

3 August 2012

Ms Shannon Hong
Adviser, Listings
ASX Compliance
20 Bridge Street
Sydney NSW 2000

By email: Shannon.Hong@asx.com.au

RE: BANDANNA ENERGY LIMITED (ASX: BND) – PRICE QUERY

Dear Ms Hong

I acknowledge receipt of your letter of 2 August 2012 noting the change in price in BND's securities from a close of \$0.285 on Wednesday 1 August 2012 to an intra-day high of \$0.34 at the time of writing on 2 August 2012.

On behalf of BND, I respond as follows to the questions set out in your letter.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

No.

A resource update provided by BND on 3 August 2012 is not considered by BND to be an explanation for recent trading in the securities of the Company.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Not applicable.

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?

BND cannot provide an explanation for the extent of the change in price, but is of the view that its securities have been recently trading well below value. A number of analyst reports published on 1 August 2012 suggest a target price for BND of between 250% and 400% above the opening price on 2 August 2012.

BND would have expected some slight movement following the release of its Quarterly Report on 31 July 2012.

BND notes an article titled "India's Blackout Sheds Light on Coal Demand" by Gillian Tan, published at 10.14am on 2 August 2012 noted the possibility of renewed investment interest in BND (<http://blogs.wsj.com/dealjournalaustralia/2012/08/02/indias-blackout-sheds-light-on-coal-demand/>).

4. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

BND is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours faithfully

A handwritten signature in black ink, appearing to read "Tess Lye".

Tess Lye
Company Secretary



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2 August 2012

Ms Tess Lye
Company Secretary
Bandanna Energy Limited
Level 4, 260 Queen St
Brisbane QLD 4000

By Email

Dear Tess,

Bandanna Energy Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from a close of \$0.285 on Wednesday, 1 August 2012 to an intra-day high of \$0.34 today at the time of writing, 2 August 2012.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at Shannon.Hong@asx.com.au. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30 am EST on Friday, 3 August 2012**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

(sent electronically without signature)

Shannon Hong
Adviser, Listings