased 50% to 154Mt in Apr 2012• Infill drilling and 3D seismic underway
Port and Rail Access Secured	<ul style="list-style-type: none">• Port Capacity – 4 Mtpa, 10yr rolling contract at Wiggins Stage 1• Below Rail Access Agreement – QRN, 4 Mtpa• Above Rail Haulage Agreement – Pacific National• Rail Loadout agreement with Acacia Coal
Definitive Feasibility Study near completion	<ul style="list-style-type: none">• Revised Mine Plan completed• All long lead procurement identified• DFS on track for completion end Sep 2012
EIS & Approvals Well Advanced	<ul style="list-style-type: none">• Draft EIS close to completion for Springsure Creek• Revised Mining Lease Application to be lodged by end of June 2012
Development Funding Strategy Underway	<ul style="list-style-type: none">• Continuing discussions with end-user JV parties for Springsure Creek , for sell down of minority interest(s)

Global energy demand by fuel type (Ktoe)



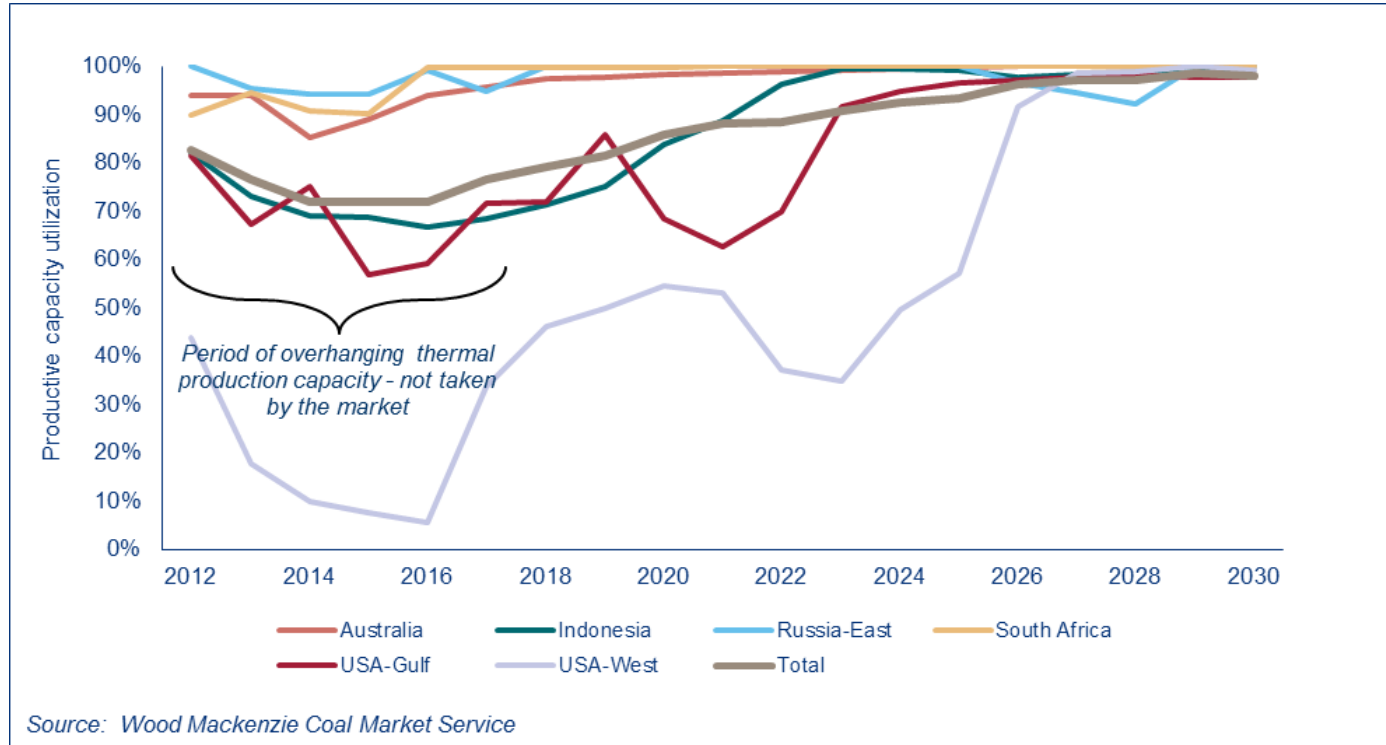
- > Wood Mackenzie May 2012:
 - > Increasing contribution of gas in energy mix, BUT
 - > Growth in coal will outstrip growth in gas by 16%

China and India Coal Self-sufficiency



By 2030, China coal imports exceed 1Btpa! From where...?

