Bandanna Energy Limited

(Administrators Appointed)

ABN 34 009 356 665

Annual Report

for the period

1 July 2013 to 30 June 2014

Bandanna Energy Limited **(Administrators Appointed)** ABN 34 009 356 665

Contents

1. CORPORATE DIRECTORY

Messrs Grant Sparks, Martin Ford and Philip Carter from PPB Advisory were appointed as voluntary administrators (Administrators) of Bandanna Energy Limited (Administrators Appointed) and three associated companies, Bandanna Coal Pty Ltd (Administrators Appointed), Springsure Creek Coal Pty Ltd (Administrators Appointed) and Springsure Property Holdings Pty Ltd (Administrators Appointed) on 22 September 2014. On 21 October 2014, Messrs David Winterbottom and Robert Hutson from KordaMentha were appointed as receivers and managers (Receivers) over Springsure Creek Coal Pty Ltd (Administrators Appointed) and Springsure Property Holdings Pty Ltd (Administrators Appointed). On 18 February 2015 Messrs Grant Sparks, Martin Ford and Philip Carter from PPB Advisory were appointed as voluntary administrators (Administrators) of Advocate Holdings Pty Ltd (Administrators Appointed), Alpha Coal Pty Ltd (Administrators Appointed), Arcadia Coal Pty Ltd (Administrators Appointed), Bandanna Oil Shale Pty Ltd (Administrators Appointed), Carnarvon Coal Pty Ltd (Administrators Appointed), Denison Coal Pty Ltd (Administrators Appointed), Dingo West Coal Pty Ltd (Administrators Appointed), Dingo West Property Holdings Pty Ltd (Administrators Appointed), DJB Coal Pty Ltd (Administrators Appointed), Enterprise Energy Pty Ltd (Administrators Appointed), Fernlee Coal Pty Ltd (Administrators Appointed), Gemini Energy Pty Ltd (Administrators Appointed), Springsure Agricultural Holdings Pty Ltd (Administrators Appointed), Traditional Oil Exploration Proprietary Limited (Administrators Appointed) and Waitara Coal Pty Ltd (Administrators Appointed).

VOLUNTARY ADMINISTRATORS	**REGISTERED OFFICE**	**SHARE REGISTRY**
PPB Advisory 345 Queen Street Brisbane Queensland 4000 GPO Box 1216 Brisbane Queensland 4001 Telephone: (07) 3222 6800 Fax: (07) 3222 6899 Email: bandanna@ppbadvisory.com Website: www.ppbadvisory.com	Level 4, 240 Queen Street Brisbane 4000 GPO Box 5227 Brisbane Queensland 4001 Telephone: 07 4041 4400 Fax: 07 3041 4444 Email: info@bandannaenergy.com.au Website: www.bandannaenergy.com.au	Computershare Investor Services Pty Ltd 117 Victoria Street West End Queensland 4101 GPO Box 2975 Melbourne Victoria 3001 Telephone: 1300 880 505 Fax: 03 9473 2500 Website: www.au.computershare.com
RECEIVERS & MANAGERS		
KordaMentha Level 5, Chifley Tower 2 Chifley Square Sydney NSW 2000 GPO Box 2523 Sydney NSW 2001 Telephone: 02 8257 3000 Fax: 02 8257 3099 Email: info@kordamentha.com Website: www.kordamentha.com		
BOARD OF DIRECTORS (at 30 June 2014)	**COMPANY AUDITORS**	**STOCK EXCHANGE LISTING**
John Pegler (Chairman, Independent Non-executive Director) (resigned as company director and chairperson on 10 December 2014) Michael Gray (Managing Director)	Grant Thornton Audit Pty Ltd Level 18, 145 Ann Street Brisbane Queensland 4000 Telephone: 07 3222 0200 Fax: (07) 3222 0444 Email: info.qld@au.gt.com Website: www.grantthornton.com.au	ASX Ticker Code: BND

Robert Johansen (Non-executive Director)(resigned 23 January 2015) Gordon Saul (Non-executive Director)(resigned 6 February 2015) Terry O'Reilly (Independent Non-executive Director)(resigned 6 February 2015) Gil Yong Ha (Non-executive Director) Gordon Lee (Alternate Director)		
COMPANY SECRETARY		
Hasaka Martin (resigned as company secretary on 26 September 2014)		

2. REPORT OF THE ADMINISTRATORS

The Administrators of Bandanna Energy Limited (Administrators Appointed) (Company) present a report together with the financial report of the Company and of the entities it controlled at the end of, or during, the year ended 30 June 2014 (Reporting Period) together with the auditor's report.

Messrs Grant Sparks, Martin Ford and Philip Carter from PPB Advisory were appointed as voluntary administrators (Administrators) of Bandanna Energy Limited (Administrators Appointed) and three associated companies, Bandanna Coal Pty Ltd (Administrators Appointed), Springsure Creek Coal Pty Ltd (Administrators Appointed) and Springsure Property Holdings Pty Ltd (Administrators Appointed) on 22 September 2014.

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This report and the financial information relate to a period prior to the Administrators' appointment and by necessity the Administrators have had to rely upon the books and records of Bandanna Energy Limited and its subsidiaries, its staff and external service providers in this report and the financial accounts. All due care has been taken in preparing the report and financial information, however the Administrators do not provide any warranties in relation to the information contained in this report.

2.1 PRINCIPAL ACTIVITIES

The principal activity of the Group during the Reporting Period was exploration, project evaluation and development of thermal and PCI coal assets located in Queensland, Australia. Bandanna Energy has coal assets in both the Bowen and Galilee basins which are subject to various stages of approvals and mine studies.

The Company was transitioning from explorer to coal producer through its Springsure Creek underground thermal coal project. The focus of the Reporting Period was to progress this project through approvals and prepare for development.

2.2 OPERATIONS AND FINANCIAL REVIEW

2.2.1 Review of Operations

(a) Overview of Bandanna Energy

Bandanna Energy Limited (Administrators Appointed) is an ASX listed company (ASX: BND). At the date of this report, the Company's shares have been suspended from trading on the ASX. Following a period of discussions with Credit Suisse AG, the Company's senior secured lender, the Board appointed Messrs Grant Sparks, Martin Ford and Philip Carter from PPB Advisory as voluntary administrators (Administrators) of Bandanna Energy Limited (Administrators Appointed) and three associated companies, Bandanna Coal Pty Ltd (Administrators Appointed), Springsure Creek Coal Pty Ltd (Administrators Appointed) and Springsure Property Holdings Pty Ltd (Administrators Appointed) on 22 September 2014. On 21 October 2014, Messrs David Winterbottom and Robert Hutson from KordaMentha were appointed as receivers and managers (Receivers) over Springsure Creek Coal Pty Ltd (Administrators Appointed) and Springsure Property Holdings Pty Ltd (Administrators Appointed). On 18 February 2015 Messrs Grant Sparks, Martin Ford and Philip Carter from PPB Advisory were appointed as voluntary administrators (Administrators) of Advocate Holdings Pty Ltd (Administrators Appointed), Alpha Coal Pty Ltd (Administrators Appointed), Arcadia Coal Pty Ltd (Administrators Appointed), Bandanna Oil Shale Pty Ltd (Administrators Appointed), Carnarvon Coal Pty Ltd (Administrators Appointed), Denison Coal Pty Ltd (Administrators Appointed), Dingo West Coal Pty Ltd (Administrators Appointed), Dingo West Property Holdings Pty Ltd (Administrators Appointed), DJB Coal Pty Ltd (Administrators Appointed), Enterprise Energy Pty Ltd (Administrators Appointed), Fernlee Coal Pty Ltd (Administrators Appointed), Gemini Energy Pty Ltd (Administrators Appointed), Springsure Agricultural Holdings Pty Ltd (Administrators Appointed), Traditional Oil Exploration Proprietary Limited (Administrators Appointed) and Waitara Coal Pty Ltd (Administrators Appointed).

During the Reporting Period Bandanna Energy Limited announced the following activities to the market:

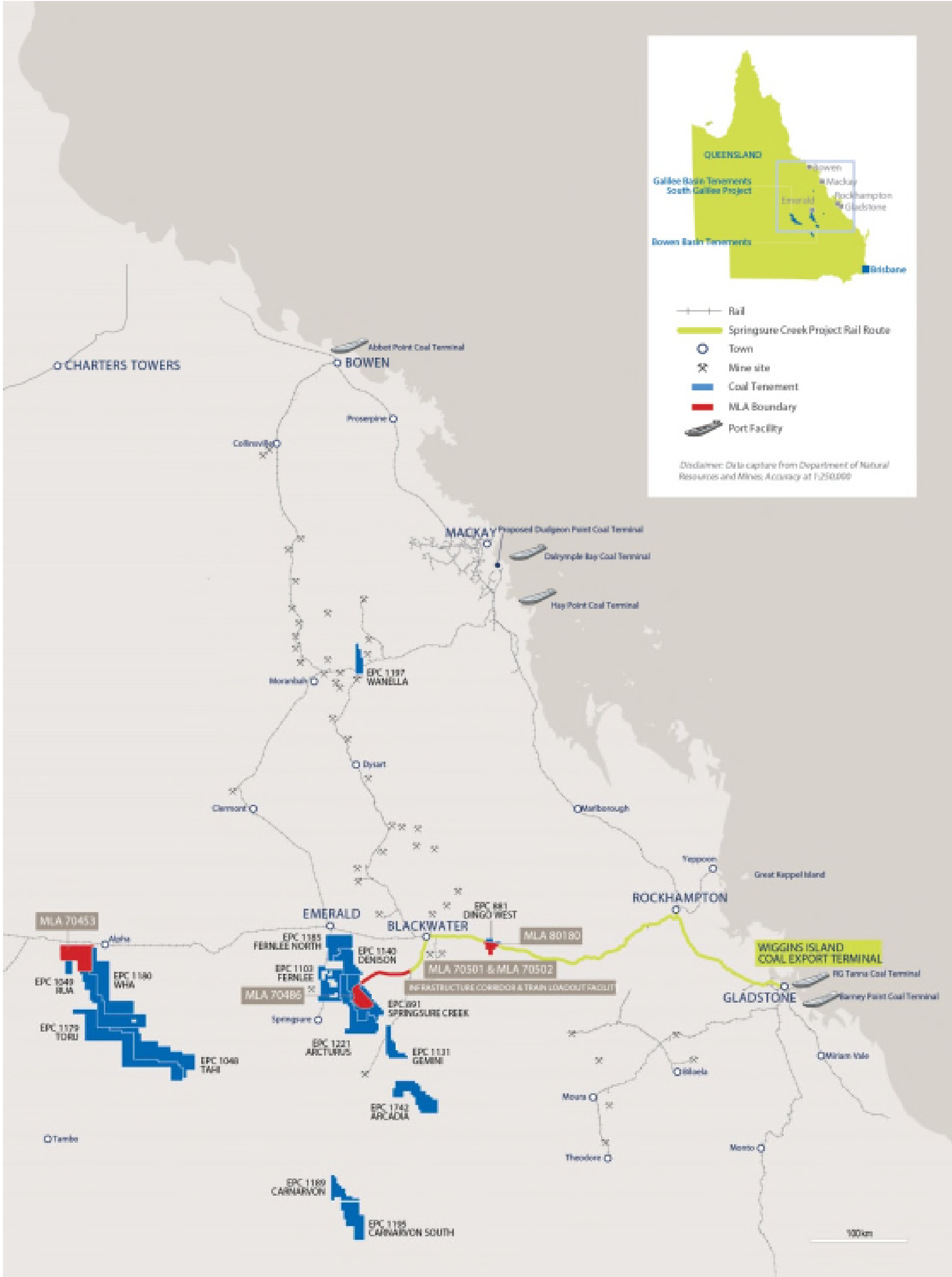
- An 86% increase in the Measured Resource at the Springsure Creek Project from 74Mt to 138Mt and 113% increase in Indicated Resources from 207Mt to 440Mt.
- Progressing the mining lease applications (MLA) and environmental approvals, including the approval of the Environmental Impact Statement for the Springsure Creek Coal Mine Project and issue of the draft Environmental Authorities (EAs) for all three MLAs, the final Strategic Cropping Land (SCL) Permit for MLA 70486 and the Commonwealth Government approval permit.
- Progressing development of the Springsure Creek Project by appointing Ausenco Limited to provide project management and engineering support services for the project and the subsequent appointment of Samsung C&T to produce a lump sum Engineering, Procurement and Construction contract proposal for development of the Project.
- Negotiations with WICET, its advisors and other shippers to amend the commercial terms of WICET agreements to better match a delayed ramp up profile for the Springsure Creek Project.
- Ongoing discussions with selected potential equity stakeholders for an investment in the Springsure Creek Project.
- Sale of WICET preference equity (WIPS) for $47 million in July 2013.
- Finalising land acquisition and/or compensation agreements for 10 of the 13 properties within MLA 70486, MLA 70501 and MLA 70502 and progressing negotiations for the remaining three.

