

27 May 2009

**ASX RELEASE**

General Manager,  
The Company Announcements Office  
Australian Stock Exchange Limited  
Electronic Lodgement System

Dear Sir,

**Arcturus EPC 1221 – Exploration Results**

Bandanna Energy Ltd (Bandanna – ASX code “BND”) is pleased to announce the results of its recent exploration campaign in EPC 1221 (“Arcturus Project”), comprising 21 open holes, 11 Line of Oxidation holes and 11 core holes.

EPC 1221 is 100% owned by Springsure Creek Coal Pty Ltd, a wholly owned subsidiary of Bandanna Energy Limited.

In total, over 3,300 m of drilling has been undertaken including 253 m of coal quality coring. All holes are located in the southeastern portion of EPC 1221 focused on the north plunging Arcturus Anticline (Figure 1). The penetrated coals can be correlated to the Rangal Coal Measure seams which to the north are mined at BMA’s Blackwater Mine. As shown on the accompanying tables the coals include seams with low moisture, low sulphur, low ash and moderate specific energy.

The results are encouraging for eventual marketing of a washed moderate energy, low ash, thermal coal product from this deposit using open-cut mining techniques.

In addition to on-going exploration activity and further analyses of core hole data Bandanna Energy is investigating marketability, financing and other key economic factors as a prelude to formally evaluating the potential for mine development.

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

## Summary

A variety of analyses are presented below, including penetrated thicknesses of the Aries 3, Castor, Pollux, Orion 1 and Orion 2 seams (Figure 1, Table 1), proximate analyses (Tables 2 and 3) and washability (Tables 4 and 5).

Table 1 shows the penetrated thicknesses and depths to each of the coal seams. In total five seams are present and intersected down to a maximum depth of 147m. The combined coal thickness averages approximately 6.4m. The thickest seam is the Pollux which averages approximately 2.47m, the top of which occurs at depths in the range of 31 to 124m. The deepest seam, the Orion 2, occurs at depths from 21.8 m to 143.2m. These depth ranges are compatible with future open cut mining development.