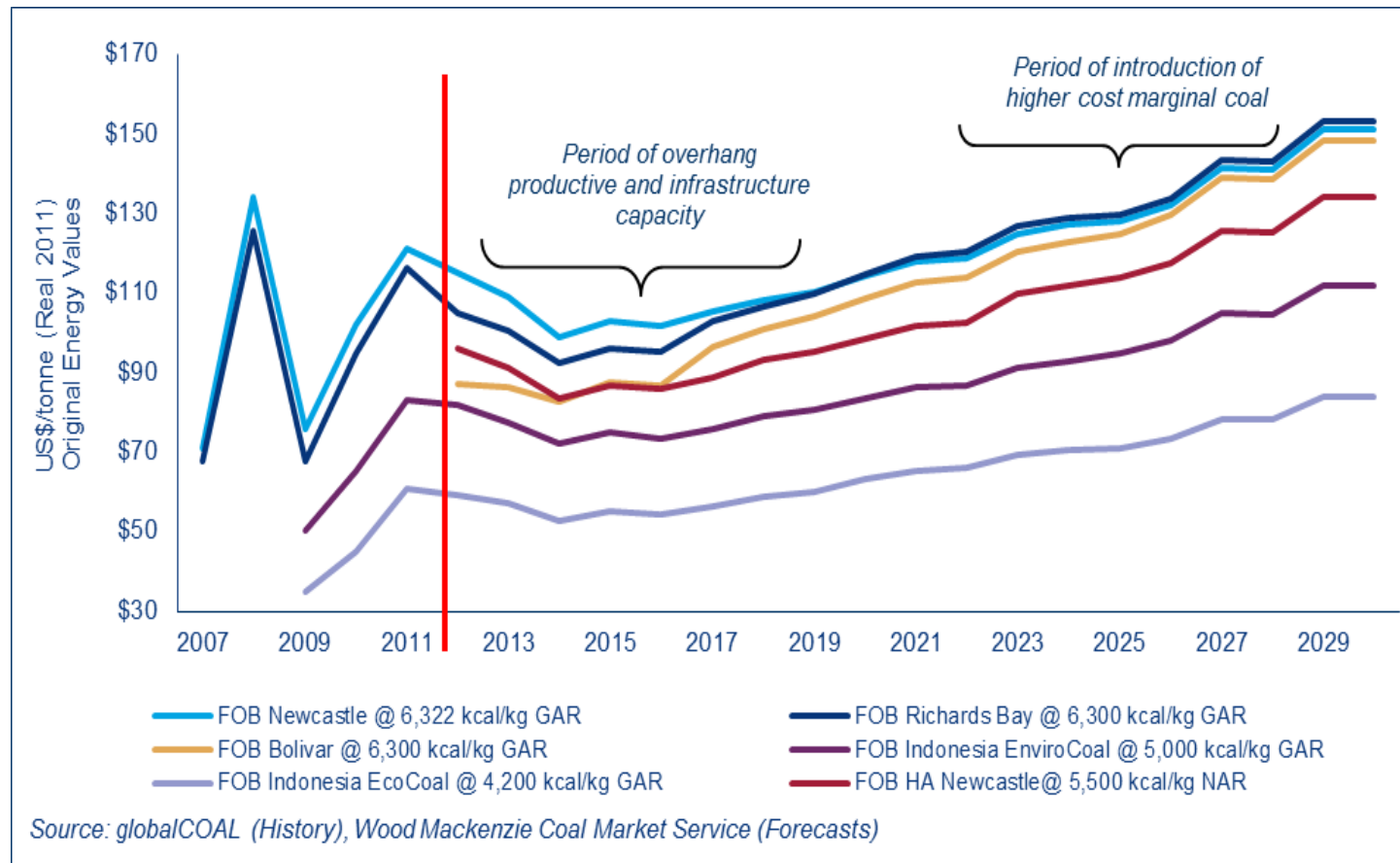
Thermal Coal Supply – Productive Capacity Utilization



Current thermal coal markets soft due to overhang of supply

Thermal Coal Price Forecasts

FOB Prices (Real 2011 US\$/t)



Longer term – lack of new supply and higher cost of new suppliers will lead to strong upward trend in prices

Asset Locations

Over 1.6 billion tonnes of JORC-code compliant resources situated within two of Australia's most prospective coal bearing regions



Legend

- Highways
- Major roads
- Railways
- Railways Rolleston / Blackwater lines
- Proposed Rail Routes
- Towns
- Major Coal Minesites
- Bandanna Energy Limited Coal Licences
- Coal Loading Terminals

Disclaimer: Data capture from Department of Minerals & Energy; Accuracy at 1:250,000

Over 1.6 billion tonnes of JORC-code compliant resources situated within two of Australia's most prospective coal bearing regions

Summary of Bandanna's net JORC resources and reserves (rounded to nearest Mt)^{1,3}

Project	Resources (Mt)				Reserves (Mt)
	Measured	Indicated	Inferred	Total	
Bowen Basin		331	731	1,061	198
Springsure Creek	—	228	263	491	154
Arcturus	-	103	104	206	44
Arcadia	-	-	273	273	
Dingo West	—	—	91	91	—
Galilee Basin	83	103	403	589	109
South Galilee ²	83	103	403	589	109
TOTAL	83	433	1,133	1,650	307

1 As at 5 March 2012

2 Net to Bandanna (50% interest)

3 Figures may not sum due to rounding

4 Refer to Statement of Compliance at rear of this presentation.

Wiggins Island Coal Export Terminal (WICET)

- > Bandanna is a 14% shareholder in the 27Mt WICET Stage 1, located at the Port of Gladstone
- > WICET Stage 1 will be the next coal export terminal in Australia
- > Construction commenced in Dec 2011
- > Scheduled completion H2 2014
- > AUD2.5B Development funded by equity contribution from shareholders (\$550M) plus project finance
- > Bandanna has 10 year rolling contract for 4Mtpa of export capacity
- > Can continue to extend contract based on project Reserve life