(b) Coal Tenement portfolio

Tenement	***Applications***	***Project name***	***Geological setting***	***BND interest***
EPC 891		Springsure Creek	Bowen Basin, Queensland	100%
	MLA 70486	Springsure Creek	Bowen Basin, Queensland	100%
	MLA 70501	Springsure Creek	Bowen Basin, Queensland	100%
	MLA 70502	Springsure Creek	Bowen Basin, Queensland	100%
EPC 881		Dingo West	Bowen Basin, Queensland	100%
	MLA 80180	Dingo West	Bowen Basin, Queensland	100%
EPC 1048		South Galilee – Tahi	Galilee Basin, Queensland	50%
EPC 1049		South Galilee – Rua	Galilee Basin, Queensland	50%

Tenement	*Applications*	*Project name*	*Geological setting*	*BND interest*
	MLA 70453	South Galilee	Galilee Basin, Queensland	50%
EPC 1179		South Galilee – Toru	Galilee Basin, Queensland	50%
EPC 1180	MLA 70453	South Galilee – Wha	Galilee Basin, Queensland	50%
EPC 1742		Arcadia	Bowen Basin, Queensland	100%
EPC 1221		Arcturus	Bowen Basin, Queensland	100%
EPC 1189		Carnarvon	Bowen Basin, Queensland	100%
EPC 1195		Carnarvon South	Bowen Basin, Queensland	100%
EPC 1140		Denison	Bowen Basin, Queensland	100%
EPC 1103		Fernlee	Bowen Basin, Queensland	100%
EPC 1185		Fernlee North	Bowen Basin, Queensland	100%
EPC 1131		Gemini	Bowen Basin, Queensland	100%
EPC 1197		Wanella	Bowen Basin, Queensland	100%

Figure 1: General Coal Tenements (EPC) and Mining Lease Applications (MLA)



(c) Coal Projects

(i) Springsure Creek Project

Springsure Creek Coal Project - EPC 891

The Springsure Creek Coal Project is 100% owned and operated by Springsure Creek Coal Pty Ltd, a wholly owned subsidiary of Bandanna through an interposed subsidiary. The project includes underground thermal coal resources of 768Mt and is defined by the geographical boundaries of MLA 70486, MLA 70501 and MLA 70502.

MLA 70486 covers 10,651 hectares and is within Exploration Permit for Coal (EPC) 891. It is located 47km southeast of Emerald and 37km east of the township of Springsure in the Central Highlands Regional Council (CHRC) local government area.

MLA 70501 and MLA 70502 are mining lease applications to allow for the development of a private infrastructure corridor and train load-out facility at Triumph Creek enabling the transport of coal from the mine site to the nearby existing Bauhinia rail line and on to Wiggins Island Coal Export Terminal.

Exploration

In January 2014, Bandanna Energy announced an updated reserve report showing an overall increase in Probable Reserves from 162Mt to 174Mt, and an increase in probable marketable reserves from 154Mt to 165Mt.

Approvals

The Springsure Creek Coal Project progressed through both State and Commonwealth Government approvals during the Reporting Period.

- State Approval

On 13 November 2013, the State Government provided its decision to approve the Environmental Impact Statement for the Springsure Creek Coal Mine Project. This was followed by the issue of the Draft Environmental Authority (EA) for MLA 70486 which was publicly notified along with the EA applications for MLA 70501 and MLA 70502 and the three mining leases in February 2014. This period ended on 22 April 2014 with six objections received. No objections to MLA 70501 were received and, in August 2014, the State Government issued the final EA for MLA 70501. Of the six objections received, three were from directly affected landholders, two from indirectly affected landholders and one from a community group. At the time of this Report, two of these objections had been withdrawn.

The State Government issued its Strategic Cropping Land (SCL) Protection Decision for MLA 70486 in February 2014. The SCL Protection Decision sets out the nature and extent of permissible impacts on SCL and also includes the conditions that Springsure Creek Coal will be required to discharge to avoid and minimise impacts on SCL. Receipt of this decision enables the issue of the final Environmental Authority for MLA 70486.

- Commonwealth Government Approval

On 6 June 2014, the Commonwealth Government issued its approval permit pursuant to the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (EPBC Act) for the Project, concluding the federal approval process.

Development

Detailed engineering work continued throughout the Reporting Period to optimise planned coal production from the Springsure Creek Coal Project. Furthermore, independent external mine planning undertaken during the Reporting Period confirmed that a single longwall at Springsure Creek is now forecast to produce more than 7Mtpa in line with similar experience at modern high production longwall projects both within Australia and overseas. The forecast improvement in longwall utilisation, and the consequent increase in forecast production, has lowered the project’s estimated FOB operating costs (excluding royalties) to $59.80/tonne from $65.61/tonne as outlined in the Definitive Feasibility Study. The Company previously reported production would be from two longwalls developed in two stages.

Port and rail capacity

The Springsure Creek Coal Project, through Springsure Creek Coal Pty Ltd, has contracted port and rail capacity for the transport of coal from the project to the Wiggins Island Coal Export Terminal and the stockpiling and ship loading of coal from that terminal.

The obligations from these contracts, will commence following Mechanical Completion of the terminal which is currently under construction. Mechanical Completion is currently expected to be in March 2015.

(ii) Dingo West – EPC 881

The Dingo West Project is 100% owned and operated by Bandanna through wholly-owned subsidiary Dingo West Coal Pty Ltd. The Dingo West Project involves the development and operation of a new open cut mine that will export pulverised coal injection (PCI) coal and high energy thermal coal. Exploration to date has identified an Inferred Resource of 91.1Mt of coal which will allow production of up to 1.4Mtpa of run-of-mine (ROM) coal and up to 1.0Mtpa of product coal for approximately 30 years.

The Dingo West Project area within EPC 881 is defined by the mining lease application (MLA) 80180 and includes the mine, haul road and rail load-out facility. With the main Blackwater – Gladstone rail line and Capricorn Highway traversing the northern part of the tenement, Dingo West is strategically positioned with respect to existing infrastructure. By rail, Gladstone Port lies 250km to the east and the project area lies approximately 40km closer to this port facility than any existing operating mines situated along the Blackwater corridor.

During the Reporting Period, land access negotiations continued which facilitated further exploration to define optimal pit location. A 10-hole drill program was undertaken at the northern section of the EPC north of the Capricorn Highway in the second half of 2013. Rehabilitation activities were completed in early 2014.

(iii) South Galilee Coal Project - EPC1048, 1049, 1179, 1180

Bandanna holds a 50% interest in the South Galilee Coal Project (SGCP) through its wholly owned subsidiary Alpha Coal Pty Ltd, with 50% held by its joint venture partner AMCI (Alpha) Pty Ltd.

The SGCP is located southwest of the township of Alpha, approximately 180km west of Emerald. SGCP covers EPC 1048, EPC 1049, EPC 1179, and EPC 1180, with MLA 70453 covering the northern portion of EPC 1049 and EPC 1180.

The project includes a JORC compliant Resource of 1.179 billion tonnes including 206.2 Mt of Indicated Resource and 166.6 Mt of Measured Resource, and an open-cut Reserve, comprising 132.3Mt of Proven Reserve and 141.7Mt of Probable Reserve.

The SGCP is proposed to be developed as an open-cut and underground mining operation, with an estimated mine life of 33 years. Mine plan development supports an average production rate of 15.4Mtpa raw coal, yielding an average 13.8Mtpa of product coal and peaking at 20.9Mtpa of product coal.

During the Reporting Period, the joint venture advanced the Environmental Impact Statement (EIS) process for the project and continued to assess options for port and rail infrastructure. The EIS for the project was approved by the Queensland Government in Dec 2014.

(d) Exploration Projects

(i) Arcadia – EPC 1742

Bandanna's interests

100% interest through Bandanna's wholly owned subsidiary Arcadia Coal Pty Ltd.

Location

Located in the southwest margins of the Bowen Basin, approximately 5 km south-southeast of Rolleston, it is bound by the Dawson Highway to the north and the Carnarvon Highway to the west.

Project status

Currently at exploration stage with a significant resource and conceptual, single underground longwall mining study completed.

Resource estimate and coal quality

The tenement contains a JORC Inferred Resource of 273Mt.

(ii) Arcturus – EPC 1221

Bandanna's interests

100% interest through Bandanna's wholly owned subsidiary Springsure Creek Coal Pty Ltd.

Location

Located in the southwest margins of the Bowen Basin, approximately 55km southeast of Emerald and 22km northeast of Springsure, it is bound to the north by the Capricorn Highway and to the west by the Dawson Highway.

Resource/Reserve estimate and coal quality

The tenement contains a JORC Probable Marketable Reserve of 44.3Mt and a JORC Resource of 206.3Mt, comprising 102.6Mt of Indicated and 103.7Mt of Inferred Resources.

(iii) Carnarvon – EPC 1189 & Carnarvon South – EPC 1195

Bandanna's interests

100% interest through Bandanna's wholly owned subsidiary Carnarvon Coal Pty Ltd.

EPC 1189 consists of 46 sub-blocks and EPC 1195 consists of 92 sub-blocks and no sub-blocks were relinquished from this tenement during the reporting period.

Location

Located in the southern Bowen Basin, approximately 100 km south of Rolleston.

Resource estimate and coal quality

No Resources or Reserves have been estimated. Regional geology and historic petroleum drilling indicate that both tenements are considered to have potential for hosting thermal coal within the Bandanna Formation at depths that may be compatible for underground mining operations.

(iv) Denison– EPC 1140

Bandanna's interests

100% interest through Bandanna's wholly owned subsidiary Springsure Creek Coal Pty Ltd.

Location

The tenement is located in the southwest margins of the Bowen Basin, approximately 17km south-southeast of Emerald.