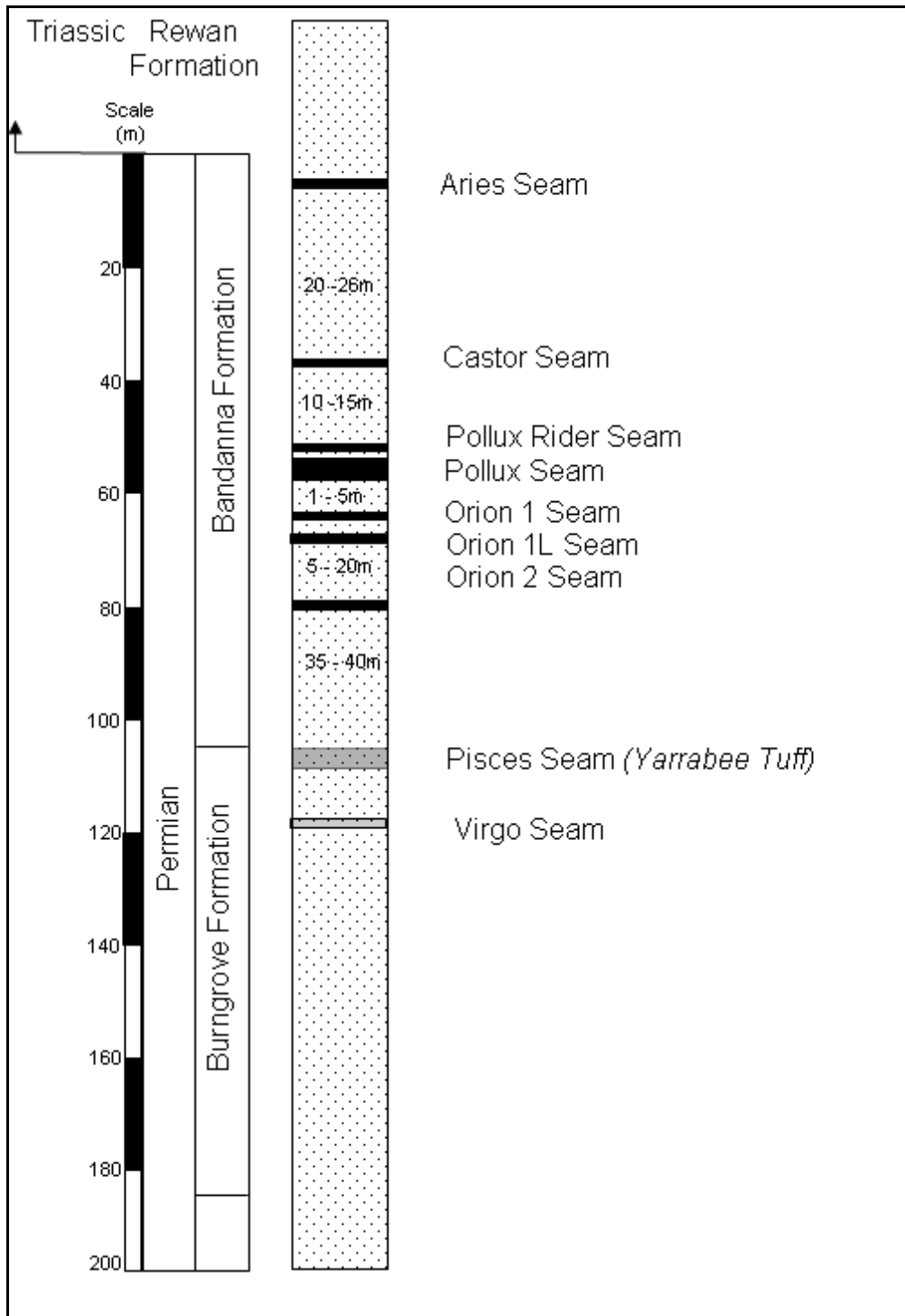
As shown in Table 2 the average raw ash contents are lowest for the Pollux (excluding the Pollux Rider – PR ply) and Orion 2 seams (14.8 and 10.8%) respectively, and these seams also have the highest specific energy. Total sulphur, phosphorus, and chlorine contents are low for all seams.

Washability analysis has been completed on 5 of the core holes to date - ACT001C, ACT006C, ACT007C, ACT010C and ACT018C. Tables 4 and 5 present a summary of the washability data, assuming two base case scenarios, that 50% and 100% of the total ROM coal is processed through a wash plant at a cut density of approximately 1.60gm/cc. Tables 4 and 5 show that the ash content of the product coal could be reduced from 18.4% to 13.0% or 10.1% by washing either 50% or 100% of the ROM coal, respectively. This reduction in ash content is reflected by a corresponding increase in the specific energies of the washed products to 24.8 MJ/Kg (ADB) and 25.3 MJ/Kg (ADB), respectively. The data indicate wash yields of 75 % and 80%.

The results are encouraging for eventual marketing of a washed moderate energy, low-ash thermal coal product from this deposit.



Figure 2 - Stratigraphic Column, Bandanna Formation, EPC 1221



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Table 1 - Seam Intersections of Completed Bore Holes, Arcturus, EPC 1221

