

Newsletter

ASX Code: BND

PROGRESS AND EXCITING FUTURE PROSPECTS

I am delighted to be writing to you as your new Chairman to advise of the company's progress and exciting future prospects for the coal deposits we are exploring and are ultimately intent on bringing into production. As a founder of Bandanna Coal Pty Ltd and now a major shareholder in Bandanna Energy Limited I am a firm believer in the coal industry. Coal is Australia's largest earner of export income and an important contributor to the country's prosperity.


The fact that we were able to successfully complete the merger of the former Enterprise Energy Limited and Bandanna Coal Pty Ltd at what was arguably one of the most challenging financial times in 80 years is recognition of the strong belief you our shareholders and new investors have in the assets of the company. I would like to thank ABN AMRO Morgans for the sterling job they did in successfully completing the \$10 million capital raising in extremely difficult market conditions.

Over the years the forerunner to your company, Bandanna Coal Pty Ltd built up a solid portfolio of coal assets and, through selective sale, acquisition and farmout, developed the portfolio which your company now has acquired. We have a great executive team and will shortly be appointing a Chief Operating Officer (COO) and a Chief Financial Officer (CFO), whom I have every confidence will work effectively with Managing Director, Dr Ray Shaw to develop and expand the company's assets. I assure shareholders that the company will continue to maintain an innovative approach to tenement acquisition and management, and to farmouts when judged to be in the best interests of all shareholders.

Jeremy Barlow
Chairman

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Field geologist logging chip samples at Fernlee

MEETING YOUR NEW BOARD



JEREMY W BARLOW

NON-EXECUTIVE CHAIRMAN

Jeremy Barlow has had a long career in the coal and petroleum industries. He was a principal of the Barlow Jonker consulting group which provided a wide range of specialist consulting to the coal industry, prior to its being acquired in 2007 by Wood Mackenzie.

He was a founding director of CH4 Gas Limited and upon its merger with Arrow Energy Limited he became a non- Executive Director of Arrow Energy Limited in August 2006. Jeremy has had diverse technical and commercial experience in the energy industry including senior management and executive positions with a number of operating companies in Australia and overseas, as well as having been a consultant to major international clients. He is a Fellow of the Australasian Institute of Mining and Metallurgy. His formal qualifications include a Bachelor of Engineering (Mining) and a MBA.



DR RAYMOND D SHAW

MANAGING DIRECTOR

Raymond Shaw has over 25 years' experience in the resources industry. He commenced his professional career as a petroleum explorationist with Shell Development Australia in Perth, then as a principal of a geophysical consulting firm in Sydney, prior to becoming Vice-President and resident director of the Swiss based international consulting firm, Petroconsultants SA, in Singapore. He was founding Managing Director of Great Artesian Oil and Gas Limited from 2003 until April 2007, and was appointed to the Board of Enterprise Energy Limited as executive Director and Chairman in May 2007 where he oversaw the merger and relisting of the Company as Bandanna Energy Limited in October 2008, from which time he has held the position of Managing Director. He holds a B.Sc (Hons 1) and Ph.D from the University of Sydney, and a Dip. Law (SAB) and is a Member of the Australasian Institute of Mining and Metallurgy.



DAVID DH GRAHAM

NON-EXECUTIVE DIRECTOR

David Graham has an extensive history in the financial sector specialising in capital market transactions having worked with organisations such as Ord Minnet, Bankers Trust Australia, Bankers Trust International and CitiNational Limited. Mr Graham is Executive Chairman of DDH Graham Limited, an advisory and funds management company he founded in 1981. He has extensive public company experience including having served on the boards of Santos Limited, Crusader Limited and Mincom Limited and is currently a non-executive director of Bank of Queensland Limited.

His qualifications include Bachelor of Economics (Hons) and Bachelor of Commerce from the University of Queensland and a Master of Business Administration from Lehigh University Penn. USA.



ROBERT K JOHANSEN

NON-EXECUTIVE DIRECTOR

Robert Johansen has been responsible for the incorporation, development and operation of Bandanna Coal Pty Ltd and its subsidiaries from its inception until its recent acquisition by Bandanna Energy Limited. Prior to that he held various operational and management positions in the Australian and South African coal industries over a 10 year period. He holds a first class honours degree in Mining Engineering and bachelor degrees in Commerce and Law from the University of Queensland.

Robert is also currently Managing Director of Global Resource Asset Exchange Pty Ltd, a company specialising in managing divestment and acquisition of mines and deposits. He is a Member of the Australasian Institute of Mining and Metallurgy and an associate member of the society of Certified Practising Accountants.