WICET Stage1 Overview



Rail Capacity

- > Bandanna and other WICET Stage 1 producers have a agreement with QR National for capacity upgrade works in the Blackwater Rail system
- > Provides fully contracted 4Mtpa of below-rail capacity to support Bandanna's Wiggins Island Capacity for 19.5 years



Coal Haulage

- > In late 2011, Bandanna sought tenders for coal haulage
- > In Feb 2012, awarded contract to Pacific National for a 10+5 yr haulage contract for 4Mtpa
- > Contract provides flexibility for increase with expansion of port capacity

Springsure Creek - Location

The Springsure Creek Project is located in the southern Bowen Basin

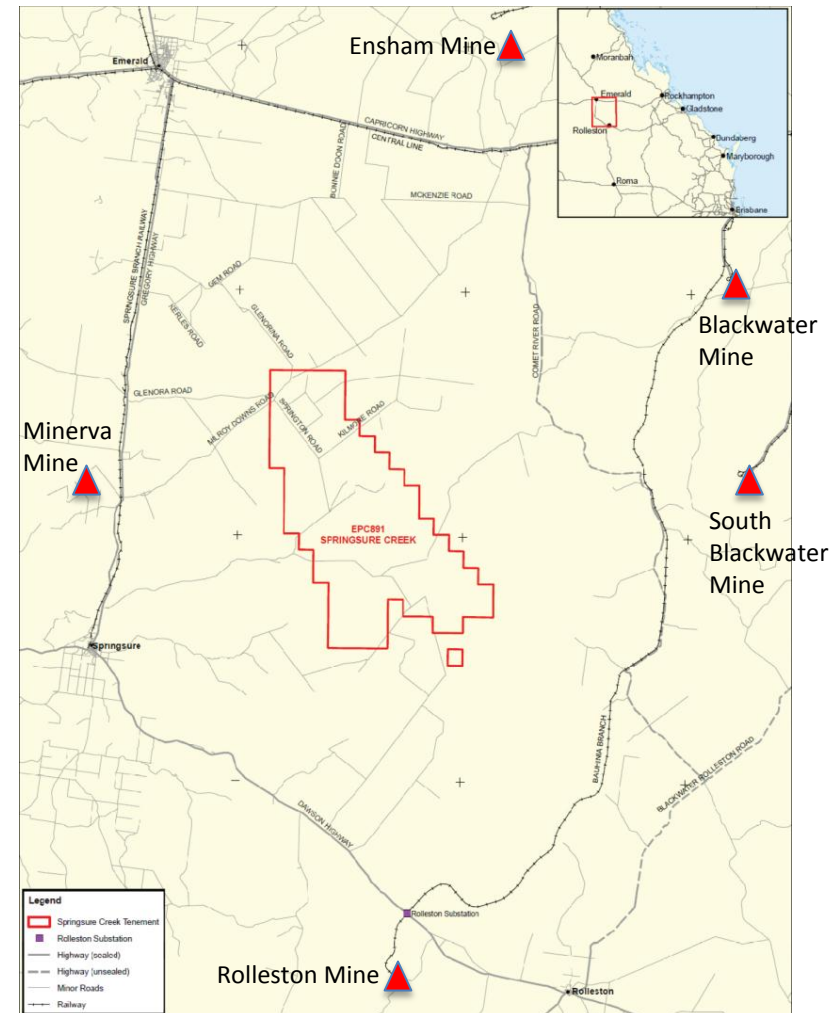
- > approximately 50km south east of Emerald
- > Approximately 360km by rail to WICET

Project is surrounded by existing mines

- > Rolleston
- > Minerva
- > Ensham
- > Blackwater

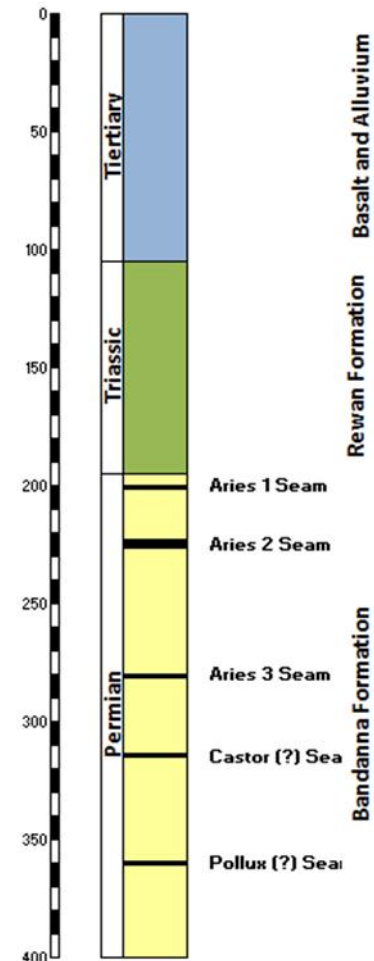
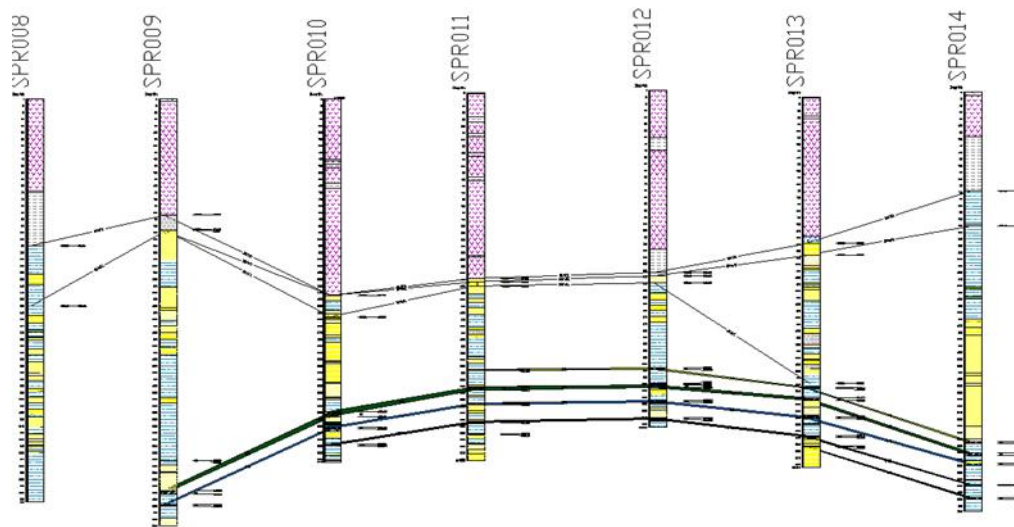
Emerald Airport is 45km from the proposed minesite so well located for operational workforce logistics