Resource estimate and coal quality

No Resources have been estimated. Drilling completed by Bandanna, regional geology and historic petroleum drilling show that the tenement contains the Bandanna Formation The tenement is considered to have potential for containing thermal coal of similar quality to those found in Bandanna's adjacent tenements.

(v) Fernlee – EPC 1103

Bandanna's interests

100% interest through Bandanna's wholly owned subsidiary Fernlee Coal Pty Ltd.

Location

The tenement is located in the southwest margins of the Bowen Basin, approximately 30km south of Emerald; the Gregory Highway runs north-south along the western extents of the tenement.

Resource estimate and coal quality

No Resources have been estimated. Drilling completed by Bandanna, regional geology and historic petroleum drilling show that the tenement contains the Bandanna Formation. The tenement is considered to have potential for containing thermal coal of similar quality to those found in Bandanna's adjacent tenements.

(vi) Fernlee North – EPC 1185

Bandanna's interests

100% interest through Bandanna's wholly owned subsidiary Fernlee Coal Pty Ltd.

Location

The tenement is located in the southwest margins of the Bowen Basin, approximately 8km south of Emerald; the Gregory Highway runs north-south along the western extents of the tenement.

Resource estimate and coal quality

No Resources have been estimated. Regional geology and historic petroleum drilling show that the tenement contains the Bandanna Formation. The tenement is considered to have potential for containing thermal coal of similar quality to those found in Bandanna's adjacent tenements.

(vii) Gemini – EPC 1131

Bandanna's interests

100% interest through Bandanna's wholly owned subsidiary Springsure Creek Coal Pty Ltd.

Location

Located in the southwest margins of the Bowen Basin, approximately 12km north of Rolleston.

Resource estimate and coal quality

No Resources have been estimated. Regional geology and historic petroleum drilling show that the tenement contains the Bandanna Formation. The tenement is considered to have potential for containing thermal coal of similar quality to those found in Bandanna's adjacent tenements.

(viii) Wanella – EPC 1197

Bandanna's interests

100% interest through Bandanna's wholly owned subsidiary Waitara Coal Pty Ltd.

Location

Located in the northern Bowen Basin, approximately 31km east of Moranbah, the Peak Downs Highway runs along the southern extents of the tenement and the Peabody operated Coppabella Mine sits immediately to the south.

Coal type and JORC Status

No Resources have been estimated. Based on regional geology and products mined from adjacent mines, it is expected that the tenement will contain coking and/or PCI coals within the Leichhardt Seam of the Rangal Coal Measures. The Rangal Coal Measures have been mined extensively in adjacent mining operations.

(e) Oil shale and mineral tenements

Bandanna, through its various subsidiaries, holds 100% interests in a number of oil shale and mineral tenements all located in Queensland.

(i) Oil shale tenements

Bandanna holds 100% interests in five oil shale tenements; EPM 16553 (Mt Bison), EPM 16666 (Toolebuc), EPM 16668 (North Proserpine), EPM 16667 (South Duaringa) and EPM 17567 (Plevna).

Bandanna has undertaken field visits and selected mapping for EPM 16553 (Mt Bison) and EPM 16667 (South Duaringa); and geology interpretation and literature reviews for EPM 16666 (Toolebuc) and EPM 17567 (Plevna) during the Reporting Period.

(ii) Bentonite tenements

Bandanna, through its various subsidiaries, holds 100% interests in EPM 17568 (Planet Creek) and EPM 17932 (Planet Creek 2). The tenements were applied for to target shallow occurrences of bentonite found as a result of coal exploration activities undertaken for EPC 1742 (Arcadia).

2.2.2 Financial review

The consolidated loss after income tax for the financial year ended 30 June 2014 was $11,949,996 (2013 $7,590,309).

No dividends were paid or declared for payment during the Reporting Period. No recommendation for payment of a dividend has been made.

2.3 SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As noted in the Company's Half Yearly Report released on 10 March 2014, continued progress of the Company's plan for development of the Springsure Creek Project was contingent upon continued support from financial providers, including Credit Suisse AG, and investment in the project from potential equity partners. Continued deterioration of global thermal coal markets during 2014 meant that the attraction of further investment was not able to be achieved.

The Company and Credit Suisse AG undertook extensive discussions from May to September 2014 to restructure the Guarantee Facilities provided by Credit Suisse AG but were unable to reach agreement. As a result, on 22 September 2014 the Board appointed, Messrs Grant Sparks, Martin Ford and Philip Carter from PPB Advisory as voluntary administrators (Administrators) of Bandanna Energy Limited (Administrators Appointed) and three associated companies, Bandanna Coal Pty Ltd (Administrators Appointed), Springsure Creek Coal Pty Ltd (Administrators Appointed) and Springsure Property Holdings Pty Ltd (Administrators Appointed).

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On 18 February 2015 Messrs Grant Sparks, Martin Ford and Philip Carter from PPB Advisory were appointed as voluntary administrators (Administrators) of Advocate Holdings Pty Ltd (Administrators Appointed), Alpha Coal Pty Ltd (Administrators Appointed), Arcadia Coal Pty Ltd (Administrators Appointed), Bandanna Oil Shale Pty Ltd (Administrators Appointed), Carnarvon Coal Pty Ltd (Administrators Appointed), Denison Coal Pty Ltd (Administrators Appointed), Dingo West Coal Pty Ltd (Administrators Appointed), Dingo West Property Holdings Pty Ltd (Administrators Appointed), DJB Coal Pty Ltd (Administrators Appointed), Enterprise Energy Pty Ltd (Administrators Appointed), Fernlee Coal Pty Ltd (Administrators Appointed), Gemini Energy Pty Ltd (Administrators Appointed), Springsure Agricultural Holdings Pty Ltd (Administrators Appointed), Traditional Oil Exploration Proprietary Limited (Administrators Appointed) and Waitara Coal Pty Ltd (Administrators Appointed).

2.4 SUBSEQUENT EVENTS

Subsequent to the end of the Reporting Period:

Following the appointment of the Administrators noted above, the Administrators have continued to maintain the tenements and other assets of the Group whilst they work with the Group's management team to fully understand the options available to the Group, which may potentially include; seeking expressions of interest to purchase the business and assets or a restructure or recapitalisation of the Group, at an appropriate time.

A bank guarantee for $848,000, in favour of Pacific National and due to expire on 1 January 2015, was called on 17 December 2014.

2.5 LIKELY DEVELOPMENTS AND GOING CONCERN IMPLICATIONS

The Administrators continue to work with the Group's management and key stakeholders to fully understand the potential options available for the Group and its assets. As these options are further assessed and progressed the Administrators can assess the implications for the Group.

2.6 RESOURCES AND RESERVES

2.6.1 Springsure Creek Coal Project

Springsure Creek Project: Resources and Reserves Statement as at 10 March 2015.

			Resources (Mt)[1]				**Reserves (Mt)[2]**
Tenement	**Holding company**	**BND share**	**Inferred**	**Indicated**	**Measured**	**Total**	**Probable**
EPC 891	Springsure Creek Coal Pty Ltd	100%	190.0	440.0	138.0	768.0	174.0

1. *Resource Statement prepared in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), effective date 8 August 2013. The Company's annual review date of the Resource Statement for the purposes of Clause 15 of the 2012 edition of the JORC Code is 31 May 2013.The Public Report containing the Resource Statement was issued by the Company to the ASX on 26 June 2014, accompanied by a technical summary of all relevant sections of Table 1 on an 'if not, why not' basis as an appendix to the Public Report.*

2 *Reserve Statement prepared in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), effective date 8 August 2013.*

Statement of Compliance:

The information in the report that relates to the Springsure Creek Resource is based on information compiled by Mr Troy Turner, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Turner is employed bv Xenith Consulting Pty Ltd and through his employer Mr Turner is a service provider to the reporting company on arms-length commercial terms. Mr Turner is a qualified geologist who has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Turner consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in the report that relates to Exploration Results is based on information compiled by Mr Jeremy Busfield. Mr Busfield is a Competent Person employed bv Minecraft Consulting Pty Ltd as Principal Consultant and Managing Director. Jeremy Busfield holds a Bachelor of Mining Engineering degree from the University of Queensland, is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Registered Professional Engineer of Queensland (Mining) (RPEQ 10285). Jeremy has worked in various planning, operational and consulting roles for the underground coal industry for 26 years and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). The relationship between the Competent Person and the project owner is that of independent consultant. Remuneration for the preparation of the report is on a time and materials basis only. Mr Busfield consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

2.6.2 Other Projects

Other Projects: Resources and Reserves Statement as at **10** March 2015.

				Resources (Mt)[4]				Reserves (Mt)[5]	
Tenement	**Project[3]**	**Holding company**	**BND share**	**Inferred**	**Indicated**	**Measured**	**Total**	**Probable**	**Proved**
EPC 881	Dingo West	Dingo West Coal Pty Ltd	100%	91.1	-	-	91.1	-	-
EPC 1221	Arcturus	Springsure Creek Coal Pty Ltd	100%	103.7	102.6	-	206.3	44.3	-
EPC 1742	Arcadia	Arcadia Coal Pty Ltd	100%	272.9	-	-	272.9	-	-
EPC 1049	South Galilee	Alpha Coal Pty Ltd	50%	403.0*	103.1*	83.3*	589.4*	70.85*	66.15*

** Bandanna Energy Limited share.*

3 *Only those projects that have had Resources and Reserves determined to the JORC standard are included in the table.*

4 *Resource Statements prepared in accordance with the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).*

5 *Reserve Statements prepared in accordance with the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves JORC Code).*

Statement of Compliance:

The Arcturus underground Reserves estimate has been prepared by Mr Jeremy Busfield, Principal Mining Engineer of Minecraft Consulting Pty Ltd. Jeremy holds a Bachelor of Mining Engineering degree from the University of Queensland, is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Registered Professional Engineer of Queensland (Mining) (RPEQ 10285). Jeremy has worked in various planning, operational and consulting roles for the underground coal industry for 26 years and as such qualifies as a Competent Person under the JORC Code. The relationship between the Estimator and the Project owner is that of independent consultant. Mr Busfield consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears.

The Arcturus open-cut Reserves estimate has been prepared by Mr Ken Hill. Ken Hill is the Managing Director of Xenith Consulting Pty Ltd. He holds a Bachelor in Civil Engineering degree from the University of Queensland and a Post Graduate Diploma in Business Administration from University Queensland. He has over 20 years' experience in the open-cut coal mining industry and substantial experience in mining operations financial evaluations. Ken Hill is a Member of the Australasian Institute of Mining and Metallurgy and as such qualifies as a Competent Person under the JORC Code. The relationship between the Estimator and the Project owner is that of independent consultant. Mr Hill consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears.

The information compiled in this report relating to Arcturus, Arcadia and Dingo West Resources is based on information compiled by Gordon Saul, who is a member of the Australian Institute of Geoscientists and was employed by Resolve Geo Pty Ltd at the time of compilation of the information. Gordon Saul has sufficient experience which is relevant to the style of mineralisation and types 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 "Australian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Gordon Saul consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears. Resolve Geo Pty Ltd is a shareholder in Bandanna Energy Limited. Gordon Saul was appointed as a non-executive Director of Bandanna Energy Limited in January 2013 and with Mr Saul's appointment as a Director, by agreement the services of Resolve Geo Pty Ltd were terminated.

