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ASX RELEASE/ MEDIA RELEASE

Michael Gray commences as new Bandanna Energy Managing Director

Bandanna Energy Limited (ASX:BND) is pleased to announce that highly regarded mining executive Michael Gray has officially joined the company as its new Managing Director.

Mr Gray's appointment coincides with an exciting period of development for the Company as it consolidates a clear pathway from mine to port for its quality Springsure Creek coal assets in Central Queensland.

Mr Gray brings more than 20 years experience in the planning and development of major mining infrastructure projects to the company, including high-level involvement in resource feasibility and development, project finance, project execution, environmental management and Native Title issues.

The appointment of Michael Gray follows the appointment to the Board, on 1 January 2012, of Mr John Pegler who is an extremely well known and respected identity in the Queensland Coal sector.

Prior to joining Bandanna Energy Limited, Mr Gray was Chief Executive Officer of Middlemount Coal Pty Ltd where he had overall responsibility for development of the Middlemount project from exploration project to operating mine, the first Greenfield coal project developed in Queensland since 2007.

Other career highlights include senior roles with Macarthur Coal such as Executive General Manager - Projects and Infrastructure where he was responsible for the overall management of exploration and project feasibility activities and management of long-term infrastructure requirements and Government relations.

Before joining Macarthur Coal, Mr Gray held senior project development roles with the Port of Brisbane Corporation and the Qld Government's Office of the Coordinator-General.

He is a graduate of the Australian Company Director's Course and was the inaugural winner of the Talbot Family Foundation International Company Directors Scholarship.

He holds a Bachelor of Engineering (Civil) from University of Queensland and a Masters of Business Administration from Deakin University.

Bandanna Energy Limited Chairman, Jeremy Barlow, said he was delighted to welcome Mr Gray's appointment as the new MD.

“His outstanding coal experience, managerial and strategic talents combined with proven track record in infrastructure development, project execution and environmental management will be vital in the development of our world class Bowen and Galilee Basin coal assets. The addition of Mr Gray and Mr Pegler as Directors of Bandanna Board will ensure that we have a board with the necessary skills base to ensure a successful transition from explorer to producer,” he said.

The company has paid tribute to retiring Managing Director, Dr Ray Shaw, whose leadership and tireless work ethic had contributed greatly to Bandanna Energy being the success it is today.

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