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ASX RELEASE/ MEDIA RELEASE

Bandanna receives Feasibility Studies for major Bowen Basin projects

Bandanna Energy Limited (ASX-BND) has enhanced its position as an emerging producer in the Australian thermal coal sector, announcing today the receipt of Feasibility Studies by Brisbane based mining and infrastructure consultants Larpro Projects which has assessed the viability of developing Bandanna's Springsure Creek, Arcturus and Dingo West coal projects.

Bandanna Managing Director Dr Ray Shaw said "The receipt of the Feasibility Studies is a significant milestone in moving the projects toward production. Based on the positive outcomes of these studies Bandanna will undertake Definitive Feasibility Studies (DFS) on each of these projects to better define in detail the projects and related costs."

The DFS will enable engineering designs to be further developed, in some cases to completion, and enable competitive bid pricing for major equipment to be obtained. The DFS will also further explore potential capital and operating synergies between Arcturus and Springsure Creek.

"Thorough and rigorous environmental assessments of Springsure Creek, Arcturus and Dingo West are also being undertaken to gain approvals in accordance with the relevant environmental legislation and approvals processes," Dr Shaw said.

Role of Larpro Projects

Bandanna Energy Limited, commissioned Larpro to undertake a Feasibility Study to further assess the viability of developing each of Springsure Creek, Arcturus and Dingo West. The Larpro Projects studies leveraged both previous work by Bandanna's technical and infrastructure consultants including Xenith Consulting, Minecraft and The Orion Partnership, as well as the expertise of Larpro Projects and its key team members in the design and construction of large scale projects in the coal industry.

Springsure Creek:

The key conclusions of the Springsure Creek feasibility study were:

- The proposed mine will be an underground longwall mine with ROM coal production of nominally 5.5 Mtpa, increasing to 11.0 Mtpa over the remaining life of mine once a second longwall is installed.
- No washery will be required as the coal has less than 10% ash on an air dried basis.

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- The mine will link to the Blackwater rail system via the Bauhinia branch line with coal exported via the Wiggins Island Coal export Terminal (WICET).
- Peak manning during construction will be approximately 300 personnel and an operations workforce of approximately 332 personnel will be required for mine operations, assuming two long wall units.
- Larpro's economic assessment was based on the first 23 years of mine life, during which 195.8 million tonnes of product coal are produced.
- Economic assessment for the Springsure Creek Project concludes with a material positive NPV.
- Subject to approvals first development coal could be mined during FY2014 with longwall coal in FY2015.

Arcturus:

The key conclusions of the Arcturus feasibility study were:

- The proposed mine will contain both limited open cut and longer term underground mines producing nominally 5 Mtpa product coal.
- The final open cut strip will provide access for the underground operation including highwall, and punch longwall mining of the seams.
- The export quality thermal coal has an ash content of 13% and is suitable to be sold raw. Therefore no coal preparation plant has been included in the mine design plan.
- As with Springsure Creek, Arcturus will link into the existing Blackwater rail system via the Bauhinia branch line, and the new proposed WICET infrastructure at Gladstone, to export thermal coal to international markets.
- During construction the mine will accommodate up to 240 personnel and some 200 personnel will be required during operational stage.
- Economic assessment for the first 17 years of mine life for the Arcturus Project envisages 70.1 Mt of product coal production and the project economic review concludes with a material positive NPV.
- Subject to approvals first coal could be mined during FY2014

Dingo West:

The key conclusions of the Dingo West feasibility study were:

- The proposed mine would be an open cut coal mine with nominal production of one million tonnes per annum product coal
- Three areas in the southern portion of the EPC have been identified as suitable open pit locations for a truck and shovel operation.
- The mine would link into the existing Blackwater rail system and coal export facilities at Gladstone, to export Pulverised Coal Injection (PCI) coal and high specific energy thermal coal to international markets.
- The project has the potential to employ some 220 personnel during construction and 110 during operations.
- Economic assessment for the first 18 years of mine life for the Dingo West Project concludes with a material positive NPV.
- Subject to approvals first coal could be mined during late 2012.

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