Bauhinia Rail line is approx. 35km from minesite



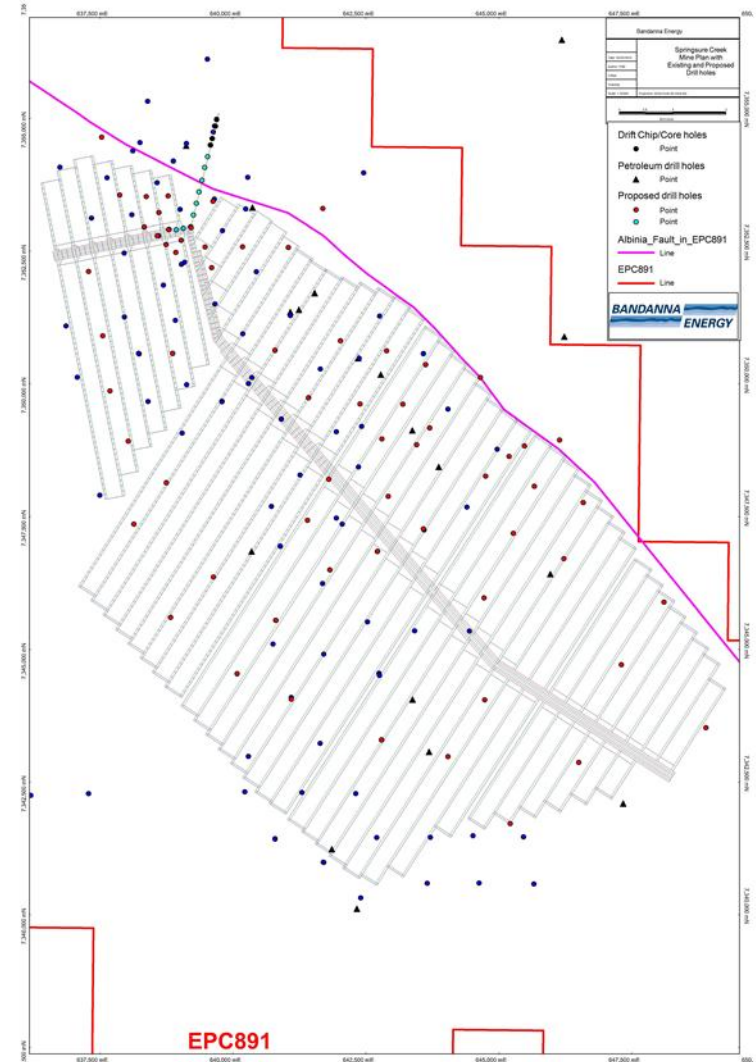
Springsure Creek - Geology

- Resource area focused on Bandanna Formation's Aries 2 Seam
- Average thickness of Aries 2 Seam is 3.2m at depths of 250–350m
- High quality raw coal (<11% ash)
- Low Sulphur, low gas content



