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## ASX RELEASE/ MEDIA RELEASE

### Update on South Galilee Project Coal Quality

Bandanna has received expected product coal quality specifications for the South Galilee Project.

Coal from the project will be washed prior to export, with various product qualities available depending on washing parameters and bypass configuration. Alternative product options are shown in Table 1. The “preferred product specification” is a minimum standard which a mining operation guarantees to its customers. Actual product quality should exceed this minimum standard.

**Table 1** South Galilee Product Coal Quality Alternatives

Parameter	15% Ash Product	5,600 kcal/kg Product	5,800 kcal/kg Product	Preferred Product Specification
Total Moisture (% ar)	14.7	14.7	14.8	16.0
Inherent Moisture (% ad)	7.1	7.0	6.7	6.5
Ash (% ad)	15.0	13.8	11.0	13.0
Volatile Matter (% ad)	33.1	33.6	34.8	34.0
Fixed Carbon (% ad)	44.8	45.6	47.5	46.5
Total Sulphur (% ad)	0.88	0.86	0.81	0.90
HGI	53	52	50	45
Calorific Value (kcal/kg ad)	5,998	6,106	6,352	6,250
Calorific Value (kcal/kg gar)	5,508	5,600	5,800	5,615

From the various product options, the preferred product specification has been selected because the combination of bypass percentage, wash plant yield, washing cost, mineable quantity and estimated sales revenue associated with this product maximises the expected value of the project.

Unlike other projects in the Galilee Basin which have JORC resources, the resources identified in Bandanna’s South Galilee Project, consist only of the lower ash D1 and D2 seams. With the exception of one ply (D1U) which is not planned to be mined, all of the coal has raw ash content of approximately 20% or less, with some 390 Mt at less than 12%. Despite limiting resources to these higher quality seams and ignoring other lower quality coal seams present in the project area, 1,178 million tonnes of JORC compliant resources\* have been identified at the South Galilee Project, with significant further exploration upside in the project area. Drilling to date on the property comprises 162 open holes and 118 partly cored holes for a total of 34,280m.

The joint venture is carrying out a pre-feasibility study for the South Galilee Project which is scheduled for completion in April 2011. This study will confirm preliminary capital requirements, operating cost levels, optimal mine design and a development program. Preliminary indications are that at least 15 Mtpa of the Preferred Product can be produced from the project using one dragline in an open pit operation and two longwalls in an underground operation commencing in 2015.

Managing Director Dr Ray Shaw said "Selection of a preferred product specification for the South Galilee Project is a significant step as it forms the basis around which our project execution strategy is being designed. With a higher energy content than the coal from the Carmichael deposit recently purchased by Adani, and a higher product yield than Hancock Prospecting's proposed operation at Kevin's Corner this product should easily find acceptance in the thermal coal market."

**ENDS**

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**\*Statement of Compliance**

The information compiled in this report relating to South Galilee resources is based on information compiled by Lynne Banwell. Lynne Banwell is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity she is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Lynne Banwell consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.