

BANDANNA ENERGY BANDANNA ENERGY LIMITED

ACN 009 356665

Registered Office :C/- DFK Richard Hill, Level 12, 32 Martin Place Sydney, 2000

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30 October 2008

ASX RELEASE

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

Dear Sir/Madam,

**Appendix 5B
THREE MONTHS to 30 September 2008**

Please find attached a copy of the Appendix 5B for the Reporting Period 1 July to 30 September 2008 together with an Activities Review.

Yours faithfully,



Dr Raymond D 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 (formerly ENTERPRISE ENERGY LIMITED)

ABN

34 009 356 665

Quarter ended ("current quarter")

30 Sep 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from sales and related debtors	12	12
1.2 Payments for (a) exploration and evaluation	(13)	(13)
(b) development	-	-
(c) production	-	-
(d) administration	(244)	(244)
1.3 Dividends received	5	5
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(241)	(241)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(2)	(2)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material) – Costs directly attributed to the acquisition of Bandanna Coal Pty Ltd	(382)	(382)
Net investing cash flows	(384)	(384)
1.13 Total operating and investing cash flows (carried forward)	(625)	(625)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(625)	(625)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	9,240	9,240
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	9,240	9,240
	Net increase (decrease) in cash held	8,615	8,615
1.20	Cash at beginning of quarter/year to date	450	450
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	9,065	9,065

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	82
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment to director (1.23) in accordance with employment contract.

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	-	-

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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	1,230
4.2	Development	10
Total		1,240

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	9,065	451
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	9,065	451

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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Appendix 5B
Mining exploration entity quarterly report

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.

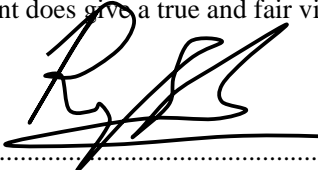
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	178,041,247	178,041,247		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,00,000	3,000,000	\$0.08	\$0.08
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>	3,000,000 3,000,000		<i>Exercise price</i> \$0.15 \$0.20	<i>Expiry date</i> 24/07/2009 24/07/2010
7.8 Issued during quarter				
7.9 Exercised during quarter	3,000,000	3,000,000	\$0.08	\$0.08
7.10 Expired during quarter	300,000	300,000	0.074	
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 October 2008
(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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THIRD QUARTER ACTIVITIES REPORT
THREE MONTHS to 30 September 2008

The following activities have been conducted by, or on behalf of, the Company and its wholly owned subsidiary, Traditional Oil Exploration Pty. Ltd. ("Bandanna") during the three months 1 July 2008 to 30 September 2008 ("Reporting Period").

1. CORPORATE ACTIVITIES

During the Reporting Period the Company held a General Meeting of Shareholders on 15 September 2008 at which a number of resolutions were unanimously passed concerning the transaction which had been previously announced to the ASX on 7 May 2008. This involved approval of the acquisition of all of the issued share capital of Bandanna Coal Pty Ltd, a 1 for 10 consolidation of shares, a capital raising and a name change, from Enterprise Energy Limited to Bandanna Energy Limited. ABN AMRO Morgans was the Lead Manager and Underwriter to the capital raising, which involved the issue of 12.5 million shares at 80c per share to raise \$10 million. At the end of the Reporting Period the capital raising had been fully subscribed. As subsequently announced to the ASX on 7 October 2008 the Bandanna transaction has now been successfully completed.

2. EXPLORATION ACTIVITIES

During the Reporting Period the Company operated no field activities. However, subsidiaries of Bandanna Coal Pty Ltd undertook field exploration activities, in the Arcadia Project area, in which the Company has a farmin agreement.

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

During the Reporting Period negotiations continued with the operator, Great Artesian Oil and Gas Limited (now Drillsearch Limited), to revise the original farmin agreement. Under a new proposal Enterprise would fund a 2D seismic program and participate in the drilling of the two commitment wells, on a 50% basis. During the Reporting Period arrangements were made to conduct the seismic survey including the engagement of a contractor and notification of relevant landowners/occupiers.

PEL – 100, SA (Enterprise 5%)

During the Reporting Period production from the Cleansweep-1 well continued at a rate of approximately 10-20 barrels of oil per day, with no water production.

PEL-106 (Smegsy 25%, Rossco, Paprika and Udacha 12.5% - all subject to farmin conditions)

+ See chapter 19 for defined terms.

During the Reporting Period interpretation of the Spinel 3-D Seismic Survey across Traditional's areas of interest – Rosasco, Smegsy, Paprika and Udacha blocks was completed and is now the subject of internal review.

EPC 892, 1131 – Arcadia Project Area (subject to farmin conditions)

During the Reporting Period the results of core hole drilling, undertaken by Arcadia Coal Pty Ltd (now a wholly owned subsidiary of Bandanna Energy Limited) in the Arcadia Project Area, became available. There are now a total of 40 exploration holes in the project area of which 16 open holes and one cored hole have been drilled by Arcadia Coal Pty Ltd. The new results have enabled an up-date on the resource statement for the Arcadia project to be made and this was released to the ASX on 8 October 2008. Further drilling activity is planned during the current Quarter in the Arcadia Project Area targeting the coal seams of the late Permian Rangal Coal Measures on the Purbrook Anticline.

Other Areas

There was no work conducted in other areas in which Traditional participates during the Reporting Period.

3. FUTURE ACTIVITES

Following completion of the Bandanna transaction the Company intends to focus its exploration activities over the coming quarter on its Springsure Creek (EPC 892) and Arcadia Project areas where it is operator. The budget for the current quarter largely reflects an active drilling program in these areas.

Yours faithfully,



Dr Raymond D Shaw
Managing Director.