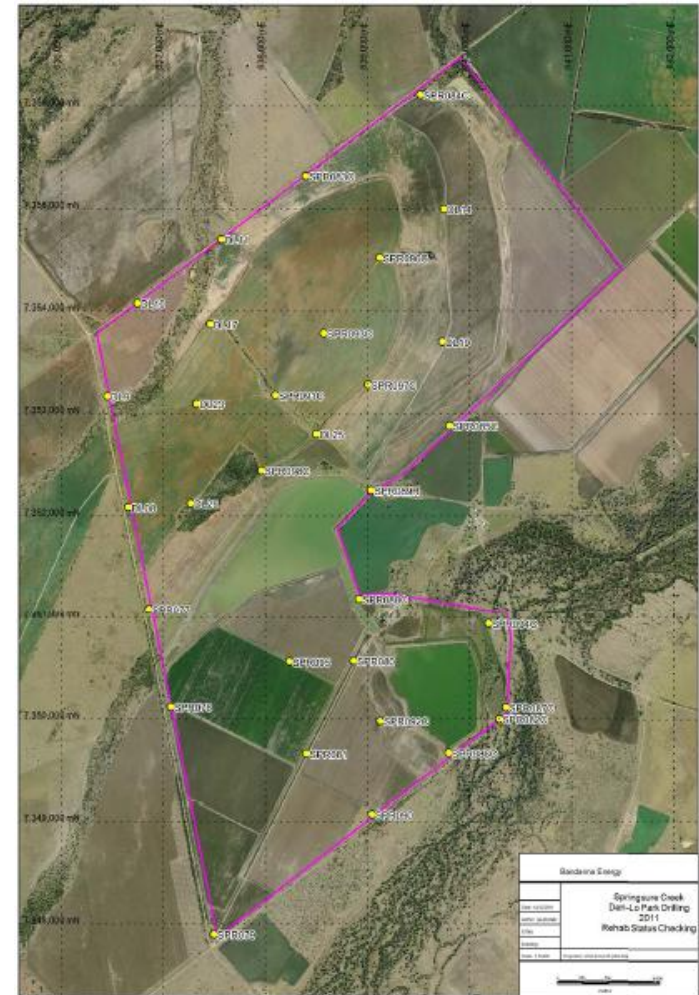
Springsure Creek – Mine Plan

- > Underground longwall mine design with capacity up to 5.5Mtpa of ROM thermal coal with a single longwall
- > Resource size and topography would support second longwall to give total capacity of 11Mtpa of ROM coal
- > Geology and geotechnical conditions suitable for high capacity production
- > Solid sandstone floor, competent roof, low gas content and consistent seam thickness will provide for better than average production rates
- > Low gas content - not anticipated that pre-drainage will be required prior to mining
- > Well positioned on the cost curve when compared against emerging mines in Australia and elsewhere



Springsure Creek – Environment

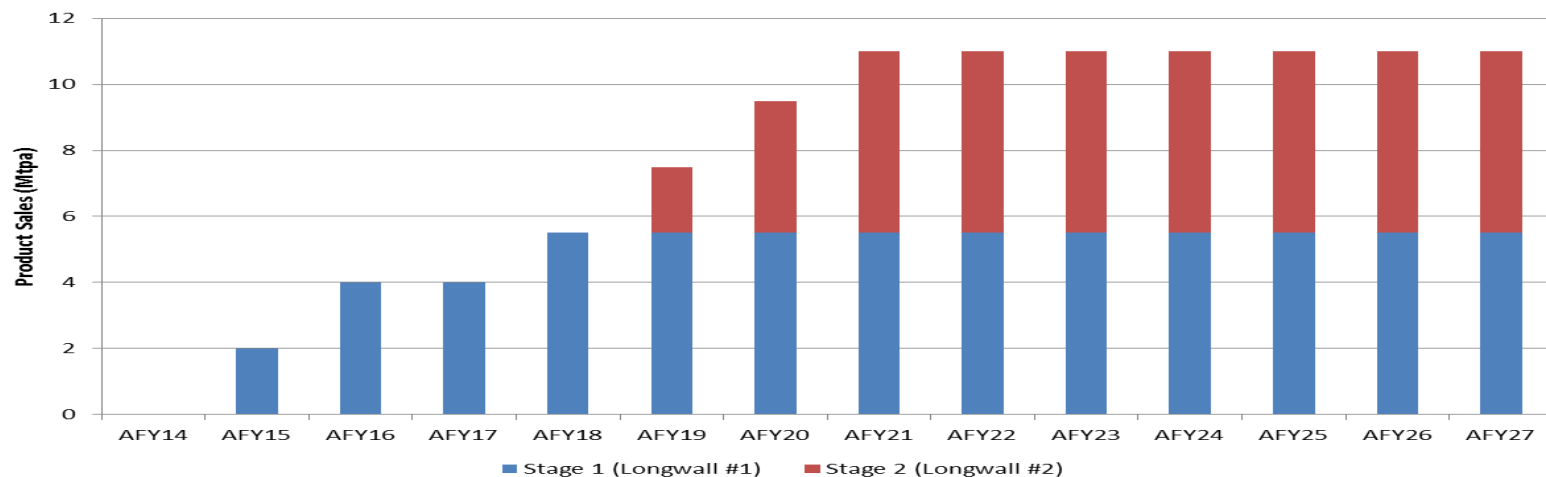
- > Approximately 55 % of project area used for cropping with balance grazing land
- > Project has specific provision for transitional assessment under new Strategic Cropping Land process.
- > Subsidence assessment indicates that no impact on cropping from underground mining.
- > Bandanna committed to demonstrating that mining and farming can co-exist and Bandanna has purchased first property (first 8 years of production) to demonstrate coexistence.
- > Draft EIS due for public release in Jul/Aug 2012



