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ASX RELEASE/ MEDIA RELEASE

Wiggins Island Port go-ahead unlocks export potential for Bandanna

Bandanna Energy Limited (BND) is pleased to announce that construction of Wiggins Island Coal Export Terminal (WICET) – Stage 1, is to commence following the successful completion of its financing package and tenure arrangements. The new 27 Mtpa capacity terminal will be built adjacent to the existing RG Tanner terminal at Gladstone.

Key Points

- Bandanna, as an owner shareholder in Stage 1, has a 4 Mtpa allocation, representing 14% of the total 27Mtpa capacity.
- First coal is due for export through WICET in mid 2014 following a planned 34 month build.
- Bandanna is fully funded to meet all its obligations to the port including a bank guarantee for \$52 million under the Take or Pay Agreement
- Its pro-rata share(\$41 million) of total preference equity of \$275 million funded by the eight Stage 1 proponents, represents the only user funding component
- Bandanna to make no further capital contributions for the budgeted construction cost as funded under the \$2.5 billion privately funded financing package of senior and subordinated debt arranged by ANZ bank.

Bandanna has previously announced on 5 September 2011 that, together with other Stage 1 proponents, it had entered into a commercial agreement with QR National (QRN) whereby QRN will construct and fund the \$900 million Wiggins Island Rail Project (WIRP) to provide the necessary rail infrastructure to ensure rail connection for the proposed source mines. Under the WIRP development, the rail infrastructure will align with the WICET commissioning. As part of its Access Agreement, Bandanna will pay a charge to access the Blackwater corridor as upgraded, along which Bandanna's source mine production will be transported.

Financial close and finalisation of tenure arrangements for WICET construction represents the final major piece in the provision of a fully-integrated supply chain solution for Bandanna's Golden Triangle projects, with export commencing from mid 2014.

WICET project director Mark West said that reaching Financial Close and finalising tenure arrangements were the final milestones for onsite construction to commence and make WICET a reality.

Bandanna Energy's Managing Director Dr Ray Shaw said that this was the most important step that the Company has taken in securing its right to develop and mine the very significant resources that it has delineated in the Bowen Basin.

"Following our recent capital raising and with approximately \$125 million of available cash at 30 September 2011, we are well positioned to fund our infrastructure commitments and definitive bankable feasibility studies in order to progress key projects through bankable feasibility stages during 2012," Dr Shaw said.

"Financial Close has demonstrated to both industry and financial community that companies can work together to deliver large industry managed infrastructure outcomes".

"It bodes well for ongoing development of the Bowen Basin and particularly of WICET Stage 2 in which Bandanna has submitted an expression of interest for a further 5 Mtpa allocation," he said.

In order that the project remains on schedule WICET had, prior to financial completion, embarked on securing a number of long lead in items including substantial contracts for earthworks and dredging as well as construction of a 200-plus person accommodation camp near Gladstone.

ENDS

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