The information compiled in this report relating to South Galilee Resources is based on information compiled by Lynne Banwell. Lynne Banwell is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity she 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". The relationship between the Estimator and the Project owner is that of independent consultant. Ms Banwell consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.*

The South Galilee Reserves Estimate has been prepared by David Prior. David Prior is a full-time employee of Macmahon Contractors Pty Ltd. David has a Bachelor in Mining Engineering from Queensland University. David has over 7 years of experience in the Queensland open-cut coal mining industry and has experience in conducting relevant financial evaluations, including having previously worked on reserves statements. David is a Member of the Australasian Institute of Mining and Metallurgy and as such qualifies as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). The relationship between the Estimator and the Project owner is that of independent consultant and client and the preparation of the estimate was on a time and materials basis only. Mr Prior consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

2.7 DIRECTORS INFORMATION INCLUDING LENGTH OF SERVICE, QUALIFICATIONS AND EXPERIENCE

The Directors of the Company during the Reporting Period and at 30 June 2014 are outlined in the table below. Any resignations of Director subsequent to the end of the Reporting Period are also shown:

Mr John Pegler	Appointed independent non-executive director 1 January 2012 Appointed Chairman 5 April 2012 Resigned 10 December 2014
Qualifications	*BE (Mining), MAusIMM*
Experience	John Pegler was appointed to the Board of Directors in January 2012 and was appointed Chairman of the Board in April 2012. Mr Pegler is a mining engineer by training, with more than 39 years' experience in open-cut and underground resource development, coal mining and processing operations, international and domestic coal marketing, project management and international procurement. John Pegler has twice served as the President of the Queensland Resources Council (QRC), is an elected life member of the QRC and is a past Chairman of the Australian Coal Association (ACA) and ACA Low Emission Technologies Limited. Mr Pegler is a director of listed companies Energy Resources of Australia Limited and WDS Limited, and is a director of CS Energy.
Special responsibilities	Chairman of the Board; Member Audit and Risk Committee; Member Nomination and Remuneration Committee; Member Alternative Funding Due Diligence Committee
Directorships held in other listed entities in the past three years.	Mr Pegler is a director of listed companies Energy Resources of Australia Limited and WDS Limited.

Mr Michael Gray	Appointed managing director on 5 March 2012
Qualifications	*BE (Civil), MBA, GAICD*
Experience	Michael Gray was appointed Managing Director of the Board of Directors in March 2012. Mr Gray has more than 20 years' experience in the planning and development of major mining infrastructure projects, including high-level involvement in resource feasibility and development, project finance, project execution, environmental management and native title issues. Prior to his appointment as Managing Director, Mr Gray was Chief Executive Officer of Middlemount Coal Pty Ltd where he had overall responsibility for development of the Middlemount project from exploration project to operating mine, the first greenfield coal project developed in Queensland since 2007. Other career highlights include senior roles with Macarthur Coal Limited as Executive General Manager - Projects and Infrastructure, where Mr Gray was responsible for the overall management of exploration and project feasibility activities, long-term infrastructure requirements and government relations. Before joining Macarthur Coal, Mr Gray held senior project development roles with the Port of Brisbane Corporation and the Queensland Government's Office of the Coordinator-General. Mr Gray holds a Bachelor of Engineering (Civil) from the University of Queensland, a Masters of Business Administration from Deakin University and is a graduate of the Australian Company Director's Course. Mr Gray was the inaugural winner of the Talbot Family Foundation International Company Directors Scholarship.
Special responsibilities	Managing Director and Chief Executive Officer
Directorships held in other listed entities in the past three years.	Nil

Robert Johansen	Appointed non-executive director on 3 October 2008 Resigned 23 January 2015
Qualifications	*BE (Mining) (Hons), BCom, LLB, CPA, MAusIMM, MAICD*
Experience	Robert Johansen was appointed to the Board of Directors in October 2008. Mr Johansen has an intimate knowledge of the Group having been responsible for the incorporation, development and operation of Bandanna Coal Pty Ltd and its subsidiaries from its inception to its acquisition by Bandanna Energy Limited. Previously Mr Johansen held various operational and management positions in the Australian and South African coal industries over a ten-year period. A Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Certified Practising Accountant, Robert Johansen holds a

	first class honours degree in Mining Engineering and Bachelor degrees in Commerce and Law from the University of Queensland.
Special responsibilities	Member, Audit and Risk Committee; Member, Nomination and Remuneration Committee
Directorships held in other listed entities in the past three years.	Nil

Park Soon IL	Appointed non-executive director 19 November 2009 Resigned 20 January 2014
Qualifications	*BEng (Mining) (Korea)*
Experience	Park Soon IL was appointed to the Board of Directors in November 2009 and resigned on 20 January 2014. The Managing Director of SAMTAN's Energy and Resources Development Division, Mr Park is a qualified mining engineer with more than 30 years' experience in South Korean and Indonesian coal mining operations. Mr Park brings an exceptional grounding in company operations and senior management to the Board. His coal-industry knowledge developed through involvement with the establishment of SAMTAN's Kideco mine in Indonesia.
Special responsibilities	Nil
Directorships held in other listed entities in the past three years.	Nil

Terry O'Reilly	Appointed independent, non-executive director 1 January 2013 Resigned 6 February 2015
Qualifications	*BCom, MBA, M Applied Finance, CPA, FAICD, FAIM*
Experience	Terry O'Reilly was appointed to the Board of Directors in January 2013. A Certified Practising Accountant, Mr O'Reilly has extensive experience in the resources and energy sectors, with his various director and executive experience including roles as the Managing Director of Pacific Coal, Coal and Allied Industries and as a non-executive director of Macarthur Coal Limited from 2008 to 2011. Mr O'Reilly has served on the boards of the Dalrymple Bay and Port Waratah coal terminals, as the Chairman of the Australian Coal Association, Queensland Coal Operators, the NSW Minerals Council, the World Coal Institute Promotions Committee and was President of the Australia Philippines Business Council. Mr O'Reilly is currently the Chairman of Ambre Energy Limited and is a Non-Executive director of THO Services Limited.
Special responsibilities	Chairman, Audit and Risk Committee; Member, Nomination and Remuneration Committee, Member Alternative Funding Due Diligence Committee
Directorships held in other listed entities in the past three years.	Macarthur Coal Limited (resigned October 2011)

Gordon Saul	Appointed non-executive director 1 January 2013 Resigned 6 February 2015
Qualifications	*BSc (Hon), MAIG, MAICD*
Experience	Gordon Saul was appointed to the Board of Directors in January 2013. Mr Saul is the sole director of Resolve Geo Pty Ltd, one of the Company's largest shareholders, and has a detailed understanding of and commitment to the Group's coal assets. A qualified geologist, Mr Saul has more than 20 years' experience in the evolution of a variety of open cut and underground coal mining projects in diverse geological environments and in coal and coal seam gas exploration and development in Asia, North America and Europe. Over the course of his extensive career Mr Saul has consulted on mining and occupational health and safety law reform, corporate and resource due diligence and project development.
Special Responsibilities	Nil
Directorships held in other listed entities in the past	Nil

three years.

Gil Yong Ha	Appointed non-executive director 20 January 2014 Mr Gordon Lee was Mr Ha's alternate from 20 January 2014 to the date of this report
Qualifications	*BEcon (Korea)*
Experience	Gil Yong Ha was appointed to the Board of Directors in January 2014. Mr Ha is the head of the corporate strategy division of Samtan Co., Ltd. and is a graduate in Economics from Seoul National University. Mr Ha has more than 20 years of experience in corporate strategy and finance, including in the coal mining sector.
Special Responsibilities Directorships held in other listed entities in the past three years.	Nil

2.8 COMPANY SECRETARY INFORMATION

Tess Lye B.A LLB LLM GAICD, held the position of Company Secretary and Corporate Counsel until her resignation on 17 March 2014. Tess was formerly General Manager Governance and Legal with Macarthur Coal Limited.

Lisa Dalton B. App Sc., M. App Sc., LLB (Hons), FAICD, FCIS held the role of joint Company Secretary until her resignation on 30 September 2013. Lisa is an experienced company secretary having worked in that capacity with a number of listed and unlisted companies over the past 15 years.

Hasaka Martin B. Ag Sc. was appointed Company Secretary on 17 March 2014 and resigned on 26 September 2014. Hasaka was formerly a relationship manager at Computershare Investor Services.

The Company Secretary is responsible for supporting the Board of Directors and the Board Committees to discharge their functions in accordance with the Company's corporate governance framework.

At the date of this report there is no person holding the position of Company Secretary.

2.9 MEETINGS OF THE DIRECTORS

The number of meetings of the Board of Directors and of the various Committees of the Board, and the respective attendance of Directors and Committee members during the Reporting Period are set out in Table 1 Attendance at Board and Committee meetings.

Table 1 Attendance at Board and Committee meetings

Name of Director	Directors' Meetings		Nomination and Remuneration Committee		Alternative Funding Due Diligence Committee		Audit and Risk Committee	
	A	B	A	B	A	B	A	B
John Pegler	24	24	4	4	5	5	2	2
Michael Gray	24	24	-	-	-	-	-	-
Robert Johansen	24	23	4	4	-	-	2	2
Mr Park Soon IL	8	5	-	-	-	-	-	-
Terry O'Reilly	24	23	4	4	5	5	2	2
Gordon Saul	24	22	-	-	-	-	-	-
Gil Yong Ha[1]	16	15	-	-	-	-	-	-

'A' represents number of meetings eligible to attend
'B' represents number of meetings attended
– not a member of the relevant Committee
[1] Represents meetings attended by Mr Ha or his Alternate Director Mr Lee.

2.10 CORPORATE GOVERNANCE

Messrs Grant Sparks, Martin Ford and Philip Carter from PPB Advisory were appointed as voluntary administrators (Administrators) of Bandanna Energy Limited (Administrators Appointed) and three associated companies, Bandanna Coal Pty Ltd (Administrators Appointed), Springsure Creek Coal Pty Ltd (Administrators Appointed) and Springsure Property Holdings Pty Ltd (Administrators Appointed) on 22 September 2014.

On 21 October 2014, Messrs David Winterbottom and Robert Hutson from KordaMentha were appointed as receivers and managers (Receivers) over Springsure Creek Coal Pty Ltd (Administrators Appointed) and Springsure Property Holdings Pty Ltd (Administrators Appointed).

On 18 February 2015 Messrs Grant Sparks, Martin Ford and Philip Carter from PPB Advisory were appointed as voluntary administrators (Administrators) of Advocate Holdings Pty Ltd (Administrators Appointed), Alpha Coal Pty Ltd (Administrators Appointed), Arcadia Coal Pty Ltd (Administrators Appointed), Bandanna Oil Shale Pty Ltd (Administrators Appointed), Carnarvon Coal Pty Ltd (Administrators Appointed), Denison Coal Pty Ltd (Administrators Appointed), Dingo West Coal Pty Ltd (Administrators Appointed), Dingo West Property Holdings Pty Ltd (Administrators Appointed), DJB Coal Pty Ltd (Administrators Appointed), Enterprise Energy

Pty Ltd (Administrators Appointed), Fernlee Coal Pty Ltd (Administrators Appointed), Gemini Energy Pty Ltd (Administrators Appointed), Springsure Agricultural Holdings Pty Ltd (Administrators Appointed), Traditional Oil Exploration Proprietary Limited (Administrators Appointed) and Waitara Coal Pty Ltd (Administrators Appointed).

