

30 January 2009

ASX RELEASE

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

Dear Sir,

Appendix 5B

Attached is the Appendix 5B relating to the Quarter and Half Year ending 31 December 2008 ("Reporting Period").

As you will be aware the transaction involving the acquisition of all of the share capital of Bandanna Coal Pty Ltd by Bandanna Energy Limited "Bandanna" (formerly Enterprise Energy Limited - "Enterprise") was completed during the Reporting Period. The consolidated statement of cashflows disclosed in the Appendix 5B has been prepared in accordance with Australian Accounting Standard AASB 3 Business Combinations. Your attention is drawn to the fact that no direct comparison can therefore be made to the cashflow disclosed by Enterprise in the corresponding Appendix 5B for the quarter ending on 30 September 2008.

At the end of the Reporting Period the consolidated cash balance was \$5.047 million. This cash balance was impacted by a \$4.098 million tax payment made during the quarter on behalf of Bandanna Coal Pty Ltd for the year ended 30 June 2008. For the sake of clarity and offsetting this Bandanna has a receivable of \$4.5 million due on or before 30 April 2009 for the previous sale of a coal tenement. This payment is secured by bank guarantee.

Yours faithfully,

BANDANNA ENERGY LIMITED

Dr R. Shaw
Managing Director

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

BANDANNA ENERGY LIMITED

ABN

34 009 356 665

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	8	8
1.2 Payments for (a) exploration and evaluation	(1,222)	(1,890)
(b) development	-	-
(c) production	-	-
(d) administration	(1,344)	(1,833)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	84	204
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(4,098)	(4,098)
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(6,572)	(7,609)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(48)	(49)
1.9 Proceeds from sale of: (a)prospects	-	1,000
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	(3)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Cash acquired through business combination	-	9,065
Costs directly attributable to the acquisition of Bandanna Coal Pty Ltd	(203)	(203)
Net investing cash flows	(251)	9,810
1.13 Total operating and investing cash flows (carried forward)	(6,823)	2,201

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1.13	Total operating and investing cash flows (brought forward)	(6,823)	2,201
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,000	1,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	(7,127)
1.19	Other (provide details if material)		
Net financing cash flows		1,000	(6,127)
Net increase (decrease) in cash held		(5,823)	(3,926)
1.20	Cash at beginning of quarter/year to date	10,870	8,973
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	5,047	5,047

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	201
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments to Directors (per 1.23) in accordance with employment contracts \$178k.
 Payments to Director related entities (per 1.23) \$23k.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,670
4.2 Development	-
Total	2,670

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	5,047	10,870
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,047	10,870

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2 Interests in mining tenements acquired or increased	EPC 1179	-	100%
	EPC 1180	-	100%
	EPC 1048	-	100%
	EPC 1049	-	100%
	EPC 881	-	100%

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EPC 891	-	-	100%
EPC 1140	-	-	100%
EPC 1131	-	-	100%
EPC 1221	-	-	100%
EPC 1103	-	-	100%
EPC 1185	-	-	100%
EPC 892	-	-	100%
EPC 1204	-	-	100%
EPC 1197	-	-	100%
EPM16553	-	-	100%
EPM16666	-	-	100%
EPM16668	-	-	100%
EPM16667	-	-	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	332,180,143	30,305,137		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs Note:				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
Executive Options	300,000		150 cents	24/07/2009
Executive Options	300,000		200 cents	24/07/2010
Executive Options Exercisable once the Company's share price has increased to at least \$1.20 during the exercise period	1,200,000		80 cents	23/12/2010

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	Executive Options Exercisable once the Company's share price has increased to at least \$1.60 during the exercise period	1,270,000		80 cents	23/12/2010
	Executive Options Exercisable once the Company's share price has increased to at least \$1.20 during the exercise period	675,000		80 cents	3/11/2011
	Executive Options Exercisable once the Company's share price has increased to at least \$1.60 during the exercise period	703,000		80 cents	3/11/2011
	Executive Options Exercisable once the Company's share price has increased to at least \$1.20 during the exercise period	715,000		80 cents	8/12/2011
	Executive Options Exercisable once the Company's share price has increased to at least \$1.60 during the exercise period	746,000		80 cents	8/12/2011
7.8	Issued during quarter				
	Executive Options Exercisable once the Company's share price has increased to at least \$1.20 during the exercise period	1,200,000		80 cents	23/12/2010
	Executive Options Exercisable once the Company's share price has increased to at least \$1.60 during the exercise period	1,270,000		80 cents	23/12/2010
	Executive Options Exercisable once the Company's share price has increased to at least \$1.20 during the exercise period	675,000		80 cents	3/11/2011
	Executive Options Exercisable once the Company's share price has increased to at least \$1.60 during the exercise period	703,000		80 cents	3/11/2011
	Executive Options Exercisable once the Company's share price has increased to at least \$1.20 during the exercise period	715,000		80 cents	8/12/2011
	Executive Options Exercisable once the Company's share price has increased to at least \$1.60 during the exercise period	746,000		80 cents	8/12/2011
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: ...30 January 2009.....