Springsure Creek – Schedule

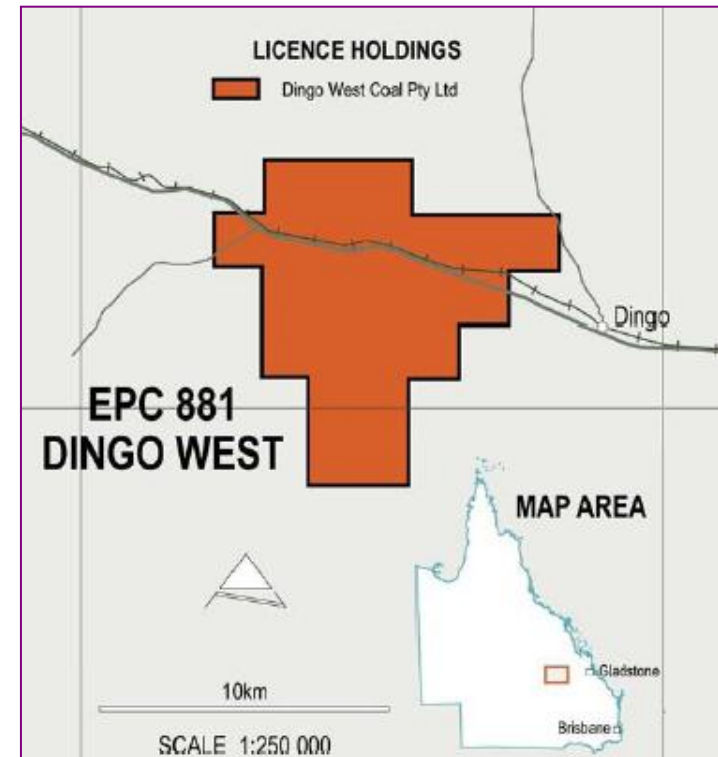
Item	Target
Definitive Feasibility Study	End Sep 2012
EIS Approval	End Dec 2012
Mining Lease Approval	End Mar 2013
First coal exports (Development Coal)	July 2014
First Longwall Coal	Jul 2015
Second Longwall Coal	Jan 2019

**Springsure Creek Coal Project
Proposed Production**



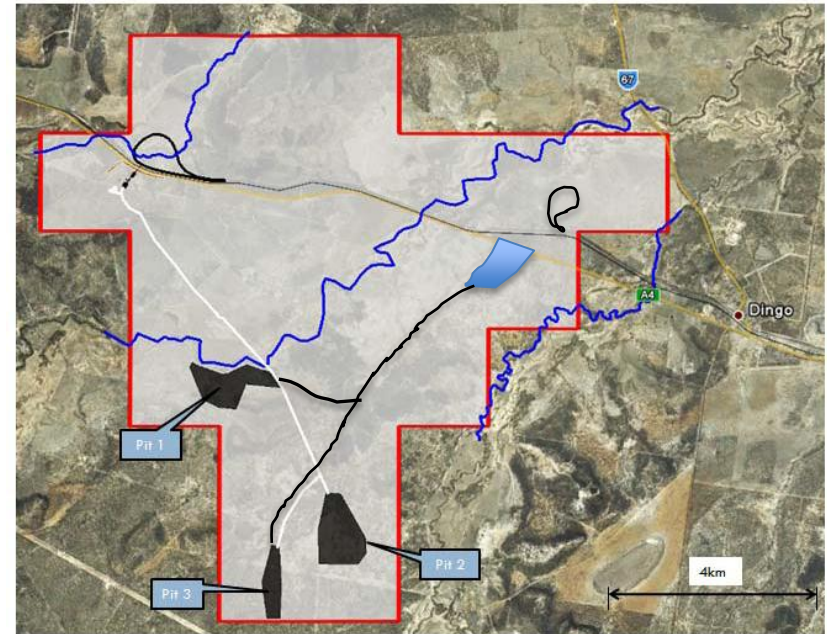
Other Key Projects – Dingo West

- > Located in the Bowen Basin on the Blackwater rail line
- > Total open-cut JORC Resource of 91Mt (at cut-off less than 12:1 strip ratio)
- > Rangal Coal Measures – same seams as mined at the Jellinbah, Yarrabee and Curragh mines
- > Coal seam cumulative thickness is 3.5m to 4.5m in the target areas down to the basal Pollux Seam



Dingo West – Mine Plan

- > Near term 1Mtpa PCI project, with first coal expected late 2013
- > Selected mine design consists of three pits, producing up to 1.4Mtpa ROM coal using open cut mining methods
- > Third party truck & shovel mining for overburden removal with coaling fleet of excavators and trucks
- > Further pit definition drilling underway
- > Attractive low-vol PCI product similar to other current Qld production

