

## ASX release

### Bandanna Energy appoints Samsung as ECI contractor and progresses equity funding in project with major Korean partners

**Brisbane, 4 July 2014:** Bandanna Energy Limited (ASX: BND) is pleased to announce it has taken a major step towards developing and funding the Springsure Creek coal project by appointing Samsung C&T, a subsidiary of Korea's largest conglomerate the Samsung Group, to produce a lump sum Engineering, Procurement and Construction (EPC) contract for development of the Project.

If the ultimate EPC contract is accepted, Samsung will become the principal contractor responsible for delivering the Springsure Creek mine and has also confirmed it will continue to work with Bandanna to assist it in securing investment and/or debt funding.

At the same time, Bandanna is progressing negotiations with Korea Midland Power Co. (KOMIPO) for it to acquire an equity interest in the Project. The binding terms of that investment and offtake contract are being finalised.

#### **Samsung to produce EPC contract for development of the Project**

Following a competitive tender process and ongoing engagement with a range of international contractors, Bandanna is pleased to announce that Samsung C&T, a subsidiary of the Samsung Group – Korea's largest conglomerate – has been appointed on an Early Contractor Involvement (ECI) basis to produce a lump sum EPC contract for development of the Project.

Samsung C&T will work closely with Bandanna Energy and Ausenco Limited, which is currently finalising detailed engineering design and contract tenders, to develop within the next three months a final lump sum EPC Contract for construction of the Project.

Bandanna Managing Director, Michael Gray said that the company was very pleased to be working closely with Samsung, one of the world's leading EPC Contractors and Korea's largest conglomerate, to finalise a lump sum EPC contract for the Springsure Creek project.

"Samsung has demonstrated the ability to successfully deliver mining and infrastructure projects around the world. We are pleased to be able to utilise Samsung's experience for development of the Springsure Creek project. The involvement of a company of Samsung's size and global capability demonstrates the confidence that it has in the quality of our project and this project's place in a global mining sector context," added Mr Gray.

Samsung is currently engaged as EPC contractor for the Roy Hill Iron Ore Project, in West Australia, where it has successfully progressed a lump sum EPC project to full project funding. Bandanna has been working closely with Samsung over the last six months to progress development of its Springsure Creek project and is pleased to have appointed Samsung initially on an ECI basis with the aim of finalising an EPC Contract.

Subject to award of the EPC contract, Samsung C&T has confirmed that it will continue to work with Bandanna to assist it in securing investment and/or debt funding. The terms of that equity investment will be finalised during the ECI phase. During this period, Samsung and Bandanna and its financial advisors will work closely with project finance providers to progress debt funding arrangements for the project.

### **Currently in negotiation for Project equity investment**

In parallel with the progress in relation to the EPC Contract, Bandanna has been progressing discussions with joint venture equity investors.

On 23 September 2013, Bandanna announced that it had executed a non-binding Heads of Agreement with Korea Midland Power Co. (KOMIPO), a major state-owned Korean electricity generator, in relation to potential equity investment by KOMIPO in the Project and long term coal off-take from the Project. Since then, Bandanna has been working closely with KOMIPO and a consortium of Korean investors to progress project investment.

As a result of progress of the Project toward development, Bandanna is currently in negotiation with KOMIPO for it to acquire an equity interest in and long term contract for coal offtake from the Project. The binding terms of that investment are being finalised.

KOMIPO, Samsung C&T and Bandanna will continue to work together to progress negotiations with other Korean investors in relation to opportunities for equity investment and coal offtake and will keep the market informed regarding the progress of those discussions.

The timing of commencement of construction and first production from the Springsure Creek Project remains uncertain, as it is dependent upon the timing of the finalisation of Project approvals and the finalisation of Project funding. Bandanna will keep all stakeholders informed about the progress of these processes.

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### **About us**

Bandanna Energy Limited (ASX: BND) is uniquely positioned to become Australia's next coal producer. The company's core activities are exploration, project evaluation and development of thermal and PCI coal assets located in Queensland, Australia.

Bandanna Energy is the only ASX listed company with substantial coal assets in both the Bowen and Galilee basins subject to EIS and advanced mine studies. The company is committed to working constructively with the communities in which it operates, and delivering growing returns to shareholders, government and the community.

Bandanna is a 14% shareholder in Wiggins Island Coal Export Terminal (WICET) Stage 1 at Gladstone.

Further information can be found at [www.bandannaenergy.com.au](http://www.bandannaenergy.com.au)

