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ASX RELEASE

General Manager,
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Dear Sir,

**Arcadia EPC 892 – Preliminary Analytical Results
Holes PUR008C, PUR012C, PUR016C, PUR027C, PUR028C, PUR029C.**

Bandanna Energy Limited (Bandanna – ASX Code BND) is pleased to announce preliminary analytical results for core holes PUR008C, PUR012C, PUR016C, PUR027C, PUR028C and PUR029C, drilled in its Arcadia Project area. This area comprises tenements EPC 892 and EPC 1204 which are held 100% by Arcadia Coal Pty Ltd. The results include coal quality analyses for the Aries 1 and 2 seams, of which the Aries 2 is the principal target seam. Low moisture, low sulphur, low ash and calorific values recorded for the Aries 2 seam are encouraging for the eventual marketing of the coal.

Arcadia Coal Pty Ltd is a wholly owned subsidiary of Bandanna.

Gordon Saul*, Principal Geologist of Resolve Geo Pty Ltd, consultants to Bandanna Energy Limited has provided the following interpretive summary of these results.

Aries 2 Seam

A variety of analysis is presented below, including proximate analysis, ash analysis, trace element analysis and ash fusion testing, which were conducted on Aries 2 seam samples following drop shatter testing. The proximate analysis has been conducted on three size and weight fractions (-50mm to +16mm, -16mm – 0mm Float at 1.35gm/cc, and -16mm – 0mm Sinks at 1.35gm/cc, or on a composite raw sample).

Table 1 indicates variable yields within the -16mm floats fraction, ranging from 24.9% to 48.3% (x = 35.4%). This is the fraction targeted as a potential coking blend component or product in previously reported work. It is notable that the crucible swell number is significantly higher in the fraction than others (x = 3.7). The ash values for this fraction are also consistently low (x = 5.98%). Gross calorific values for this fraction are consistently high (x = 30.18 MJ/Kg).

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Table 1: Aries 2 seam analysis, Purbrook Anticline, Arcadia EPC 892

| | | PUR008C | PUR008C | PUR008C | PUR008C | PUR012C | PUR012C | PUR012C | PUR012C | PUR016C | PUR016C | PUR016C |
|-----------------------------|---------|---------------|-----------|-------------|---------------|---------------|-----------|--------------|---------------|---------------|-----------|--------------|
| <u>Seam</u> | | A2 Seam | A2 Seam | A2 Seam | A2 Seam | A2 Seam | A2 Seam | A2 Seam | A2 Seam | A2 Seam | A2 Seam | A2 Seam |
| <u>Size/Float Fraction</u> | | Raw Composite | -50 +16mm | 16+0mmF1.35 | -16+0mm S1.35 | Raw Composite | -50 +16mm | 16+0mm F1.35 | -16+0mm S1.35 | Raw Composite | -50 +16mm | 16+0mm F1.35 |
| - | | | | | | | | | | | | |
| Yield | (%) | 100.0 | 41.8 | 29.6 | 28.6 | 100.0 | 41.9 | 33.3 | 24.8 | 100.0 | 32.8 | 48.3 |
| <u>Air Dry Basis</u> | | | | | | | | | | | | |
| Moisture (air dried) | (%) | 4.3 | 4.0 | 4.6 | 3.5 | 5.2 | 5.2 | 5.5 | 4.7 | 4.0 | 3.8 | 3.9 |
| Ash | (%) | 25.3 | 32.3 | 6.0 | 35.2 | 12.4 | 13.0 | 5.8 | 20.0 | 12.6 | 11.5 | 6.7 |
| Volatile Matter | (%) | 26.1 | 23.1 | 33.5 | 23.6 | 29.9 | 29.8 | 33.7 | 27.9 | 31.1 | 31.0 | 34.2 |
| Fixed Carbon | (%) | 44.3 | 40.6 | 55.9 | 37.7 | 52.5 | 52.0 | 55.0 | 47.4 | 52.3 | 53.7 | 55.2 |
| Total Sulfur | (%) | | 0.28 | 0.40 | 0.22 | | 0.32 | 0.34 | 0.28 | 0.37 | 0.38 | 0.41 |
| Gross Calorific Value | (MJ/kg) | | 20.31 | 30.60 | 18.89 | | 27.31 | 29.69 | 23.75 | 27.97 | 28.37 | 30.73 |
| CSN | | 1 | 1 | 4 | 0 | 1 | 1 | 3.5 | 0.5 | 1 | 0.5 | 4 |
| Relative Density | | 1.57 | 1.64 | 1.36 | 1.68 | 1.43 | 1.48 | 1.40 | 1.52 | 1.45 | 1.45 | 1.38 |
| Chlorine | (%) | | 0.06 | | | | 0.06 | | | | 0.05 | |
| Phosphorus (in coal) | (%) | 0.04 | 0.035 | 0.047 | 0.046 | 0.023 | 0.026 | 0.027 | 0.017 | 0.060 | 0.036 | 0.066 |
| Carbon | % | | | | | | | | | 68.5 | | |
| Hydrogen | % | | | | | | | | | 4.08 | | |
| Nitrogen | % | | | | | | | | | 1.76 | | |