Hole	HORIZONS		A3		CA		PR		POL		POLU		POLL		O1		O1U		O1L		O2	
	BUTE Depth	BHWE Depth	Top	Base	Top	Base	Top	Base	Top	Base	Top	Base	Top	Base	Top	Base	Top	Base	Top	Base	Top	Base
ACT001C	26.00	39.00					51.40	51.76	52.40	54.50					56.00	57.03					80.80	82.00
ACT002	14.00	42.00																			56.91	58.22
ACT003	36.00	45.00					47.12	47.69	47.84	49.30											72.25	73.25
ACT004	60.00	82.00					124.22	124.67	125.35	125.97					129.26	129.77					143.16	144.70
ACT005C	5.00	17.50	17.50	18.00	39.85	41.10	54.20	54.63	54.80	57.18							62.89	63.27	70.85	71.11	81.88	83.04
ACT006C	43.00	15.00			43.00	44.00			58.01	60.84					61.75	63.06					84.76	85.79
ACT007C	12.00	25.00			43.68	44.75	57.42	58.97			59.89	61.02	61.31	62.84			68.34	69.68	72.57	73.20	82.50	83.68
ACT008	5.00	44.00																				
ACT009C	13.00	35.00			34.97	36.30	56.45	56.55	57.39	60.15					64.46	65.64					84.28	85.57
ACT010C	6.00	22.35	21.71	22.15	47.75	48.90	62.82	63.40	63.79	66.33					69.89	71.05						
ACT011	23.00	43.00					51.91	52.35	52.95	55.10					58.89	59.97					82.25	83.55
ACT012	28.00	28.00																			56.50	58.00
ACT013	37.20	60.00								65.86	66.26				68.77	69.98					93.10	94.04
ACT014	5.50	38.00																			38.93	39.85
ACT015	48.40	48.40													49.15	49.73					67.56	68.83
ACT016	19.00	36.00																			58.62	59.86
ACT017	14.00	30.00																				
ACT018C	19.00	30.00			65.74	66.92	78.16	78.62	79.02	81.25							87.44	88.58	91.80	91.95	105.95	107.17
ACT019	6.50	15.00																				
ACT020	19.00	36.00																			21.80	22.00
ACT022C	20.00	23.00			27.55	28.80	41.15	41.32	42.14	44.35							51.15	51.35	55.12	55.34	69.52	70.73
ACT030L	17.00	30.80							29.00	30.80					31.80	32.40					57.00	58.50

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ACT031L	7.00	28.00					31.60	31.80	32.18	35.06					36.41	37.97					61.74	63.06	
ACT032L	35.00	39.00																					
ACT033L	15.00								29.00	29.20													
ACT034L	18.00	32.30					32.00	32.30	32.60	35.00					42.00	42.90					62.50	63.40	
ACT035L	14.00	20.00			20.00	20.90																	
ACT036L	19.50	19.80			19.50	20.70	36.50	36.80	37.10	40.10					46.00	46.90							
ACT037L	12.00	42.00													48.00	48.90					70.50	71.70	
ACT038L	13.00	30.00					44.50	44.80	45.10	47.20					51.50	52.40							
ACT039L	32.50																				50.30	51.50	
ACT040L	15.50	31.80													31.50	32.10					55.50	57.00	
ACT102C / MS70	0.50	20.42			20.03	21.23	38.95	39.20	39.92	42.45					46.53	47.70							
ACT100C / MS86	1.00	33.80					44.69	44.93	45.52	48.04					51.27	52.42							
ACT101C / MS91	5.00	33.00			57.78	59.10	71.89	72.01	72.87	75.35					77.25	78.32					99.53	100.65	

Table 2 – Seam Summary of Raw Coal Qualities, Arcturus, EPC 1221

(Air Dried Basis)

Seam	Thickness	RD	M	Ash	VM	FC	TS	SE	CI	Phos (in coal)	HGI
			%	%	%	%	%	MJ/kg	%	%	
CAS	1.03	1.45	9.8	18.4	27.1	44.7	0.79	23.00	0.01	0.256	55
PR	0.49	1.62	8.2	28.4	26.0	37.4	0.31	19.75	0.01	0.078	54
POL	2.47	1.44	9.6	14.8	27.6	48.0	0.38	24.27	0.01	0.252	59
O1	1.27	1.53	9.2	28.2	24.5	38.2	0.41	19.78	0.01	0.050	59
O2	1.13	1.36	10.4	10.8	32.1	46.7	0.32	25.57	0.01	0.030	52
<b>Total</b>	<b>6.38</b>	<b>1.46</b>	<b>9.6</b>	<b>18.4</b>	<b>27.6</b>	<b>44.5</b>	<b>0.44</b>	<b>23.06</b>	<b>0.01</b>	<b>0.160</b>	<b>57</b>

