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ASX RELEASE/ MEDIA RELEASE

Update on Bandanna Strategic Review

Following the successful completion of its \$76 million capital raising in December 2010, Bandanna has progressed the strategic review of its operations announced to the ASX on 15/12/2010.

The review considered Bandanna's future funding requirements to develop its three key Bowen Basin projects, and modelled various scenarios to meet those funding requirements. The review reached the following conclusions:

- That in order to complete the development of its key assets, funds would be required in the future which are additional to current cash reserves.
- That because BND has a 100% interest in its assets (except the South Galilee Project) there exists the capacity to raise the required funds by inviting partners to acquire interests in core assets and participate in their development.
- That despite Bandanna's capacity to raise the necessary funds, corporate transactions or whole of asset transactions should be considered where they deliver greater value than can be achieved by Bandanna funding and developing its projects.

Bandanna has appointed UBS to provide assistance with a transaction process to address the outcomes of the strategic review and has appointed Freehills to provide legal advice in respect of transactions resulting from the process.

Bandanna holds a portfolio of 15 exploration permits for coal and 7 exploration permits for minerals, and is a stage 1 participant in the WICET project with an allocation of 4 Mtpa.

ENDS

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