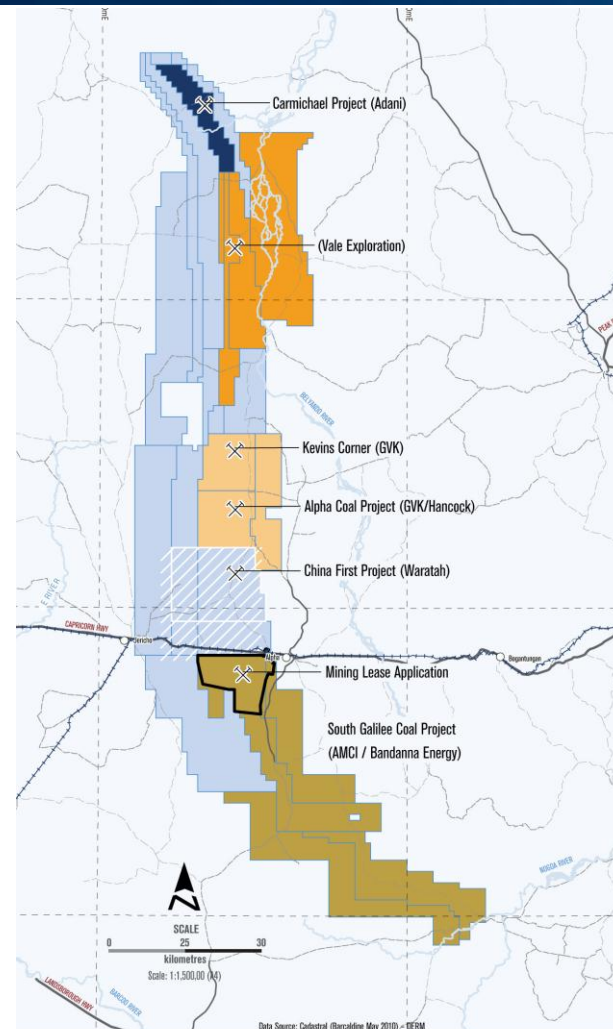


- > Mining Lease Application lodged Nov 2011
- > Environmental Impact Study underway
- > Rail loop design and infrastructure study commenced
- > Landowner negotiations commenced

Item	Target
Mine Plan Finalised	Dec 2012
EIS Approval	Mar 2013
Mining Lease Approval	Jun 2013
On-site Construction commences	Jul 2013
Mining commences	Sep 2013
First coal mined	Dec 2013
First coal exports	Feb 2014

Other Key Projects – South Galilee

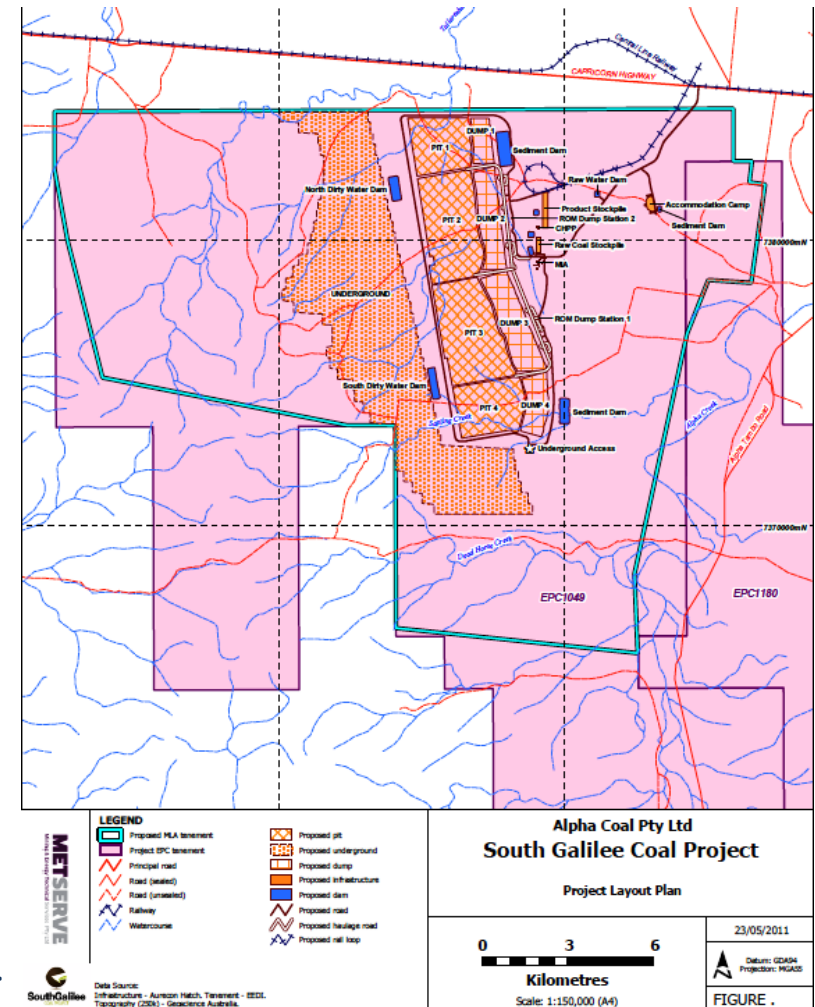
- > Located 180 km west of Emerald and 12km south-west of Alpha
- > Large thermal coal project in Galilee Basin, adjacent to high-profile emerging projects
 - > Total JORC resource of 1,179 Mt
 - > Total Measured Resource 166.6 Mt
 - > Total Marketable Reserve 217.6 Mt
- > Pre-Feasibility Study indicates mine life in excess of 30 years



- | | |
|------------------------|--------------------------|
| — Highways | Alpha Coal Pty Ltd |
| — Principal roads | Vale Exploration Pty Ltd |
| + + + Railways | Adani Mining Pty Ltd |
| ○ Towns | Hancock Coal Pty Ltd |
| ✕ Major Coal Minesites | Waratah Coal Pty Ltd |
| | China First project area |
| | Mining Lease Application |

South Galilee Project

- > Pre-feasibility study identified an open-cut and underground operation with LOM >30 years and average production circa 13-15 Mtpa
- > Development to involve modest expansion of existing, typical Australian mining methods.
- > Achievable development timetable - series of open-cut and longwall operations
 - > 16.6 Mtpa peak production
 - > targeting high quality D1 and D2 seams
- > Declared Project of State significance in July 2010
- > EIS and other approvals well advanced—mining lease application lodged in July 2011



Rail

- > South Galilee well-positioned to obtain 3rd party access on Government's preferred Galilee Basin rail options

Port

- > Proposed "T4 –T9" expansion process has been abandoned by Qld Government
- > South Galilee Joint Venture currently negotiating Government for priority access to future expansion terminal.
- > Advanced South Galilee Mine development timetable offers strategic potential for early production of coal during basin production ramp up.