This report has been prepared by the Administrators. The Administrators are not in a position to undertake a formal review of the governance practices and processes in place during the Reporting Period and as such are unable to produce a corporate governance statement relating to the Reporting Period. The Company's website at www.bandannaenergy.com.au contains the Company's last corporate governance statement.

2.11 REMUNERATION REPORT (AUDITED)

The Remuneration Report:

- outlines the Company's Remuneration Policy and how it aligns Key Management Personnel (KMP) performance with the Company's long-term strategic objectives and performance; and
- provides details of the remuneration of people who were KMP during the Reporting Period.

The Company received more than 75% of "yes" votes on its remuneration report for the 2013 financial year. There was no specific feedback at the 2013 AGM on its remuneration report.

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001 (Cth)*.

The Remuneration Report has been structured under the following headings:

Subject	Details provided	Section reference
Remuneration governance	The governance structure in place to oversee remuneration including establishment and assessment of performance indicators	2.11.1
KMP	Who they are, the positions they held and their length of tenure	2.11.2
Executive remuneration	The rate and manner in which Executives were remunerated including details of the short and long term incentive plans and associated performance measures	2.11.3
Non-Executive Director remuneration	The rate and manner at which non-executive Directors were remunerated	2.11.4
KMP remuneration table	Directors' and Officers' remuneration table	2.11.5

2.11.1 Remuneration governance

The Nomination and Remuneration Committee was responsible for making recommendations to the Board during the Reporting Period in relation to:

- executive remuneration and incentive plans;
- the remuneration packages for executive Directors and senior management;
- non-executive Director remuneration;
- the Company's recruitment, retention and termination policies and procedures for senior management;

- incentive plans and share allocation schemes;
- superannuation arrangements;
- remuneration of members of Committees; and
- the appointment of remuneration consultants.

The Committee comprised two independent non-executive directors and one non-executive director. It met four times during the Reporting Period. The Committee did not engage remuneration consultants in the Reporting Period. No remuneration increases were granted to KMP during the Reporting Period and no short term incentive bonuses were paid for performance during the Reporting Period.

2.11.2 Key Management Personnel (KMP)

The KMP of the Company are those persons responsible for planning, directing and controlling the activities of the Company during the Reporting Period. The KMP during the Reporting Period and who are referred to in this Remuneration Report are set out in Table 2: Key Management Personnel.

Table 2: Key Management Personnel

Name	Position	Appointment / resignation date
Non-Executive Directors (at 30 June 2014)		
John Pegler	Chairman, Independent, Non-Executive Director	Appointed Director: 1 January 2012 Appointed Chairman: 5 April 2012 Resigned Director & Chairman: 10 December 2014
Robert Johansen	Non-Executive Director	Appointed Director: 3 October 2008 Resigned: 23 January 2015
Gordon Saul	Non-Executive Director	Appointed Director: 1 January 2013 Resigned: 6 February 2015
Terry O'Reilly	Independent, Non-Executive Director	Appointed Director: 1 January 2013 Resigned: 6 February 2015
Mr Gil Yong Ha	Non-Executive Director	Appointed Director: 20 January 2014
Former Non-Executive Director (KMP during part of Reporting Period)		
Park Soon IL	Non-Executive Director	Appointed Director: 19 November 2009 Resigned Director: 20 January 2014
Executives (as at 30 June 2014)		
Michael Gray	Managing Director	Appointed Managing Director: 5 March 2012
Matthew Scott	Chief Financial Officer (CFO)	Appointed CFO: 3 November 2008
Stuart Clarke	Chief Development Officer (CDO)	Appointed CDO: July 2012
Tess Lye	Company Secretary & General Counsel	Resigned : 30 April 2014
Melissa Morrison	Head of Human Resources and Corporate Services	Resigned : 7 February 2014

2.11.3 Executive remuneration

(a) Remuneration policy

The objective of the Company's remuneration policy is to attract and retain capable staff to deliver the Company's strategy. The remuneration policy is designed so that the total remuneration that can be earned:

- is performance driven (through the short term incentive plan (STIP) and the long term incentive plan (LTIP)); and
- is aligned with shareholder interests – milestones under the incentives are linked to implementing Bandanna's business strategy.

(b) Components of Executive remuneration

(i) Total fixed remuneration

Executives receive a base salary, superannuation and other short-term benefits provided by the Company. Total fixed remuneration for Executives has not increased since 1 July 2013.

(ii) Short Term Incentive Plan (STIP)

The STIP in place for Executives during the Reporting Period comprised the right to receive an annual cash bonus payable at the Board's discretion based on achievement of both Company and individual key performance indicators (KPI) that were established at the beginning of the Reporting Period and linked to the Company's business plan and shorter term strategy implementation objectives.

There were no short term incentives awarded to Executives or employees for performance during the Reporting Period as outlined in Table 3: Analysis of Short Term Incentive Bonus included in remuneration for Executives

Table 3: Analysis of Short Term Incentive Bonus included in remuneration for Executives

Employed during the year to 30 June 2014	Bonuses included in remuneration ($)	STI vested in year (%)
Michael Gray	Nil	Nil
Matthew Scott	Nil	Nil
Stuart Clarke	Nil	Nil
Tess Lye	Nil	Nil
Melissa Morrison	Nil	Nil

(iii) Long Term Incentive Plan (LTIP)

The Company implemented a LTIP following its approval by shareholders at the Company's 2012 Annual General Meeting (AGM). The LTIP replaced the Employee Share Option Plan (ESOP) as the long-term incentive arrangement in place for employees. Executives and other senior employees were invited to participate in the plan during the Reporting Period and were awarded performance rights subject to a three-year vesting period and associated performance hurdles.

Table 4: Long Term Incentive Plan sets out the key aspects of the LTIP.

Table 4: Long Term Incentive Plan summary

Purpose	To incentivise Executives and other nominated senior leaders (participants) in a cost effective and efficient form to deliver long-term growth in shareholder value and to retain Executives during the exploration and development phase of Bandanna's projects.

<table>
<tr><td>Participants</td><td>Participants in the plan are chosen based on their ability to influence and drive the strategic direction of the business. KMP who were issued performance rights under the LTIP during the Reporting Period (FY14 Performance Rights) were the Managing Director, Michael Gray and Executives, Matthew Scott (CFO) and Stuart Clarke (CDO). Michael Gray’s participation in the LTIP was approved by shareholders at the Company 2012 AGM. There were 9 employees (including the 3 KMP) holding performance rights under the LTIP at the end of the Reporting Period.</td></tr>
<tr><td>Quantum</td><td>LTI as a maximum percentage of remuneration for KMP during the Reporting Period was:
<table>
<tr><td>Managing Director</td><td>Performance Rights
Up to 60% base salary</td><td>3-year performance period</td></tr>
<tr><td>Executives</td><td>Performance Rights
Up to 35% base salary</td><td>3-year performance period</td></tr>
</table></td></tr>
<tr><td>Performance Rights issued as remuneration</td><td>Eligible participants receive performance rights on an annual basis, subject to the approval of the Board.
The number of performance rights awarded at the beginning of a performance period are calculated using the following formula:
$$PR = \frac{AS \times (\% \text{ of LTI component of Remuneration package})}{MP}$$
Where:
PR is Performance Right
AS is Annual Base Salary
MP is Market Price of the Company’s share at date of grant. MP for the FY14 Performance Rights was $0.105.</td></tr>
<tr><td>Performance hurdles</td><td>For the FY14 Performance Rights, the performance hurdles were:
25% of the performance rights vest if Bandanna Energy has met or mitigated any port and rail infrastructure commitments in existence at 1 July 2013 that remain in existence within the consolidated group at 30 June 2016;
25% of the performance rights will vest if progress on the construction of drifts at Springsure Creek is in accordance with the Board approved schedule; and
50% of the performance rights vest if the participant remains employed as at 30 June 2016, the end of the performance period.</td></tr>
<tr><td>Assessment</td><td>Assessment of performance is undertaken by the Board at the end of each performance period. At that time the Board will determine the extent to which the performance hurdles have been satisfied and the number of performance rights that are capable of vesting and the resultant shares to be issued as a long-term incentive bonus.</td></tr>
<tr><td>Shares acquired under LTIP</td><td>Performance rights granted under the LTIP do not carry dividend or voting rights.
Each performance right that vests is entitled to be converted into one ordinary share in the Company.</td></tr>
<tr><td>Cessation of employment</td><td>If a nominated participant’s employment ceases before performance rights have vested, the participant will normally forfeit the performance rights, unless the participant dies or ceases employment in special circumstances e.g. as a result of redundancy or because the participant has become totally and permanently disabled. In addition, the Board has discretion to determine if other circumstances exist that result in the performance rights not being forfeited. In such cases, the extent to which any unvested performance rights will vest will be determined at the discretion of the Board.</td></tr>
<tr><td>Change of control</td><td>The Board has discretion to determine that some or all of the performance rights granted to participants that have not vested will vest in the event of a change of control of the Company.</td></tr>
</table>

At the date of this Report, the number of Performance Rights held granted, lapsed and exercised during the Reporting Period for Executives are set out in Table 5: Performance Rights granted, lapsed and exercised during the Reporting Period. There were no alterations to the terms and conditions of Performance Rights granted as remuneration to Executives, since their grant dates.

Table 5: Performance Rights granted, lapsed and exercised during the Reporting Period

Description of Performance Rights[1]	Held at 30 June 2013	Granted as remuneration	Fair value of grant [2]	Grant date	Vesting date	Number of Performance Rights forfeited	Held at 30 June 2014	Vested during the Reporting Period[3]	Vested and exercisable at the end of the Reporting Period
Michael Gray, Managing Director & Chief Financial Officer									
FY12 LTIP	1,061,599	Nil	$297,248	15 Nov 12	30 Jun 15	Nil	1,061,599	Nil	Nil
FY13 LTIP	Nil	2,942,857	$309,000	2 Jul 13	30 Jun 16	Nil	2,942,857	Nil	Nil
FY13 STI	Nil	775,000	$81,375	29 Nov 13	30 Jun 14	Nil	775,000	775,000	775,000
Total	1,061,599	3,717,857	$687,623			Nil	4,779,456	775,000	775,000
Matthew Scott, Chief Financial Officer									
FY12 LTIP	761,611	Nil	$258,948	1 Jul 12	30 Jun 15	Nil	761,611	Nil	Nil
FY13 LTIP	Nil	1,221,233	$128,299	2 Jul 13	30 Jun 16	Nil	1,221,233	Nil	Nil
Total	761,611	1,221,233	$387,247			Nil	1,982,844	Nil	Nil
Stuart Clarke, Chief Development Officer									
FY12 LTIP	329,639	Nil	$112,077	1 Jul 12	30 Jun 15		329,639	Nil	Nil
FY13 LTIP	Nil	1,070,337	$112,385	2 Jul 13	30 Jun 16	Nil	1,070,337	Nil	Nil
Total	329,639	1,070,337	$224,462			Nil	1,399,976	Nil	Nil
Tess Lye, Company and General Counsel									
FY12 LTIP	288,979	Nil	$98,253	1 Jul 12	30 Jun 15	288,979	0	Nil	Nil
FY13 LTIP	Nil	222,860	$78,001	2 Jul 13	30 Jun 16	222,860	0	Nil	Nil
Total	288,979	222,860	$176,254			511,839	0	Nil	Nil

1. All Performance Rights were granted under the Long Term Incentive Plan, the terms of which are summarised on page 22
2. The fair value of Performance Rights granted in the year is the fair value of the Performance Rights calculated at grant date. The amount is allocated to remuneration over the vesting period. For details on the valuation of the performance rights, including assumptions used, refer to note 35.
3. There were 775,000 performance rights owned by Michael Gray that vested on 30 June 2014 but have not yet been exercised. These performance rights were granted to Mr Gray in lieu of his annual short term incentive cash bonus earned during the 2013 financial year and approved by shareholders at the 2013 AGM. The vesting condition attached to these performance rights was continuous service up to and including 30 June 2014. This condition was satisfied by Mr Gray.
4. FY13 LTIP amounts are related to performance in the 2013 financial year. The performance rights were issued on 1 July 2013.

