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ASX RELEASE/ MEDIA RELEASE

- **Bandanna Energy submits Environmental Referral to Federal Government**
- **Approvals process for Dingo West Project commences**

Bandanna Energy Limited (ASX-BND), in its quest to move from explorer to producer, has taken a further important step toward production announcing the start of the statutory environmental approval process for its Dingo West Project through the submission of its Environmental Referral to Government. The referral to the Federal Department of Sustainability, Environment, Water, Population and Communities seeks to have the project considered under the Federal Environment, Protection and Biodiversity Conservation Act 1999.

Bandanna Energy expects the assessment process will involve the detailed technical assessment of the environmental, social and economic aspects for the Dingo West Project and a series of public meetings.

EPC 881 (Dingo West) is 100% owned by Dingo West Coal Pty Ltd, a wholly owned subsidiary of Bandanna Energy Limited, and is located only 250 kilometres from the Port of Gladstone with the main Blackwater Rail Line transecting it (see Fig 1). Should Dingo West be developed it would be closer by rail than any existing Bowen Basin mine on the Blackwater corridor to the Gladstone export facilities.



Figure 1

The company has previously announced JORC compliant Inferred Resources of 91.1 million tonnes ⁽¹⁾ at Dingo West. Drilling, as part of the feasibility process, is currently underway in the southernmost resource pod with some 20 chip holes and 13 cored holes directed at increasing resource confidence,

reaffirming coal quality and washability expectations and delivering groundwater, gas regime and geotechnical data.

Preliminary evaluation of existing quality data by Salva Resources ⁽²⁾ suggest that Dingo West can produce a very acceptable low ash, low volatile PCI washed coal product for the metallurgical coal market.

This announcement comes on the heels of recent statements which outlined the submissions of Initial Advice Statements (IAS) to Qld Government for Bandanna's Arcturus and Springsure Creek Projects which herald the commencement of a similar approvals process for those projects.

Bandanna Energy has a total JORC compliant Resources of **1.385 billion tonnes** ⁽¹⁾ in its project portfolio making it the largest thermal JORC resource explorer listed on the ASX.

Bandanna recently announced its successful allocation of 4mtpa in Stage 1 of the proposed Wiggins Island Coal Export Terminal at Gladstone. This allocation is subject to Bandanna signing a Take or Pay Agreement and WICET reaching financial close in April 2011.

Managing Director of Bandanna Energy, Dr Ray Shaw, said that while Dingo West was a much smaller project than Bandanna's Arcturus or Springsure Creek Projects its value is enhanced by potential PCI quality, low capital expenditure and advantaged proximity to infrastructure.

Dr Shaw added that the environmental assessment would be a thorough and rigorous process undertaken in accordance with the relevant environmental legislation but was confident that a timeframe for approvals would be commensurate with Dingo West's size and potential impact.

ENDS

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Statement of Compliance

- (1) The information compiled in this release 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.
- (2) Indicative coal specification was supplied by Mr Ross Stainlay and is part of a confidential memorandum on marketing and pricing for Dingo West coals. Ross is Technical Marketing Manager at Salva Resources, holds a B. E (Min.) and is a Member of the Australasian Institute of Mining and Metallurgy.