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Ash analysis has been completed on a limited number of samples, as reported below in Table 2.

Table 2. Aries 2 seam Ash analysis. Purbrook Anticline, Arcadia, EPC 892.

| Ash Analysis % (db) | | | | | | | | | |
|--------------------------------|----------------------|----------------------|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Aries 2 Seam | PUR008C | PUR012C | PUR012C | PUR012C | PUR012C | PUR016C | PUR027C | PUR028C | PUR029C |
| | Raw Composite | Raw Composite | -50 +16mm | -16+0mm F1.35 | -16+0mm S1.35 | Raw Composite | Raw Composite | Raw Composite | Raw Composite |
| SiO ₂ | 67.5 | 59.3 | 63.2 | 69.3 | 58.7 | 48.7 | 54.4 | 48.0 | 62.3 |
| Al ₂ O ₃ | 17.5 | 9.2 | 8.4 | 12.6 | 9.9 | 17.0 | 14.9 | 9.4 | 12.1 |
| Fe ₂ O ₃ | 3.82 | 11.6 | 14.8 | 3.94 | 8.2 | 17.3 | 11.7 | 3.30 | 4.28 |
| CaO | 4.83 | 9.3 | 6 | 5.9 | 12.4 | 6.0 | 9.5 | 28.3 | 12.2 |
| MgO | 1.18 | 3.63 | 1.77 | 0.9 | 5.3 | 2.71 | 2.24 | 1.97 | 2.5 |
| Na ₂ O | 0.35 | 0.30 | 0.29 | 0.39 | 0.31 | 0.52 | 0.33 | 0.37 | 0.52 |
| K ₂ O | 2.10 | 0.44 | 0.45 | 0.26 | 0.55 | 0.45 | 0.12 | 0.16 | 0.5 |
| TiO ₂ | 0.79 | 0.53 | 0.59 | 0.99 | 0.47 | 1.05 | 1.00 | 0.47 | 0.66 |
| Mn ₃ O ₄ | 0.09 | 0.30 | 0.4 | 0.08 | 0.21 | 0.49 | 0.30 | 0.17 | 0.12 |
| SO ₃ | 1.11 | 4.10 | 2.64 | 3.66 | 2.75 | 3.49 | 3.64 | 4.72 | 2.06 |
| P ₂ O ₅ | 0.36 | 0.43 | 0.46 | 1.08 | 0.19 | 1.10 | 1.11 | 1.95 | 1.89 |
| SrO | 0.04 | 0.09 | 0.09 | 0.18 | 0.09 | 0.16 | 0.21 | 0.13 | 0.08 |
| BaO | 0.04 | 0.09 | 0.11 | 0.21 | 0.06 | 0.14 | 0.14 | 0.03 | 0.03 |
| ZnO | 0.01 | 0.01 | 0.01 | 0 | 0.01 | 0.01 | 0.02 | 0.01 | 0.01 |

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Table 3: Ash Fusion Temperatures, Purbrook Anticline, Arcadia, EPC 892.

| Ash Fusion Temperatures (degrees Celsius) | | | | |
|--|----------------|----------------|----------------|----------------|
| (Reducing Atmosphere) | PUR012C | PUR016C | PUR028C | PUR029C |
| Deformation | 1390 | 1160 | 1180 | 1340 |
| Sphere | 1420 | 1180 | 1220 | 1400 |
| Hemisphere | 1430 | 1210 | 1220 | 1420 |
| Flow | 1450 | 1220 | 1240 | 1430 |

Table 4: Hardgrove Grindability Index, Purbrook Anticline, Arcadia, EPC 892.

| A2 Seam | PUR008C | PUR028C | PUR029C |
|----------------|----------------|----------------|----------------|
| HGI | 68 | 65 | 62 |

The HGI values indicate a uniform result, with relatively soft coal values, minimising wear and abrasion in crushing.

