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7 August 2009

**ASX RELEASE/ MEDIA RELEASE**

General Manager,  
The Company Announcements Office  
Australian Stock Exchange Limited  
Electronic Lodgement System

Dear Sir,

**Bandanna Commences Concept Study for Arcturus Open Cut Mine Development, EPC 1221.**

Bandanna Energy Limited (Bandanna – ASX code “BND”) is pleased to announce that it has engaged an independent consulting group to undertake a Concept Study for the development of its Arcturus Project as a potential open cut thermal mine. EPC 1221 is 100% held by Springsure Creek Coal Pty Ltd, a wholly-owned subsidiary of Bandanna.

The Concept Study will investigate the technical and financial viability of developing an already identified resource (comprising 54 Mt and 99 Mt of JORC Code-compliant Indicated and Inferred Resource respectively\*), into a conventional open cut mine.

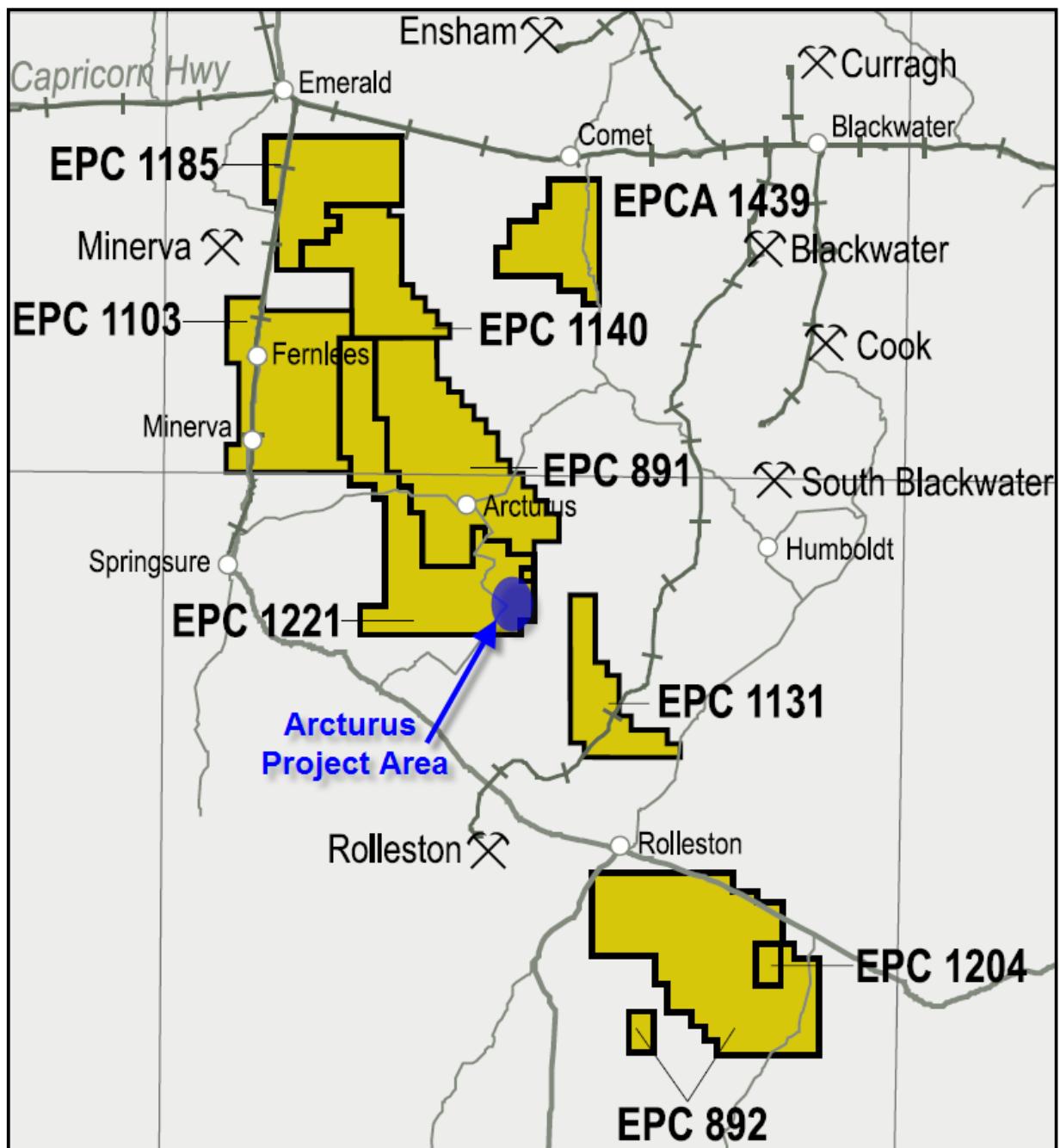
Arcturus is strategically located with respect to infra-structure being positioned approximately mid way between the Felix operated Minerva coal mine (located on the Springsure rail corridor) and the Xstrata operated Rolleston coal mine (located on the Rolleston rail corridor) (Figure 1). The project is located 350 kilometres by rail west of the port of Gladstone and 30 km to the south of Emerald. Together with Dingo West, Arcturus is one of two potential open cut mine Projects held 100% by Bandanna in the highly prospective Emerald – Blackwater region of Queensland’s Bowen Basin.

The Concept Study will look at a range of development scenarios and potential product specifications as well as potential product markets, potential joint venture participants, and synergies for dual development with the Company’s adjoining Springsure Creek Project (EPC 891 – Figure 1). The Concept Study is expected to be completed within 3 to 4 months and will be a precursor to any future feasibility studies.

*“This is the first study of this type undertaken by the Company and highlights both our focus on developing Arcturus as an open cut opportunity and of the overall maturing nature of the Company’s key exploration assets”, Bandanna’s Managing Director, Dr Ray Shaw, said.*

*Further information concerning the Arcturus Project or other Projects can be obtained from the Company’s Web Site at [www.bandannaenergy.com.au](http://www.bandannaenergy.com.au)*

Figure 1 – Location of Arcturus Project Area



**\*Statement of Compliance**

The information compiled in this release dated 6 August 2009 from Bandanna Energy Limited, including any relating to 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.