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**Table 3 - Coal Quality for Completed Holes, Arcturus, EPC 1221**

Hole No.	Sample	Seam	From	To	Air	RD	Calc RD	M	Ash	VM	FC	TS	SE	Cl	Phos (in coal)	HGI
					Dry basis											
ACT001C	1365	PR	51.20	51.38	0.18	1.36	1.37	12.4	9.9	34.1	43.6	0.36	24.44	0.01	0.014	46
ACT001C	1368	POL	52.26	53.43	1.17	1.40	1.36	8.8	9.3	27.6	54.3	0.39	26.45	0.01	0.185	55
ACT001C	1369	POL	53.43	54.38	0.95	1.35	1.35	10.8	8.1	32.0	49.1	0.45	26.24	0.01	0.346	50
ACT001C	1372-73	O1	55.80	56.34	0.54	1.54	1.54	8.0	26.2	25.2	40.6	0.39	20.81	0.01	0.023	58
ACT001C	1374	O1	56.34	56.95	0.61	1.36	1.36	10.3	8.8	29.9	51.0	0.41	26.34	0.01	0.008	48
ACT001C	1078	O2	80.48	81.77	1.29	1.36	1.35	9.9	8.2	33.3	48.6	0.29	26.47	0.01	0.038	51
ACT005C	1081	CA	40.47	41.14	0.67	1.40	1.40	9.5	12.5	30.4	47.6	0.71	24.86	0.01	0.158	54
ACT005C	1084	PR	53.89	54.09	0.20	1.44	1.42	8.4	14.8	31.4	45.4	0.28	23.29	0.01	0.006	50
ACT005C	1087	POL	54.70	55.26	0.56	1.40	1.38	8.3	11.2	29.4	51.1	0.30	25.57	0.01	0.177	54
ACT005C	1088	POL	55.26	55.54	0.28	1.69	1.59	6.2	31.0	30.3	32.5	0.03	17.22	0.01	0.811	59
ACT005C	1089- 1090	POL	55.54	57.10	1.56	1.35	1.37	9.1	9.5	27.8	53.6	0.29	26.32	0.01	0.194	55
ACT005C	1093	O1	62.81	63.23	0.42	1.48	1.51	8.0	24.0	28.0	40.0	0.50	21.42	0.01	0.035	49
ACT005C	1094	O1	63.23	64.08	0.85	1.85	1.88	5.8	59.6	16.1	18.5	0.25	9.62	<0.01	0.031	64