CAPITAL RAISING BOLSTERS EXPLORATION EFFORT

As part of the transaction announced to the ASX in May 2008 your company successfully undertook a capital raising as part of the Bandanna merger. The underwritten placement of 12.5 million shares at 80c per share (following the 1 for 10 consolidation) was fully subscribed. Much of the \$10 million raised is ear-marked for exploration drilling in the Springsure Creek EPC 891 area where the Company has received very positive results to date. Additional drilling is also planned in the Arcadia region to the south (EPC 892 and 1204).

Over the coming months an extensive infill drilling campaign will be undertaken in the Springsure Creek area, while an additional 8 boreholes

are planned in the Arcadia area. This drilling is in addition to 80 bore holes AMCI is to drill as farminee and operator of the Galilee Basin Alpha Project area. Once the Alpha drilling campaign is completed it should enable us to determine a resource base during the first quarter of 2009. In the Dingo West Project area, Macarthur Coal is currently also drilling. Under the terms of its farmin agreement, released to the ASX on 23 May 2008, Macarthur Coal needs to establish a 40 million tonne measured resource by the end of Q1 2009 in order to meet the first phase of its farmin commitment.

The Bandanna merger at a glance

- Enterprise Energy Limited purchased all the issued capital of Bandanna Coal Pty Ltd for 3,018,750,000 shares, following shareholder approval at a General Meeting held on 15 September 2008.
- As required by the ASX Listing Rules, company suspended from trading on 15 September 2008.
- Issued share capital reduced 10 fold, through a 1 for 10 consolidation.
- 12,500,000 new shares issued at 80c per share, raising \$10 million.
- New Board members appointed, company name changed to Bandanna Energy Limited.
- Bandanna Coal Pty Ltd's extensive coal interests in Galilee and Bowen Basins now totally owned by Bandanna Energy Limited.
- Bandanna Energy Limited readmitted on ASX, 8 October 2008.

Above: Extracted core sample at Alpha

Below: Drilling at Springsure Creek

“Why Bandanna?”

Some shareholders have asked why the Company has changed its name to Bandanna Energy Limited. The Bandanna Formation is a coal-rich geological layer in the Bowen Basin of central Queensland. It is of Late Permian age (250 million years) and can be correlated to the coal bearing formations of the Cooper Basin and Sydney Basin.

Following the Bandanna-Enterprise merger, the vast majority of the asset value of the company now rests with the coal interests previously held by Bandanna Coal Pty Ltd. Therefore your Board felt it was appropriate that the name be changed from Enterprise Energy Limited to Bandanna Energy Limited.

OUR ASSETS

The company already has a substantial resource inventory of over 700 million tonnes*. These are tabulated below.

PROJECT	METHOD	PRODUCT	BND %	INFERRED RESOURCES	INDICATED RESOURCES	MEASURED RESOURCES	TOTAL RESOURCES	
Dingo West*	Open cut	PCI	30%	91.1 Mt	–	–	91.1 Mt	
Alpha*	Open cut	Export thermal	50%	–	–	–	–	
Springsure Creek	Underground	Export thermal (Raw)	100%	221.4 Mt	17.6 Mt	–	239.0 Mt	
Arcadia	Underground	Export thermal	100%	272.9 Mt	–	–	272.9 Mt	
Arcturus	Open cut	Export thermal	100%	138.0 Mt	–	–	138.0 Mt	
Gemini Extension	Underground	Export thermal	100%	–	–	–	–	
Denison Extension	Underground	Export thermal	100%	–	–	–	–	
Spring Creek	Underground	Export Coking	100%	–	–	–	–	
Fernlee	Open cut	Export thermal	100%	–	–	–	–	
- North Extension	Open cut	–	100%	–	–	–	–	
Carnarvon	Underground	Export thermal	100%	–	–	–	–	
- Carnarvon South	Underground	–	100%	–	–	–	–	
* Projects subject to farmin agreements				Million tonnes	723.4	17.6	–	741.0

JORC – Statement of Compliance. The information compiled in this document relating to resources is based on information compiled by Mr Gordon Saul, who is a member of the Australian Institute of Geoscientists and who is employed by Resolve Geo Pty Ltd, and is a director and shareholder of that company. Resolve Geo Pty Ltd is a shareholder in Bandanna. Mr Saul has sufficient experience which is relevant to the style of mineralization and types of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the JORC Code. Mr Saul consents to the inclusion in this document of the matters based on his information in the form and context in which they appear.

BANDANNA TO ESTABLISH BRISBANE OFFICE

In recognition of the importance of our coal investment, Bandanna will shortly open an office in Brisbane to house its coal industry technical personnel. Both our COO and CFO will be located in the office. With a strong coal industry background the COO will direct the Company's exploration and future development activities, which are focused on Queensland's Bowen and Galilee basins. Brisbane is considered to be

the prime capital city location for those working in the Australian coal industry and having an operating location in Brisbane will ensure greater efficiency in maintaining access to coal industry consultants, contractors and specialists. The North Sydney office will continue to provide technical and administrative support for the Company's conventional oil and gas assets.

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