

30th September 2009

ASX RELEASE/ MEDIA RELEASE

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

Dear Sir,

SAMTAN Board approves \$22.5 million investment in Bandanna

Bandanna Energy Limited ("Bandanna" ASX : BND) is pleased to announce that it has received notification from SAMTAN Co. Ltd ("SAMTAN") that the Board of SAMTAN has approved the \$22.5 million subscription by SAMTAN Aures Pty Ltd for shares in Bandanna (the "Transaction").

Completion of the Transaction is now only conditional upon approval of the Korean Government's Ministry of Knowledge Economy.

Details of the Transaction

As previously announced to the market on 24th September 2009 the Transaction, in summary, entails the following :

- **\$22.5 million placement to be made to Korean energy company SAMTAN;**
- **Placement at \$0.60 per share;**
- **SAMTAN to hold 10.0% of Bandanna (fully diluted basis) following the placement;**
- **Funds to be used for on-going programs of exploration, future development appraisal and infra-structure requirements;**
- **SAMTAN to market Bandanna's coal in Korea and have the right to negotiate the purchase of 20% of Bandanna's coal from its Bowen Basin Projects at market prices;**
- **Senior Managing Director of SAMTAN, Park Soon IL to join the Bandanna Board;**

As at the 24th September 2009, the placement price of A\$0.60 per share represented an 18% premium on the last close and a 22% premium on the 30 day VWAP (\$0.49) of BND shares.

Yours faithfully,

BANDANNA ENERGY LIMITED



Dr Ray Shaw

Managing Director