

27 April 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 ending 31 March 2009 ("Reporting Period").

At the end of the Reporting Period the consolidated cash balance was \$2.187 million. It is to be noted that in addition to this cash position 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 a bank guarantee.

Yours faithfully,

BANDANNA ENERGY LIMITED



Dr Ray 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 March 2009

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
1.2 Payments for (a) exploration and evaluation	(1,933)	(3,823)
(b) development	-	-
(c) production	-	-
(d) administration	(1,308)	(3,141)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	138	342
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	237	(3,861)
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(2,866)	(10,475)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	6	(43)
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	-	65
Costs directly attributable to the acquisition of Bandanna Coal Pty Ltd	-	(203)
Net investing cash flows	6	816
1.13 Total operating and investing cash flows (carried forward)	(2,860)	(9,659)

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1.13	Total operating and investing cash flows (brought forward)	(2,860)	(9,659)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	10,000
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		-	2,873
Net increase (decrease) in cash held		(2,860)	(6,786)
1.20	Cash at beginning of quarter/year to date	5,047	8,973
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,187	2,187

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	190
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) \$12k.

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

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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	1,367
4.2	Development	-
Total		1,367

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	2,187	5,047
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		2,187	5,047

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	Nil		

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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 <i>(description)</i>				
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 <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i> Executive Options Executive Options Executive Options Exercisable once the Company's share price has increased to at least \$1.20 during the exercise period	300,000 300,000 1,200,000		<i>Exercise price</i> 150 cents 200 cents 80 cents	<i>Expiry date</i> 24/07/2009 24/07/2010 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				
		Nil			
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 /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:


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(Director/Company secretary)

Date: ...27 April 2009.....

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 March 2009

The following activities have been conducted by, or on behalf of, the Company and its wholly owned subsidiaries ("Bandanna") during the three months 1 January to 31 March 2009 ("Reporting Period").

1. EXPLORATION ACTIVITIES

During the Reporting Period the Company operated a number of coal activities as well as oil and gas exploration activities.

1.1 Coal Exploration

Arcadia Project – EPC 892 and EPC 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 48 exploration holes, including 17 chip holes and 7 core hole drilled by Arcadia Coal Pty Ltd, have been drilled within the project area. 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.

Springsure Creek –EPC 891

During the Reporting Period Springsure Creek Coal 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 51 holes, including 9 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 3 core holes and 2 open holes were drilled. Drilling of an additional 2 core holes also commenced during the Reporting Period. This further drilling is designed to increase the Inferred and Indicated Resource inventories. Bandanna holds a 100% interest in this project and is the operator.

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.

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Arcturus – EPC 1221

During the Reporting Period Springsure Creek Coal Pty Ltd (a wholly owned subsidiary of Bandanna Energy Limited) commenced its coal exploration program within the Arcturus Project area where the main target is the Pollux seam. Previous exploration has resulted in some 52 holes having been drilled within the EPC, although the data from a large number of these are considered unreliable. During the Reporting Period Springsure Creek Coal Pty Ltd drilled 6 core holes and 16 open holes. Bandanna holds a 100% interest in the Arcturus Project and is the operator.

The current program is designed to identify potential target areas for a shallow open cut thermal resource.

Alpha Project – EPCs 1048, 1049, EPCAs 1179, 1180

During the Reporting Period 9 holes were drilled for a total of approximately 1088 metres. The current phase of drilling for coal quality on EPC1049 was completed in January 2009. Geological modelling and a JORC compliant resource estimate are due to be completed during April 2009. This program is being funded and managed by AMCI in accordance with the Joint Venture Agreement. The key targets are the B, D1 and D2 Seams.

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 44 chip and 14 partly cored holes were drilled, totalling approximately 14,778 metres. 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.

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).

1.2 Conventional Oil and Gas Exploration

ATP – 539P, QLD (Enterprise earning 50%)

During the Reporting Period, Planet Downs-1 was drilled. The well was plugged and abandoned on 7th March 2009 after encountering encouraging oil shows in the Murta, Westbourne, basal-Birkhead formations and the Hutton sandstone. Wireline logs confirmed probable oil in several zones, but pressure and sidewall core data indicated poor permeability and limited column height. The well reached a total depth of 1444m on 2nd March 2009, short of its planned total depth of 1880 m. The well was terminated early because of lost circulation problems within the Hutton Sandstone. Although the well was not able to test deeper secondary reservoir targets, within the Triassic, the well did achieve its primary objective of testing the basal-Birkhead Formations and upper Hutton Sandstone.

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.

2. FUTURE ACTIVITIES

During the next Quarter the Company, as operator, will be focusing on continuing its drilling in the Arcturus Project area, as part of an evaluation of its shallow coal occurrences and open cut coal potential. Drilling and/or cultural heritage activities, as a precursor to drilling, will also be undertaken in the Company's adjacent tenements, the Fernlee (EPC 1103), Fernlee North (EPC 1185), Gemini (EPC 1131) and Denison (EPC 1140) tenements which are all 100% owned by Bandanna.

Yours faithfully



Dr Raymond D Shaw
Managing Director

¹ This 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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