(Director/Company secretary)

Print name: ...Dr Raymond D Shaw.....

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.**

The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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QUARTERLY ACTIVITIES REPORT

THREE MONTHS to 31 December 2008

The following activities have been conducted by, or on behalf of, the Company and its wholly owned subsidiaries ("Bandanna") during the three months 1 October to 31 December 2008 ("Reporting Period").

1. CORPORATE ACTIVITIES

With the approval of all resolutions at a General Meeting of Shareholders held on 15 September 2008, the Company completed the transaction involving the acquisition of all of the issued share capital of Bandanna Coal Pty Ltd. Following this the Company undertook a fully underwritten capital raising for \$10million by issue of 12.5 million shares at 80c per share. This capital raising was fully subscribed. Subsequently, and in accordance with a resolution passed at the General Meeting, the issued share capital of the Company was consolidated on a 1-for-10 basis and the Company changed its name from Enterprise Energy Limited to Bandanna Energy Limited (ASX code BND).

Having fulfilled all the necessary requirements the Company's shares were reinstated for official quotation by the ASX on 9 October 2008.

As previously indicated, and as part of the transaction process, Messrs Jeremy Barlow, David Graham and Robert Johansen were appointed to the Board of Bandanna as non-executive directors and the three non-executive directors of the former Enterprise Energy Limited, Dr Mark Elliott and Messrs David Lindh and Norman Zillman, resigned as directors of the Company. Subsequently, and following the resignation of Dr Ray Shaw as Chairman, Mr Jeremy Barlow was appointed as Chairman with Dr Shaw taking the position of Managing Director.

2. EXPLORATION ACTIVITIES

During the Reporting Period the Company operated a number of coal activities as well as oil and gas exploration activities. Coal activities are in tenement interests acquired as a result of the Bandanna Coal Pty Ltd transaction.

2.1 Coal Exploration

Arcadia Project - EPC 892 and 1204

During the reporting period, Arcadia Coal Pty Ltd (a wholly owned subsidiary of Bandanna Energy Limited) continued its coal exploration. Effort was concentrated on the Purbrook Anticline with the main target being the Aries 2 seam. A total of 40 exploration holes, including 16 chip holes and one core hole drilled by Arcadia Coal Pty Ltd, have been drilled within the project area. One cored hole (PUR027C) was started

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during this reporting period. PUR027C is part of a program of 6 core holes and one chip hole which will be completed during Q1 2009. Bandanna holds a 100% interest in this project and is the operator.

On 9 October 2008 the Company announced to the ASX¹ that it had increased its Inferred Resources of bituminous coal for the Arcadia Project from 240 Mt to 272.9 Mt. This inferred resource is contained in two domains - the Rolleston and Purbrook Anticlines. The consulting group, Resolve Geo, has estimated² the inferred resource in the Purbrook domain to be 147.2 Mt.

On 15 December 2008 the Company announced coal quality results from cored hole PUR015C. The results indicated low ash contents for both the Aries 1 and 2 seams with potential for semi-coking coal.

Springsure Creek - 891

During the Reporting Period Springsure Creek Pty Ltd (a wholly owned subsidiary of Bandanna Energy Limited) continued its coal exploration effort concentrated on the Springton Anticline where the main target is the Aries 2 seam. Previously a total of 49 holes, including 7 core holes and 17 open holes drilled by Springsure Creek Coal Pty Ltd, have been completed within the EPC. During the Reporting Period a further 2 core holes were drilled to complete a 7 hole program which was designed to increase the Inferred and Indicated Resource inventories. In addition to this, the first core hole of a 48-hole program was started. The program is expected to be completed during Q2 2009. Bandanna holds a 100% interest in this project and is the operator.

On 9 October 2008 the Company announced to the ASX¹ that it had increased its Inferred Resources from 171.2 Mt to 239 Mt of bituminous coal. An indicated resource of 17.53 Mt is also present. The current program is designed to target a large exploration tonnage in the Aries 2 Seam which the consulting group Resolve Geo believes ranges between 417 Mt and 600 Mt (inclusive of inferred resources)¹.

On 15 December 2008 the Company announced to the ASX¹ coal quality results for holes SPR 022C, 024C, 026 C and 028C which confirmed that the coal within the Springton Anticline area of EPC 891 to be of a probable high quality raw thermal coal with low ash and low sulphur contents.

