

16 May 2011

ASX RELEASE/ MEDIA RELEASE

Strategic Review Update

As previously announced, Bandanna Energy Limited (Bandanna ASX : BND) is undertaking a transaction process to address the outcomes of the strategic review conducted earlier in the year.

A number of non-binding indicative bids have now been received. Bandanna has reviewed these bids and, in conjunction with its advisors UBS, has selected a shortlist of parties to progress to a second stage of the transaction process which will involve detailed due diligence.

Second stage proponents have variously expressed interests in both individual project assets and corporate based transactions.

The second stage of the process is expected to take a number of months and may or may not result in a proposal being made or recommended by the Board.

ENDS

Further enquiries:

Dr Ray Shaw: (07) 3041 4400

Andrew Crook Mb: 0419 788 431