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Table 5: Trace Element Analysis, Purbrook Anticline, Arcadia, EPC 892.

| <u>Trace Element Analysis in Coal (Dry basis)</u> | | | |
|--|-------|----------------|----------------|
| Aries 2 Seam | | PUR008C | PUR016C |
| Arsenic | mg/kg | 1.6 | 0.7 |
| Boron | mg/kg | 30 | 29 |
| Antimony | mg/kg | 2.5 | 1.8 |
| Selenium | mg/kg | <0.2 | <0.2 |
| Cadmium | mg/kg | 0.07 | 0.12 |
| Lead | mg/kg | 11 | 5.0 |
| Beryllium | mg/kg | 2 | 2 |
| Cobalt | mg/kg | 9 | 8 |
| Chromium | mg/kg | 37 | 6 |
| Copper | mg/kg | 31 | 20 |
| Molybdenum | mg/kg | 3 | <2 |
| Nickel | mg/kg | 24 | 8 |
| Tin | mg/kg | <2 | <2 |
| Vanadium | mg/kg | 43 | 18 |
| Zinc | mg/kg | 16 | 8 |
| Fluorine | mg/kg | 170 | 110 |
| Mercury | mg/kg | 0.03 | 0.02 |

Reported results indicate that all trace element determinations are significantly within the stringent pollution limits set by some end users.

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Aries 1 Seam

The A1 seam is viewed as being of secondary importance and hence to date has not been included in any JORC estimates.

Proximate analysis has been completed for all Aries 1 seams within the reported core holes. All analysis was conducted on composite raw seam material. Results are shown in Table 6. Ash content varies, and appears to increase to the east and south of the Purbrook Anticline. Moisture content reflects the % ash within the sample, though is somewhat lower than expected in PUR008C. Sulphur values are consistently low through the Aries 1 seams.

Table 6: Analytical results for the Aries 1 seam, Purbrook Anticline, EPC 892.

| Analysis Results | | | | | | | | |
|---------------------------------|---------|----------------|----------------|----------------|----------------|---------------------|---------------------|----------------|
| | | | | | | A1 Upper | A1 Lower | |
| Aries 1 Seam | | PUR008C | PUR012C | PUR016C | PUR027C | PUR028C | PUR028C | PUR029C |
| Yield | (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| <u>As Received Basis</u> | | | | | | | | |
| Total Moisture | (%) | | | | | | | 8.6 |
| <u>Air Dry Basis</u> | | | | | | | | |
| Moisture (air dried) | (%) | 5.4 | 5.7 | 4.7 | 5.9 | 3.3 | 4.6 | 4.2 |
| Ash | (%) | 15.3 | 18.1 | 21.4 | 15.3 | 62.5 | 31.2 | 36.0 |
| Volatile Matter | (%) | 30.9 | 30.0 | 30.3 | 32.2 | 18.1 | 26.9 | 23.6 |
| Fixed Carbon | (%) | 48.4 | 46.2 | 43.6 | 46.6 | 16.1 | 37.3 | 36.2 |
| Total Sulfur | (%) | 0.31 | 0.30 | 0.33 | 0.19 | 0.16 | 0.27 | 0.27 |
| Gross Calorific Value | (MJ/kg) | 25.79 | 24.42 | 23.97 | 25.88 | 9.47 | 20.05 | 18.51 |
| CSN | | 4 | 2 | 2.5 | 3.00 | 0 | 1 | 1 |
| Relative Density | | 1.46 | 1.50 | 1.56 | 1.42 | 2.20 | 1.65 | 1.65 |
| Chlorine | (%) | 0.11 | 0.05 | 0.04 | 0.03 | 0.01 | 0.04 | 0.03 |
| Phosphorus (in coal) | (%) | 0.061 | 0.039 | 0.069 | 0.019 | 0.033 | 0.167 | 0.075 |

Yours faithfully,

BANDANNA ENERGY LIMITED



Dr Ray Shaw

Managing Director

***Statement of Compliance**

The information compiled in this report, including any relating to resources, is based on information compiled by Gordon Saul, who is a member of the Australian Institute of Geoscientists and who is employed by Resolve Geo Pty Ltd. Gordon 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 "Australian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Gordon Saul consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears. Resolve Geo Pty Ltd is a shareholder in Bandanna Energy Limited.

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