(c) Other remuneration information

(i) Employee Share Option Plan (ESOP)

The Board had previously adopted an Employee Share Option Plan (ESOP) as a means of rewarding and incentivising the Company's employees and the ESOP was subsequently approved by shareholders at the Company's Annual General Meeting on 12 November 2010. Options granted under the ESOP do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share in the Company. No options were issued under the ESOP during the Reporting Period.

The number of Executive options held, granted, lapsed and exercised during the Reporting Period are set in Table 6: Options granted, lapsed and exercised during the Reporting Period

Table 6: Options granted, lapsed and exercised during the Reporting Period

	Balance 1 July 2013	Options granted	Options exercised	Options lapsed	Balance 30 June 2014	Total exercisable 30 June 2014
M Scott (CFO)	2,685,397	-	-	(377,000)	2,308,397	0
Total	**2,685,397**	**-**	**-**	**(377,000)**	**2,308,397**	**0**

At the date of this Report, the unissued ordinary shares of the Company under option to the Executive listed in the previous table are as follows:

Table 7: Options over ordinary shares

	Grant date	No. of options	Expiry date	Exercise price	Trigger price	Value per option	Value	Number of share under options
M Scott	1 June 2012	2,308,397	1 June 2015	$0.745	$1.10	$0.131	$302,400	2,308,397

Notes:

Option values at grant date were determined using the Black-Scholes and/or Binomial method.

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the Consolidated Group issued to KMP during or since the Reporting Period.

(ii) Executive employment contracts

A summary of key provisions of employment contracts for Executives is set out below:

Table 8: Overview of Terms of Executive Employment Contracts

Name	Contract term	Notice to be given by Executive	Notice to be given by Company[1]	Maximum termination payment[2] ($)	Other payments[3] ($)
Michael Gray	Open	6 months	12 months	12 months (redundancy)	No
Matthew Scott	Open	6 months	12 months	12 months (redundancy)	No
Stuart Clarke	Open	6 months	12 months	12 months (redundancy)	No
Tess Lye	Open	6 months	12 months	12 months (redundancy)	No
Melissa Morrison	Fixed to 31 December 13	3 months	3 months	3 Months	No

1 *Payments may be made in lieu of notice period; Executives can also be terminated without notice for gross misconduct; The Executives are also entitled to receive, on termination of employment, their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.*

2 *Maximum termination payments are subject to termination benefits legislation outlined in the Corporations Act 2001.*

3 *Other payments include housing allowances, motor vehicle allowances and relocation allowances.*

(iii) Managing Director's shareholding and interests in the Company

The relevant interest of the Managing Director in the shares, options over shares and performance rights issued by the Company, as notified by the Directors to the ASX in accordance with s.205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

Managing Director	Ordinary shares	Options over ordinary shares	Unvested performance rights over ordinary shares	Vested but un-exercised performance rights over ordinary shares
Michael Gray	0	0	4,004,456	775,000

Refer to Table 5: Performance Rights granted, lapsed and exercised during the Reporting Period for further information

2.11.4 Non-Executive Director remuneration

(a) Components of Non-Executive Director remuneration

Non-Executive Directors received remuneration for undertaking their role during the Reporting Period and up to the date of appointment of the Administrators. They did not participate in the Company's STI or LTI plans or receive any variable remuneration. Non-Executive Directors are not entitled to retirement payments.

An increase in the aggregate Non-Executive Director remuneration cap from $500,000 to $600,000 per annum, was approved by shareholders at the 2013 Annual General Meeting to cater for an increase in Board membership which took place in 2012. Notwithstanding the increased fee pool, the Board reduced actual fees payable to Directors. The reduction took effect from the beginning of the Reporting Period. The table below compares Directors' remuneration to the prior corresponding period.

Table 9: Comparison of components of non-executive Director remuneration

Position	FY2013 remuneration ($ per annum)	FY2014 remuneration ($ per annum)
Chairman base fee	200,000	150,000
Non-Executive Director base fee	100,000	80,000
Chairman, Audit and Risk Committee	0	7,000
Member Audit and Risk Committee	0	4,000
Chairman Nomination and Remuneration Committee	0	7,000
Member Nomination and Remuneration Committee	0	4,000

(b) Additional services provided by Directors

Bandanna's constitution permits:

- additional fees to be paid to Non-Executive Directors for additional services; and
- non-executive Directors to be reimbursed for expenses properly incurred by them in attending and returning from meetings of the Directors, Committees or general meetings of the Company or otherwise in relation to the company's business.

In the Reporting Period, no Director was paid for additional services. Expenses incurred as a result of attending Board meetings and travelling on company business were reimbursed to all non-executive Directors.

(c) Non-Executive Directors’ shareholding and interests in the Company

The relevant interest of each Director in the shares or options over shares issued by the Company and other related bodies corporate, as notified by the Directors to the ASX in accordance with s205G(1) of the Corporations Act 2001, at the date of this report was:

Table 10: Non-executive Directors' shareholdings at 30 June 2014

	Balance 1 July 2013	Purchases / (sales)	Options exercised	Disposals	Balance 30 June 2014
Directors at 30 June 2014					
J Pegler	-	200,000	-	-	200,000
R Johansen	10,111,523		-	-	10,111,523
Gil Yong Ha[1]	-	-	-	-	-
Terry O’Reilly	-	-	-	-	-
Gordon Saul[2]	74,596,110	-	-	-	74,596,110
Former Directors					
Park Soon IL[1]	-	-	-	-	-

1 Gil Yong Ha is, and Park Soon IL was ,one of three Directors of SAMTAN Aures Pty Ltd which holds 56,383,003 shares in the Company at the end of the reporting period. Park Soon IL retired as a director and Mr Gil Yong Ha was appointed as a director on 20 January 2014.

2 G Saul’s shareholding balance at 30 June 2014 includes 11,750,000 Bandanna Energy shares which form part of a structured loan facility which includes a collar arrangement with UBS AG (Facility). The Facility provides Resolve Geo Pty Ltd (of which Gordon Saul is a director and shareholder) with ongoing economic exposure, within a range of prices to 11,750,000 Bandanna Energy shares. The Facility also confers the right to deliver 11,750,000 shares in Bandanna Energy to UBS AG

2.11.5 Directors' and Officers' remuneration table – year ended 30 June 2014

Details of the nature and amount of each major element of remuneration of each Director and each relevant Executive of the Company are set out in the table below:

Table 11: Benefits and payments during the Reporting Period

		Short Term Incentives										
	Year	Salary & Fees $	STI Cash Bonus (12) $	Non Monetary $	Total $	Post employment benefits: Superannuation $	Termination Benefits $	Other Long Term Employee Benefits $	Share Based Payments: Options & Performance Rights $	Total $	Proportion of Remuneration Performance Related	Value of LTI as a proportion of Remuneration
Non-Executive Directors												
John Pegler (1)	**Chairman, Independent, Non-Executive Director**											
	2014	146,053	-	6,118	152,171	13,472	-	-	-	165,643	0%	0%
	2013	182,466		1,020	183,486	16,514				200,000	0%	0%
Robert Johansen (9)	**Non-Executive Director**											
	2014	80,567	-	-	80,567	7,433	-	-	-	88,000	0%	0%
	2013	91,743			91,743	8,257				100,000	0%	0%
Terry O'Reilly (2)	**Independent, Non-Executive Director**											
	2014	129,062	-	-	129,062	11,938	-	-	-	141,000	0%	0%
	2013	-			-	-				-	0%	0%
Gordon Saul (3)	**Non-Executive Director**											
	2014	118,993	-	-	118,993	11,007	-	-	-	130,000	0%	0%
	2013	-			-	-				-	0%	0%
Gil Yong Ha (4)	**Non-Executive Director**											
	2014	39,996	-	-	39,996	-	-	-	-	39,996	0%	0%
	2013	-			-	-				-	0%	0%
Executive Director												
Michael Gray (5)	**Managing Director and Chief Executive Officer**											
	2014	534,937	-	11,874	546,811	25,000	-	-	309,000	880,811	0%	35%
	2013	481,261	-	8,162	489,423	25,000			378,623	893,046	0%	42%
Former Non-Executive Directors												
Park Soon IL (6)	**Non-Executive Director**											
	2014	39,996	-	-	39,996	-	-	-	-	39,996	0%	0%
	2013	99,996			99,996	-				99,996	0%	0%
Total Directors	**2014**	**1,089,604**	**-**	**17,992**	**1,107,596**	**68,850**	**-**	**-**	**309,000**	**1,485,446**	**0%**	**21%**
	2013	**855,466**	**-**	**9,182**	**864,648**	**49,771**	**-**	**-**	**378,623**	**1,293,042**	**0%**	**29%**

Current Executives												
Matthew Scott	**Chief Financial Officer**											
	2014	374,343	-	8,065	382,408	25,000	-	-	128,229	535,637	0%	24%
	2013	374,343	76,938	9,362	460,643	25,000			258,948	744,591	10%	35%
Stuart Clarke	**Chief Development Officer**											
	2014	325,000	-	7,525	332,525	25,000	-	-	112,385	469,910	0%	24%
	2013	325,000	56,038	9,362	390,400	25,000			112,077	527,477	11%	21%
Former Executives (7)												
Tess Lye	2014	203,126	-	6,952	210,078	13,428	-	-	13,107	236,613	0%	6%
	2013	261,887	39,001	9,362	310,250	21,040			98,253	429,543	9%	23%
Melissa Morrison (1	2014	121,841	-	7,571	129,412	17,775	115,836	-	-	263,023	0%	0%
	2013	112,523	20,346	6,082	138,951	10,449				149,400	14%	0%
Total Executives	**2014**	**1,024,310**	**-**	**30,113**	**1,054,423**	**81,203**	**115,836**	**-**	**253,721**	**1,505,183**	**0%**	**17%**
	2013	**1,073,753**	**192,323**	**34,168**	**1,300,244**	**81,489**	**-**	**-**	**469,278**	**1,851,011**	**10%**	**25%**
TOTAL	**2014**	**2,113,914**	**-**	**48,105**	**2,162,019**	**150,053**	**115,836**	**-**	**562,721**	**2,990,629**	**0%**	**19%**
TOTAL	**2013**	**1,929,219**	**192,323**	**43,350**	**2,164,892**	**131,260**	**-**	**-**	**847,901**	**3,144,053**	**6%**	**27%**

1. John Pegler was Chairman and Director for the entire Reporting Period. He resigned from the Board on 10 December 2014.