ACT005C	1096-1097	O2	82.16	83.08	0.92	1.36	1.37	10.1	10.1	31.2	48.6	0.45	26.10	0.01	0.025	58
ACT006C	1354-55	POL	58.25	58.92	0.67	1.51	1.50	8.3	22.1	29.4	40.2	0.79	21.42	0.01	0.151	66
ACT006C	1356-57	POL	58.92	60.94	2.02	1.37	1.37	9.6	9.8	30.9	49.7	0.70	26.05	0.01	0.273	62
ACT006C	1360-62	O1	61.85	63.26	1.41	1.50	1.51	9.3	23.5	24.8	42.4	0.65	21.29	0.01	0.026	64
ACT007C	1168	CA	43.68	44.15	0.47	1.47	1.49	7.6	21.4	24.3	46.7	0.86	22.83	0.01	0.625	64
ACT007C	1169	CA	44.15	44.71	0.56	1.45	1.48	7.8	20.5	27.0	44.7	1.32	23.04	0.01	0.056	57
ACT007C	1171-1175	PLU	57.3	59.05	1.75	1.67	1.65	6.0	37.4	22.5	34.1	0.28	17.67	0.01	0.117	57
ACT007C	653	PLL	60	60.60	0.60	1.82	1.80	6.0	52.3	17.1	24.6	0.13	12.51	0.01	0.150	98
ACT007C	654	PLL	60.6	61.13	0.53	1.45	1.45	9.3	17.2	23.4	50.1	0.27	23.76	0.01	0.068	55
ACT007C	655	PLL	61.13	61.65	0.52	1.5	1.49	8.5	21.8	24.3	45.4	0.27	22.02	0.01	0.172	66
ACT007C	656-658	PLL	61.65	63.14	1.49	1.39	1.36	8.2	9.3	28.6	53.9	0.38	26.92	0.01	0.211	53
ACT007C	661	O1U	68.71	69.30	0.59	1.52	1.59	10.3	30.9	22.1	36.7	0.26	18.45	0.01	0.085	61
ACT007C	662	O1U	69.3	70.08	0.78	1.47	1.52	9.2	24.5	25.1	41.2	0.46	21.34	0.01	0.168	55
ACT007C	665-66	O1L	72.97	73.63	0.66	1.50	1.58	8.4	30.2	24.5	36.9	0.43	19.37	0.01	0.036	63
ACT007C	668-669	O2	83.32	84.52	1.20	1.36	1.40	11.1	12.4	29.9	46.6	0.32	24.98	0.01	0.030	53
ACT010C	1377	A3	21.71	21.89	0.18	1.52		9.7	24.4	25.3	40.6	0.47	19.91	0.01	0.014	59

ACT010C	1381 - 82	CA	47.53	48.30	0.77	1.57	1.54	9.7	26.1	24.8	39.4	0.47	20.29	0.01	0.333	54
ACT010C	1383	CA	48.3	48.84	0.54	1.35	1.37	15.3	10.0	28.8	45.9	0.63	24.40	0.01	0.174	49
ACT010C	1386	PR	63.03	63.13	0.10	1.64	1.56	9.6	28.4	33.5	28.5	0.29	17.91	0.01	0.064	57
ACT010C	1389 - 92	POL	63.88	64.61	0.73	1.45	1.41	12.2	13.3	25.5	49.0	0.28	24.03	0.01	0.266	59
ACT010C	1393 - 94	POL	64.61	65.60	0.99	1.53	1.49	11.1	21.4	25.0	42.5	0.25	20.78	0.01	0.495	56
ACT010C	1395 - 96	POL	65.6	66.42	0.82	1.38	1.41	13.4	13.3	28.8	44.5	0.42	23.82	0.01	0.319	51
ACT010C	1399 - 1400	O1	69.98	70.55	0.57	1.58	1.57	10.6	29.6	26.6	33.2	0.38	18.50	0.01	0.035	61
ACT010C	1351 - 52	O1	70.55	71.17	0.62	1.37	1.40	14.0	12.5	27.3	46.2	0.37	23.80	0.01	0.104	53
ACT009C	1750	PR	56.45	56.55	0.10		1.37	14.3	9.5	30.0	46.2	0.42	24.39	0.01	0.009	51
ACT009C	1753	POL	57.39	58.02	0.63		1.48	10.2	20.2	25.4	44.2	0.20	21.77	0.01	0.276	
ACT009C	1754 - 57	POL	58.02	59.40	1.38		1.42	10.9	14.8	25.4	48.9	0.31	23.91	0.01	0.260	
ACT009C	1758	POL	59.4	60.15	0.75		1.37	10.8	9.7	29.9	49.6	0.46	26.01	0.01	0.194	
ACT009C	1761 - 62	O1	64.46	65.64	1.18		1.52	9.8	24.1	25.5	40.6	0.32	20.82	0.01	0.030	
ACT009C	1765 - 66	O2	84.28	85.57	1.29		1.41	10.3	13.6	35.0	41.1	0.24	23.95	0.01	0.035	
ACT018C	1727 - 29	CA	65.74	66.92	1.18	1.47	1.46	7.6	19.1	28.2	45.1	0.70	23.63	0.02	0.170	50
ACT018C	1732 - 33	PR	78.16	78.58	0.42	1.54	1.53	7.2	25.1	23.8	43.9	0.33	21.95	0.01	0.015	48