Springsure Creek Coal –

Australia's next major thermal coal project!

Substantial Resource	<ul style="list-style-type: none"> • 491Mt of high quality, low ash, low sulphur thermal coal • Well understood coal measures within long established mining area and well known coal qualities in market
Secure Rail – Port Supply Chain	<ul style="list-style-type: none"> • Port Capacity – 4 Mtpa, 10yr rolling contract at WICET Stage 1 • Contracted Below Rail Access – QR National, 4 Mtpa • Contracted Above Rail Haulage – Pacific National 10yr +5
Advanced Development Plans	<ul style="list-style-type: none"> • Mine plan completed and 154Mt Reserve • EIS well advanced • Definitive Feasibility Study on track for completion Sep 2012
Funding Plans well progressed	<ul style="list-style-type: none"> • Bandanna has substantial cash reserves to complete DFS, EIS and all approvals and initial development • Discussions with JV partners and project finance partners to fund development
Opportunity	<ul style="list-style-type: none"> • Only major thermal project with contracted port and rail capacity • Clear pathway to production and exports

Bandanna Energy – *Australia's Next Coal Producer!*

Strong Financial Position	<ul style="list-style-type: none">• Market Cap (at 7 June 2012) \$219.2M• Total Cash \$117 M• Wiggins Island Equity \$41 M• Total Debt \$0 M
Infrastructure certainty	<ul style="list-style-type: none">• Only prospective producer with fully contracted port and rail capacity
Substantial Resources	<ul style="list-style-type: none">• >1.6 Bt Resource in the Bowen and Galilee basins• Only ASX listed company with significant mine development exposure in the Galilee and Bowen basins.
Funding Plans well progressed	<ul style="list-style-type: none">• Bandanna has substantial cash reserves to complete DFS, EIS and all approvals and initial development• Discussions with JV partners and project finance partners to fund development
Unique Opportunity	<ul style="list-style-type: none">• Clear pathway to near-term production• Currently significantly undervalued with respect to broker – analyst consensus and resource metrics.

Thank You

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Additional Materials - Coal quality

		South Galilee	Dingo West		Arcturus		Springsure Ck		Arcadia		Golden Triangle	
		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		9.0		13.6	
Proximate Analysis	I.M.	6.7		1.5		8.5		8.0		4.5		7.3
	Ash	11.0	7.8	8.5	13	14	10.2	11	13.3	14.0		12.2
	Volatile Matter	34.8	13.6	14.9	26.7	28.8	26.2	28.4	28.6	30.0		28.6
	F.C.	47.5	68.7	75.2	45.3	48.7	48.6	52.7	49.1	51.5		51.9
Total Sulphur (%)		0.81	0.55	0.60	0.34	0.37	0.23	0.25	0.33	0.35		0.30
Phos. (%)			0.073	0.080								.06
Chlorine (%)		.004	0.05	0.06	0.01	0.01	0.03	0.03	0.04	0.04		.02
Cal Value	Gross (Kcal/kg)	6,352	6,990	7,650	5,540	5,960	5,830	6,310	6,140	6,439		6,279
	Net (Kcal/kg)	5,800	6,770		5,260	5,662	5,550		5,880			

Statement of Compliance



- (1) The information compiled in this table relating to South Galilee resources is based on information compiled by Lynne Banwell. Lynne Banwell 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 Banwell consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.
- (2) The information compiled in this table relating to Arcturus, Arcadia 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.
- (3) The information compiled in this table relating to Springsure Creek resources, other than those of the Springton domain (that is 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.
- (4) The information in this table 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.
- (5) Opencut Reserves estimate for Arcturus shown on the Table 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.
- (6) The Underground Reserve estimates for Arcturus and Springsure Creek shown on the Table have been prepared by Mr Jeremy Busfield, Principal Mining Engineer of Mine Craft 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.
- (7) Open cut Reserves estimate for South Galilee Project has been prepared by David Prior. The estimates of Coal Reserves for South Galilee Coal Project within EPC 1049 presented in this Table have been carried out in accordance with the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). David Prior is a Principal Mining Consultant at Echelon Mining Services. David has a Bachelor in Mining Engineering from Queensland University. David has over 7 years of experience in the Queensland open cut coal mining industry. David has experience in conducting relevant financial evaluations, including having previously worked on Reserves Statements. David is a Member of the Australasian Institute of Mining and Metallurgy and as such qualifies as a Competent Person under the JORC Code.
- The following entities have no material interest or entitlement, direct or indirect, in the securities of AMCI or any associated companies: David Prior; Echelon Mining Services.
- The information compiled in this Table relating to South Galilee Resources Statement is based on information compiled by Lynne Banwell (Refer Note 1).