Alpha Project - EPCs 1048, 1049, EPCAs 1179, 1180.

During the Reporting Period 15 chip holes and 26 partly cored holes were drilled and 3 holes were extended. A total of approximately 5340 metres were drilled. This program is being funded and managed by AMCI in accordance with the Joint Venture Agreement. Drilling will continue during Q1 2009 and it is anticipated that a resource estimation will be completed by the end of the period. The key targets are the B, D1 and D2 Seams. During the Reporting Period applications were awarded for EPCs 1179 and 1180.

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Under the terms of a farmin agreement AMCI can earn up to a 50% interest in the Alpha Project from Alpha Coal Pty Ltd (a wholly owned subsidiary of Bandanna) by expending up to \$25 million.

Dingo West EPC 881

During the Reporting Period 43 chip and HQ core holes were drilled, totalling approximately 7745 metres. A 28km 2D seismic survey was also processed. This program is being fully funded and operated by Custom Mining Dingo Pty Ltd (which is jointly owned by Macarthur Coal Limited and the Hong Kong based Noble Group) as part of its farmin commitments. The seismic survey was designed to provide additional sub-surface control and assist in optimising the positioning of future drilling.

Under the terms of a farmin agreement Custom Mining Dingo can earn a 70% interest in the Dingo West Project from Dingo West Pty Ltd (a wholly owned subsidiary of Bandanna).

2.2 Conventional Oil and Gas Exploration***ATP - 539P, QLD. (Enterprise earning 50%)***

During the Reporting Period negotiations were concluded with the operator, Great Artesian Oil and Gas Limited (now Drillsearch Limited), concerning the revision of the original farmin agreement. A 50km 2D seismic survey, the Sungai Seismic Survey, was recorded and processed. This survey provided additional control along the crestal portion of the Curalle Anticline where Traditional Oil Pty Ltd (a wholly owned subsidiary of Bandanna) had previously recorded the Planet Downs Seismic Survey. This survey is intended to delineate at least two prospects suitable for drilling. It is proposed that at least one well will be drilled during Q1 2009. The survey was recorded between 24th and 27th October 2009. As at the end of the reporting period preliminary interpretation confirmed the Planet Downs and Curalle South prospects however final interpretation will await completion of the processing.

PEL - 100, SA

During the Reporting Period production from the Cleansweep-1 well continued at a rate of approximately 10 barrels of oil per day, with no water production. Traditional Oil holds a 5% participating interest in this permit.

Other Areas

No other field work was conducted during the Reporting Period.

During the Reporting Period the Company made representation to the Queensland Government authorities seeking deferment of exploration expenditure with respect to its oil shale tenements until such time as the Government had completed its review of the future status of oil shale mining within the state.

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During the Reporting Period the Company (through its wholly owned subsidiary Advocate Holdings Pty Ltd) applied for EPMA 17932, for the purposes of exploring for bentonite. This application area lies adjacent to EPMA 17568 where the Company has also made application for exploration targeting bentonite.

3. FUTURE ACTIVITIES

As announced to the ASX on 5 January 2009 the Company intends to focus its coal exploration activities on the Arcturus (EPC 1103), Springsure Creek and Arcadia project areas. The Company intends to drill up to 11 x 4" core and 37 x HQ3 boreholes along crestral portions of the Springton Anticline in the Springsure Creek Project Area. In Arcadia, the Company will drill 6 x 4" core holes designed to obtain coal quality data and in Arcturus it will drill 4 x 4" core holes and a further 10 - 12 chip holes depending upon the initial drilling results. Drilling will also be undertaken in the Company's 100% held Fernlee (EPC 1103) and Fernlee North (EPC 1185) tenements. Drilling activity will also be on-going in the Dingo West area.

During Q1 2009 the Company will contribute 50% towards the cost of an oil exploration well to be drilled in ATP 539P. This well, Planet Downs-1, will test the potential of the Planet Downs prospect located some 12 km along strike, but in a down-dip position, to the Curalle-1 well.

Yours faithfully,



Dr Raymond D Shaw
Managing Director.

¹This tonnage is conceptual in nature. There has been insufficient exploration to define a Mineral Resource across the target area (outside the existing inferred resource area) and it remains uncertain if further exploration will result in the determination of a Mineral Resource across the whole area. The range of values was determined from bore hole and seismic information within the exploration lease which points to a continuous A2 seam, averaging 3.09 m in thickness, mineable with underground methods, underlying an area of at least 97.8 km² to 140.8 km²

² The information compiled in this report 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 has sufficient experience which is relevant to the style of mineralization and type 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Gordon Saul consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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