ACT018C	1735 - 38	POL	79.12	80.62	1.50	1.45	1.39	8.9	12.2	27.3	51.6	0.30	26.06	0.02	0.256	54
ACT018C	1739	POL	80.62	81.27	0.65	1.38	1.35	9.2	7.9	30.5	52.4	0.39	27.52	0.03	0.262	48
ACT018C	1742	O1	87.44	88.17	0.73	42.9	1.71	7.2	42.9	20.3	29.6	0.31	15.55	0.01	0.047	55
ACT018C	1743	O1	88.17	88.58	0.41	17.3	1.45	8.6	17.3	28.2	45.9	0.47	24.23	0.01	0.020	53
ACT018C	1746 - 47	O2	105.95	107.17	1.22	10.7	1.37	10.7	9.5	30.2	49.6	0.32	26.49	0.02	0.022	49

Table 4 - Conceptual Washability Data 50% Washed

Seam	Thickness m	% of ROM coal	Raw Ash %	% to wash	Washed Component			Raw Component			Blended Product	
					Wash Yield	Prod SE MJ/kg ADB	Product Ash %	% to bypass	Prod SE MJ/kg ADB	Raw Product Ash %	Prod SE MJ/kg ADB	Product Ash %
Aries	0.69	3%	24%	100%	60%	24.0	11.0%	0.0%	20.0	24.0%		
Castor	1.25	8%	18%	50%	76%	24.6	11.9%	50.0%	23.0	18.4%		
Pollux Rider	0.44	7%	28%	100%	65%	23.5	12.0%	0.0%	21.0	20.0%		
Pollux	2.23	45%	17%	42%	84%	25.7	9.5%	58.0%	23.2	17.0%		
Orion 1	1.01	17%	26%	100%	80%	25.3	10.6%	0.0%	20.4	26.0%		
Orion 2	1.18	20%	10%	0%	93%	26.7	7.9%	100.0%	25.8	10.2%		
Overall	6.78			50%	75%	24.8	10.8%		24.2	14.7%	24.5	13.0%

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**Table 5 - Conceptual Washability Data 100% Washed**

Seam	Thickness m	% of ROM coal	Raw Ash %	% to wash	Washed Component			Raw Component			Blended Product	
					Wash Yield	Prod SE MJ/kg ADB	Product Ash %	% to bypass	Prod SE MJ/kg ADB	Raw Product Ash %	Prod SE MJ/kg ADB	Product Ash %
Aries	0.69	3%	24%	100%	60%	24.0	11.0%	0.0%	20.0	24.0%		
Castor	1.25	8%	18%	100%	76%	24.6	11.9%	0.0%	23.0	18.4%		
Pollux Rider	0.44	7%	28%	100%	65%	23.5	12.0%	0.0%	21.0	20.0%		
Pollux	2.23	45%	17%	100%	84%	25.7	9.5%	0.0%	23.2	17.0%		
Orion 1	1.01	17%	26%	100%	80%	25.3	10.6%	0.0%	20.4	26.0%		
Orion 2	1.18	20%	10%	100%	93%	26.7	7.9%	0.0%	25.8	10.2%		
Overall	6.78			100%	80%	25.3	10.1%		20.0	24.0%	25.3	10.1%

Yours faithfully,

**BANDANNA ENERGY LIMITED**

A handwritten signature in black ink, appearing to read 'R. Shaw', written over a horizontal line.

**Dr Ray Shaw**

*Managing Director*

**\*Statement of Compliance**

The information compiled in this report and the attached Covering Letter dated 27 May 2009 from Bandanna Energy Limited, 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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