

**RADIO INTERVIEW CONDUCTED BY CALE McCULLOCH WITH RAY SHAW, EXECUTIVE CHAIRMAN OF ENTERPRISE ENERGY ON FRIDAY, 9 MAY 2008 AT 12.30 PM.**

**Q1** Good morning and welcome to Boardroomradio. Joining us this morning is Mr Ray Shaw, executive chairman of Enterprise Energy. Welcome to Boardroomradio, Ray.

**A1** Yeah, good morning. Thank you.

**Q2** Ray, the company had an announcement released to the market a couple of days ago after being in a trading halt. Essentially, it was a proposed acquisition of Bandanna Coal. Can you run us through some of the key points from that announcement and, I suppose, what led to the proposal of this acquisition?

**A2** Yes, certainly. Look, we're extremely excited by the opportunity that this proposal presents to the company. Basically, Bandanna has very strategic coal assets and farm-in arrangements which we feel are particularly attractive to Enterprise, and they have the potential for near-term production and exploration upside. Basically, as we know at the moment, coal is, of course, a very active sector of the industry and some of your listeners will be aware that Enterprise has traditionally been involved in the oil and gas sector since it relisted back in May 2004. And as we flagged when the new board came in about this time last year, we would be looking at a broader base of opportunities within the energy sectors and, indeed, back in December, we announced the farm-in with two companies involving coal. And it was largely through the relationships that we built up in that farm-in that Bandanna approached us some months ago - a couple of months ago now - and proposed to us that they would like to consider a larger transaction, which has led to the announcement that we made the other day.

**Q3** Ray, are you able to run us through some of the terms of the actual acquisition?

**A3** Yes, certainly. As outlined in the ASX release, obviously it's a very large proposed transaction and it will entail various approvals of shareholders of a number of resolutions, which will be put at a general meeting of shareholders which we anticipate will take place before 30 June. Effectively, the terms of the transaction are that Enterprise Energy will be purchasing all the issued share capital of Bandanna for \$235 million, plus there will be an adjustment - an accounting adjustment - up to 9 May, today, and, for that, we will be issuing 2.9375 billion ordinary shares at a nominal value of 8 cents a share in Enterprise's consideration. That transaction is subject to an independent expert's report that it is fair and

reasonable and, obviously, both Bandanna and Enterprise will be going through their respective due diligence investigations prior to that, and that will also form one of the key points. Enterprise will be looking at having three new directors nominated by Bandanna coming onto the board. One of those, of course, will be Mr Jeremy Barlow who is extremely well known in the coal industry. Mr Barlow was a founding director of CH4 Gas Limited and is currently a non-executive director on Arrow Energy. Three of our directors will stand down to allow for this and they are Dr Mark Elliott, Messrs David Lindh and Norm Zillman. We are also proposing, once the shareholders approve the transaction, to do a 1-for-10 consolidation. Obviously, we will have a lot of scrip out there and we would be looking at reducing that back down to more manageable levels. And subject to shareholders approving that, we will then, in turn, be looking at a capital raising of approximately \$40 million, and that capital raising is being managed by ABN AMRO Morgans, and we would also be looking to our existing Enterprise shareholders being given the opportunity to participate in that process of capital raising. The terms for that capital raising have yet to be finalised.

**Q4** Ray, it's a \$235 million proposal. What assets will you actually get for the \$235 million?

**A4** Well, for that amount, we, of course, acquire all of Bandanna's interests in 11 permits for coal and five applications for coal exploration that they currently have within the Bowen Basin and Galilee Basin in Queensland. Perhaps the two most important aspects of that are the Dingo West project, which is in EPC881 where a subsidiary of Macarthur Coal Limited is currently earning up to a 70 per cent interest in a farm-in involving a low-volatile coal in open cut potential; and the second project is the Alpha project, which involves for EPCs in the Galilee Basin and, here, AMCI can earn up to a 50 per cent interest by funding \$25 million worth of exploration over a three-year period. Those exploration permits are located immediately to the south of the Waratah Coal Limited tenements in the Galilee Basin; in addition to that, their other projects, particularly Springsure Creek and the Arcadia project where current exploration drilling is in hand, and Bandanna also has a number of other - as I mentioned, they have a total of 11 permits and five exploration licences for coal. And in addition to that, they also hold three EPMs and have applications over another two EPMs for oil shale in Queensland.

**Q5** Ray, thank you very much for taking the time to speak with Boardroomradio today.

**A5** Oh, thank you. And as I say, it's great to have the opportunity to be able to give you a little bit of insight into what we think is a very extremely exciting opportunity.

**Q6** It sounds like it.

**A6** Thanks very much.

**Q7** That was Mr Ray Shaw, executive chairman of Enterprise Energy.

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