

26 April 2012

Bandanna Energy increases Reserves by 50% at its Springsure Creek Project

- **Probable Reserves increased to 162Mt**
- **Marketable Reserves increased to 154Mt**

Bandanna Energy Limited (ASX: BND), through its wholly owned subsidiary Springsure Creek Coal Pty Ltd, is pleased to announce a 50% increase in the Marketable Reserve at its Springsure Creek Project in the southern Bowen Basin south of Emerald, Queensland.

The JORC compliant Marketable Reserve at EPC 891 (Springsure Creek) has increased from 102.6Mt to 153.5Mt as part of an underground longwall mine designed by independent Brisbane based mining consultants Minecraft Consulting Pty Ltd. The Marketable Reserve is derived from JORC compliant Probable Reserves of 161.6 million tonnes and declared "marketable" by Minecraft Consulting following reviews of mining, economic and marketing data.

The increased Reserves are underpinned by a recently updated total JORC compliant Resource of **490.5 million tonnes** for the Springsure Creek Project. Bandanna Energy now has a total of **1,650 million tonnes** of JORC compliant resources and **306.6 million tonnes** of Marketable Reserves in its project portfolio*.

Bandanna Energy - Reserves and Resources Summary

Project	BND %	Inferred Resource (Mt)	Indicated Resources (Mt)	Measured Resources (Mt)	Total Resources (Mt)	Marketable Reserve (Mt)
Dingo West	100%	91.1			91.1	
Springsure Creek	100%	262.5	228.0		490.5	153.5
Arcturus	100%	103.7	102.6		206.3	44.3
Arcadia	100%	272.9			272.9	
South Galilee	50%	403.0*	103.0*	83.3*	589.3*	108.8*
	TOTAL	1133.2	433.2	83.3	1650.1	306.6

* On a 100% project basis

The Reserve upgrade, and corresponding refinement of the Springsure Creek mine development plan, is a significant component of the Definitive Feasibility Study which is currently underway and due for completion in September 2012.

Bandanna has three drill rigs continuing to operate on the Springsure Creek Project seeking to further upgrade the Resource and collect geotechnical data to assist in detailed planning of mine development.

Springsure Creek has already secured 4Mtpa of port capacity at the Wiggins Island Coal Export Terminal (WICET) Stage 1, which is currently under construction. That port capacity, combined with rail upgrade and access agreements with QR National and a rail haulage agreement with Pacific National, provides Bandanna for the pathway for development of the Springsure Creek project.

Managing Director of Bandanna Energy, Mr Michael Gray, commented: “This expansion of the Marketable Reserve and corresponding mine plan refinement are milestones in the ongoing development of the Springsure Creek project. The progression of mine development plans, in combination with our secured infrastructure capacity, ensures that Bandanna is poised to become Australia’s next coal producer.”

ENDS

For further enquiries please call Michael Gray (07) 3041 4400

Statement of Compliance

- 1) The Springsure Creek and Arcturus 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.
- 2) The information compiled in this report 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 his information in the form and context in which it appears.
- 3) 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 was employed by Resolve Geo Pty Ltd at the time of compilation of the information. Gordon Saul has sufficient experience which is relevant to the style of mineralisation 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.
- 4) The information compiled in this report relating to Springsure Creek resources south of the Moorooloo line 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 mineralisation 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.
- 5) Opencut 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.
- 6) The information in this release relating to exploration results and coal resources at Springsure Creek north of the Moorooloo line 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 release of the matters based on the information, in the form and context in which it appears.