2-3. Commenced as Directors on 1 January 2013. Terry O'Reilly and Gordon Saul were entitled to remuneration for services as non-executive Directors at the rate of $100,000 per annum each for the 2013 financial year. Terry O'Reilly and Gordon Saul did not receive any remuneration for their services to 30 June 2013. Payment to Terry O'Reilly and Gordon Saul for remuneration for the period 1 January 2013 to 30 June 2013 was approved by shareholders at the Company's AGM in November 2013. Terry O'Reilly and Gordon Saul were remunerated in FY14 for service in both the 2013 and 2014 financial year. Terry O'Reilly and Gordon Saul resigned as Directors on 6 February 2015.

4. Appointed to the Board 20 January 2014. Fees paid to Samtan Co Ltd under Services Agreement between Bandanna Energy Limited and Samtan Co. Ltd.
5. Michael Gray received 775,000 performance rights in November 2013 following approval by shareholders at the 2013 AGM in lieu of receiving his cash bonus f($81,375) for performance during the 2013 financial year.
6. Retired from the Board 20 January 2014. Fees paid to Samtan Co Ltd under Services Agreement between Bandanna Energy Limited and Samtan Co. Ltd.
7. Tess Lye resigned on 30 April 2014. Melissa Morrison resigned on 7 February 2014.
8. 2013 STI payments were paid in September 2013.
9. Robert Johansen resigned as a Director on 23 January 2015.
10. 2014 Share based payments are performance rights issued on 1 July 2013 and related to the 2013 financial year.

End of Remuneration Report

2.12 DIVIDENDS AND EARNINGS PER SHARE

Performance metrics used for prior reporting periods is provided in the table below.

The Directors did not recommend the payment of a dividend. No dividend was declared or paid during the period
(30 June 2013: Nil).

Table 12: Performance metrics

	2014	2013	2012	2011	2010	2009
EPS (cents)	(2.26)	(1.44)	0.60	(1.09)	(3.76)	(0.22)
Dividend (cents per share)	-	-	-	-	-	-
Net Profit / Loss ($000)	(11,950)	(7,590)	3,100	(4,351)	(13,455)	(722)
Share Price* ($)	0.08	0.10	0.8119	1.7195	0.6786	3.0276

* *On 16 September 2008, a 1 for 10 consolidation of Enterprise Energy Limited's shares occurred. The 2008 and 2009 share prices have been adjusted to reflect this consolidation. Shares were suspended from trading on 22 May 2014*

2.13 ENVIRONMENTAL REGULATION

The Company is subject to significant environmental regulation in respect of its operated and non-operated interests in the Tenements. The Company is committed to achieving a high standard of environmental performance.

The Company's 50% interest in SGCP is managed by Alpha Coal Management Pty Ltd, a wholly owned subsidiary of AMCI (Alpha) Pty Ltd. To the knowledge and belief of the Company, during the Reporting Period the manager of the SGCPJV complied with its statutory environmental management obligations, predominantly under the *Environment Protection Act 1994* (Cth).

The Company became aware of potential non-compliances with some conditions of Environmental Authorities issued for EPC 891 (Springsure Creek) and EPC 881 (Dingo West) during the Reporting Period. These potential non-compliances relate to reporting and rehabilitation. The Company is presently liaising with the Department of Environment and Heritage Protection (DEHP) in this regard, however, has not to date received any confirmation of non-compliance from the DEHP. To the extent that any non-compliance is confirmed by DEHP, the Company will continue working with the DEHP to rectify any confirmed non-compliances.

The Board is not otherwise aware of any breach or potential breach of any environmental regulations as they apply to the Company.

2.14 LEGAL PROCEEDINGS ON BEHALF OF THE CONSOLIDATED GROUP

No person has applied for leave of Court to bring proceedings on behalf of a member of the Consolidated Group or intervene in any proceedings to which a member of the Consolidated Group is a party for the purpose of taking responsibility on behalf of the relevant company for all or any part of those proceedings.

No member of the Consolidated Group was a party to any such proceedings during the Reporting Period.

2.15 INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company has given indemnity to the Directors and Officers of the Company against any liabilities incurred by the Directors and Officers that may arise from their position as Directors and Officers of the Company or the Consolidated Group, or from their positions as Directors and Officers of other entities assumed in the course of, and associated with, their role with the Company. No costs were incurred during the Reporting Period pursuant to this indemnity.

2.16 UNISSUED SHARES UNDER PERFORMANCE RIGHTS/ SHARE OPTIONS

2.16.1 Unissued shares under Performance Rights

Unissued shares of the Company under Performance Rights at the date of this report are:

Table 13: Unissued Shares under Performance Rights

Vesting date	Held at the date of this Report
30 June 2014	775,000
30 June 2015	2,152,849
30 June 2016	7,001,790
Total	**9,929,639**

2.16.2 Unissued shares under options

Unissued shares under options at the date of this Report are:

Table 14: Unissued Shares under Options

Exercise price	Expiry date	Number of options
$0.745	1 June 2015	2,308,397
$1.50	5 years after vesting	20,000,000

2.17 2014 ANNUAL GENERAL MEETING

On 13 November 2014, the Administrators advised they had received an extension of time from ASIC to hold the Annual General Meeting (AGM). The time by which the Company may hold its AGM has been extended from 30 November 2014 to the earlier of 22 June 2015 or 3 months after the Company lodges its financial reports.

2.18 INSURANCE PREMIUMS FOR DIRECTORS' AND OFFICERS' INSURANCE

The Company has insured all of the Directors and Officers of the Company. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

2.19 NON-AUDIT SERVICES

There were no non-audit services provided by Grant Thornton during the Reporting Period. No fees were paid or payable to Grant Thornton for consultancy services provided during the year ended 30 June 2014.

2.20 AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 32.

2.21 ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Administrators' report. Amounts in the Administrators' report have been rounded off in accordance with that Class Order to the nearest dollar.

2.22 AUDITORS INDEPENDENCE DECLARATION

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Auditor's Independence Declaration
To the Members of Bandanna Energy Limited (Administrators Appointed)

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Bandanna Energy Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Andrew Newman
Partner - Audit & Assurance

Brisbane, 10 March 2015

2.23 FINANCIAL STATEMENTS

Bandanna Energy Limited ABN 34 009 356 665
Financial Statements - 30 June 2014

Contents

	Notes	**Consolidated Group Year ended 30 June 2014 $**	30 June 2013 $
Continuing operations			
Other revenue	4	**3,812,257**	12,120,221
Employee benefits expense	5	**(6,294,193)**	(6,105,580)
Share based payment expense		**(517,856)**	(397,822)
Impairment expense	5	**(48,747)**	(2,619,946)
Depreciation and amortisation expense	5	**(129,504)**	(105,895)
Administration expense	5	**(4,531,664)**	(6,712,113)
Other expenses		**(156,916)**	(91,456)
Finance costs	5	**(4,083,373)**	(3,677,718)
(Loss)/Profit before income tax		**(11,949,996)**	(7,590,309)
Income tax benefit/(expense)	6	**-**	-
(Loss)/Profit for the year		**(11,949,996)**	(7,590,309)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year is attributable to:			
Owners of Bandanna Energy Limited		**(11,949,996)**	(7,590,309)
		Cents	Cents
Earnings per share for profit from continuing and discontinued operations attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	34	(2.26)	(1.44)
Diluted earnings per share (cents per share)	34	(2.26)	(1.44)
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	34	(2.26)	(1.44)
Diluted earnings per share (cents per share)	34	(2.26)	(1.44)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Consolidated Group **30 June 2014 $**	30 June 2013 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**72,431,567**	74,479,340
Trade and other receivables	8	**978,887**	938,223
Inventories	9	**-**	87,081
Assets held for sale	10	**-**	47,062,313
Other current assets	11	**815,635**	1,684,914
Total current assets		**74,226,089**	124,251,871
Non-current assets			
Trade and other receivables	12	**625,209**	610,181
Financial assets	16	**1**	1
Property, plant and equipment	13	**24,264,764**	9,417,712
Exploration and evaluation assets	14	**90,978,566**	67,023,462
Intangible assets	15	**2,362,626**	2,362,626
Other non-current assets	17	**178,688**	182,125
Total non-current assets		**118,409,854**	79,596,107
Total assets		**192,635,943**	203,847,978
LIABILITIES			
Current liabilities			
Trade and other payables	18	**2,745,363**	2,648,551
Employee benefits	20	**272,530**	194,291
Other current liabilities	19	**140,570**	111,343
Total current liabilities		**3,158,463**	2,954,185
Non-current liabilities			
Employee benefits	21	**33,092**	17,264
Total non-current liabilities		**33,092**	17,264
Total liabilities		**3,191,555**	2,971,449
Net assets		**189,444,388**	200,876,529
EQUITY			
Issued capital	22	**217,484,381**	217,484,381
Reserves	23(a)	**2,003,099**	1,713,892
Retained earnings	23(c)	**(30,043,092)**	(18,321,744)
Total equity		**189,444,388**	200,876,529

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

		Attributable to owners of Bandanna Energy Limited			
Consolidated entity	Notes	**Share Capital**	**Share-based payments reserve (i)**	**Retained earnings**	**Total**
		$	**$**	**$**	**$**
Balance at 1 July 2012		217,484,381	2,523,320	(13,140,685)	206,867,016
Total comprehensive income for the year		-	-	(7,590,309)	(7,590,309)
Transactions with owners in their capacity as owners:					
Performance Rights granted	23(a)	-	189,453	-	189,453
Options granted	23(a)	-	1,410,369	-	1,410,369
Options lapsed	23(a)	-	(2,409,250)	2,409,250	-
Subtotal		-	(809,428)	(5,181,059)	(5,990,487)
Balance at 30 June 2013		**217,484,381**	**1,713,892**	**(18,321,744)**	**200,876,529**
Balance at 1 July 2013		217,484,381	1,713,892	(18,321,744)	200,876,529
Total comprehensive income for the year		-	-	(11,949,996)	(11,949,996)
Transactions with owners in their capacity as owners:					
Performance Rights granted	23(a)	-	566,276	-	566,276
Performance Rights lapsed	23(a)	-	(48,421)	-	(48,421)
Options lapsed	23(a)	-	(228,648)	228,648	-
Subtotal		-	289,207	(11,721,348)	(11,432,141)
Balance at 30 June 2014		**217,484,381**	**2,003,099**	**(30,043,092)**	**189,444,388**

(i) Share-based payments reserve represents the fair value of share options and Performance Rights granted, but not exercised.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Consolidated Group Year ended 30 June 2014 $	30 June 2013 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of goods and services tax)		**(11,584,315)**	(12,464,168)
Interest received		**3,646,536**	3,826,247
Costs of finance		**(3,470,581)**	(4,821,840)
Net cash (outflow) from operating activities	24	**(11,408,360)**	(13,459,761)
Cash flows from investing activities			
Payments for property, plant and equipment		**(15,455,765)**	(455,589)
Proceeds from sale of Preference Securities		**47,062,313**	-
Proceeds from rental income		**250,250**	288,750
Payments for exploration activities		**(21,916,211)**	(21,493,871)
Contributions to joint operations		**(580,000)**	(2,956,022)
Payments for intangible assets		**-**	(2,362,626)
Net cash inflow (outflow) from investing activities		**9,360,587**	(26,979,358)
Net cash inflow from financing activities		**-**	-
Net (decrease)/ in cash and cash equivalents		**(2,047,773)**	(40,439,119)
Cash and cash equivalents at the beginning of the financial year		**74,479,340**	114,918,459
Cash and cash equivalents at end of year	7	**72,431,567**	74,479,340

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Bandanna Energy Limited and its subsidiaries. Bandanna Energy Limited is a company limited by shares, incorporated and domiciled in Australia.

(a) Basis of preparation

Bandanna Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report was prepared by the Administrators who were not in control of the Company at the time the Group entered voluntary administration or for the period presented in this report. The Administrators who prepared this financial report were appointed on 22 September 2014. To prepare the financial report, the Administrators have had to rely upon the books and records of the Company and its subsidiaries, its staff and external service providers.

Consequently, although the Administrators have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position.

(i) Going concern

On 22 September 2014, the board of Bandanna Energy Limited and the board of each of Bandanna Coal Pty Ltd, Springsure Creek Coal Pty Ltd and Springsure Property Holdings Pty Ltd (Group) respectively resolved to place Bandanna Energy Limited and each of the companies in the Bandanna Group into voluntary administration.

The board of Bandanna Energy Limited resolved to appoint Grant Sparks, Martin Ford and Phillip Carter of PPB Advisory as joint and several voluntary administrators of Bandanna Energy Limited and the board of each company in the Group resolved to appoint these persons as voluntary administrators of each company in the Group.

The board of Bandanna Energy Limited determined by majority decision that an agreement with its financier Credit Suisse could not be reached. With no direct improvement in Bandanna's financial position and with limited ability to raise additional funds to progress the grant of the mining lease, the Board made a decision that the appointment of voluntary administrators was the appropriate course of action.

On 21 October 2014, Credit Suisse AG appointed David Winterbottom and Robert Hutson of Korda Mentha as joint receivers and managers of Springsure Creek Coal Pty Ltd and Springsure Property Holdings Pty Ltd.

On 18 February 2015 Messrs Grant Sparks, Martin Ford and Philip Carter from PPB Advisory were appointed as voluntary administrators (Administrators) of Advocate Holdings Pty Ltd (Administrators Appointed), Alpha Coal Pty Ltd (Administrators Appointed), Arcadia Coal Pty Ltd (Administrators Appointed), Bandanna Oil Shale Pty Ltd (Administrators Appointed), Carnarvon Coal Pty Ltd (Administrators Appointed), Denison Coal Pty Ltd (Administrators Appointed), Dingo West Coal Pty Ltd (Administrators Appointed), Dingo West Property Holdings Pty Ltd (Administrators Appointed), DJB Coal Pty Ltd (Administrators Appointed), Enterprise Energy Pty Ltd (Administrators Appointed), Fernlee Coal Pty Ltd (Administrators Appointed), Gemini Energy Pty Ltd (Administrators Appointed), Springsure Agricultural Holdings Pty Ltd (Administrators Appointed), Traditional Oil Exploration Proprietary Limited (Administrators Appointed) and Waitara Coal Pty Ltd (Administrators Appointed).

The Voluntary Administrators are working with the Group's management team to fully understand the options available to the Group. This may include seeking expressions of interest to purchase the business and assets or a restructure/ recapitalisation of the Group at an appropriate time.

As at the date of this report, there is a material uncertainty that may cast significant doubt on whether the Group will continue as a going concern and therefore whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements

The Voluntary Administrators have applied the requirements of paragraph 25 of AASB 101 "Presentation of Financial Statements" to adopt the going concern basis for the preparation of the financial statements, on the basis that at the time of signing the financial statements, the Voluntary Administrator does not intend to liquidate the company or cease trading and consider that there are realistic alternatives to doing so.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Compliance with IFRS

The consolidated financial statements of the Bandanna Energy Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(iii) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for available-for-sale financial assets, financial assets and liabilities (including derivative instruments) certain classes of property, plant and equipment and investment property - measured at fair value.

(iv) New and amended standards adopted by the group

The Group has applied the following standards and amendments for the first time for this annual reporting period commencing 1 July 2013:

- AASB 2012-10 *Amendments to Australian Accounting Standards - Transition Guidance and other Amendments* which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*
- AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* and
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The Group elected to adopt the following accounting standards to the annual reporting period beginning 1 July 2012. These standards are now mandatory.

- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* and *AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments* (effective 1 January 2013)

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 9 Financial Instruments (December 2014)	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.	The entity has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018.	Must be applied for financial years commencing on or after 1 January 2018

* The mandatory application of this standard may be further deferred once the IASB has agreed on a mandatory date for the equivalent international standard.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(vi) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Bandanna Energy Limited as at 30 June 2014 and the results of all controlled entities for the year then ended. Bandanna Energy Limited and its controlled entities together are referred to in this financial report as the Group or the consolidated entity. A list of controlled entities is contained in note 31.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see below (iv)), after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(iii) Joint arrangements

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

Bandanna Energy Limited Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 32.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary, to ensure consistency with the policies adopted by the Group.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Bandanna Energy Limited.

(v) Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Bandanna Energy Limited's functional and presentation currency.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue for other business activities is recognised on the following basis:

(i) Interest income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

(ii) Dividends

Dividends are recognised as revenue when the right to receive payment is established. Dividends received from associates and joint entities are accounted for in accordance with the equity method of accounting.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted in Australia at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant tax authority.

(ii) Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

1 Summary of significant accounting policies (continued)

(f) Income tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(iii) Tax consolidation

Bandanna Energy Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. As a result of Bandanna Energy Limited's acquisition of Bandanna Coal Pty Ltd, Bandanna Coal Pty Ltd and its subsidiaries joined the Bandanna Energy Limited tax consolidated group effective 3 October 2008.

The head entity, Bandanna Energy Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Bandanna Energy Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Bandanna Energy Limited for any current tax payable assumed and are compensated by Bandanna Energy Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Bandanna Energy Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 28). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the ;

1 Summary of significant accounting policies (continued)

(h) Business combinations (continued)

- fair values of the assets transferred;
- equity interests issued by the Group;
- liabilities incurred;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of ten months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1 Summary of significant accounting policies (continued)

(l) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Investments and other financial Instruments

Classification

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period. See note for details about each type of financial asset.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (notes 8 and 12) in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

1 Summary of significant accounting policies (continued)

(m) Investments and other financial Instruments (continued)

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Amortised cost is calculated as:
1. the amount at which the financial asset or financial liability is measured at initial recognition;
2. less principal repayments;
3. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
4. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

1 Summary of significant accounting policies (continued)

(m) Investments and other financial Instruments (continued)

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Financial assets - reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(n) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(o) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

1 Summary of significant accounting policies (continued)

(o) Property, plant and equipment (continued)

Buildings	15 - 40 years
Plant & equipment	3 - 30 years
Motor vehicles	5 years
Furniture, fittings & equipment	3 - 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

(p) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Land acquired for the purposes of mining is classified as property.

Minimum expenditure commitments associated with exploration tenements are outlined in note 28(a)

(q) Intangible assets

Water access rights

The consolidated entity holds water access rights which have been determined to have an indefinite life, therefore not subject to amortisation. The water access rights have been recognised at cost and are assessed on an annual basis for impairment.

The Group considers that intangible assets have indefinite lives when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Factors considered in making this determination include the existence of contractual rights for unlimited terms.

1 Summary of significant accounting policies (continued)

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(s) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(t) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave which are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(iii) Share-based payments

The Consolidated Entity operates equity settled share-based payment employee Performance Rights and option schemes.

The fair value of the equity to which employees become entitled under the Performance Rights Plan is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of Performance Rights is ascertained as the market price on grant date. The number of Performance Rights expected to vest is reviewed and adjusted at each reporting date, such that the amount recognised for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

The fair value of the equity to which employees become entitled under the options scheme is measured at grant date and recognised as an expense in the period the option is granted, with a corresponding increase to an equity account. The fair value of options is ascertained using a Black-Scholes or Binomial pricing model which incorporates all market vesting conditions.

1 Summary of significant accounting policies (continued)

(u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Group's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Bandanna Energy Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Bandanna Energy Limited.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(x) MRRT

The MRRT legislation was repealed with effect from 1 October 2014. No MRRT expense of deferred tax balances have been recognised in the accounts, on the basis that Bandanna is still in the process of finalising development of its key projects.There is not expected to be any impact on Bandanna as a result of the repeal.

2 Critical accounting estimates and judgements

(a) Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage, which permits a reasonable assessment of the existence of reserves.

(b) Impairment

The Group considers annually whether there has been any indicators of impairment and then tests whether non-current assets have suffered any impairment, in accordance with the accounting policy stated in note 1(i)

Asset impairment has been considered and disclosed as part of each individual asset note. (note 13 , 14 and 15)

(c) Joint Arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Bandanna Energy Limited has assessed the nature of its joint arrangements and has determined them to be a joint operation. Bandanna Energy Limited has recognised its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in Note 32.

(d) Performance Rights

The Groups Performance Rights Plan provides for the issue of Performance Rights which, upon a determination by the Board that performance conditions attached to the Performance Rights have been met, will result in the issue of one ordinary share in the Company for each Performance Right.

The value of performance rights, determined at grant date, is expensed over the vesting period of the right and adjusted following assessment of the probability of achieving performance conditions.

3 Financial risk management

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and loans to and from subsidiaries. The main purpose of non-derivative financial instruments is to raise finance for the group operations.

The Group holds the following financial instruments:

	Notes	Consolidated Group 30 June 2014 $	 30 June 2013 $
Financial assets			
Cash and cash equivalents	7	**72,431,567**	74,479,340
Trade and other receivables	8, 12	**1,604,096**	1,548,404
Assets held for sale	10	**-**	47,062,313
		74,035,663	123,090,057
Financial liabilities			
Trade and other payables	18	**2,745,363**	2,648,551
		2,745,363	2,648,551

Treasury Risk Management

Treasury risk management is addressed by the Audit and Risk Committee as required, to assist the consolidated group in meeting its financial targets whilst minimising potential adverse effects on financial performance.

Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are cash flow and fair value interest rate risk, credit risk and liquidity risk.

(a) Market risk

Cash flow and fair value interest rate risk

Interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates. The Consolidated Group's exposure to interest rate risk arises from cash and cash equivalent assets bearing variable interest rates as the consolidated entity intends to hold fixed rate assets to maturity.

As at the end of the reporting period, the Group had cash and cash equivalents of $72,431,567 (2013: $74,479,340) The weighted average interest rate on these assets was 2.58% (2013: 3.77%).

During the reporting period the Group received interest payments of $3,452,757 from interest bearing investments. There were no interest payments made during the period.

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

3 Financial risk management (continued)

(a) Market risk (continued)

Consolidated entity	Impact on post-tax profit	
	2014	2013
	$	$
Interest rates - increase by 100 basis points	**724,315**	794,793
Interest rates - decrease by 100 basis points	**(724,315)**	(794,793)
Consolidated entity	**Impact on equity**	
	2014	2013
	$	$
Interest rates - increase by 100 basis points	**724,315**	794,793
Interest rates - decrease by 100 basis points	**(724,315)**	(794,793)

Bank Guarantees

As at 30 June 2014, the Consolidated Group had provided:

- a bank guarantee of $52,000,000 under the Take or Pay Agreement with the Wiggins Island Coal Export Terminal;
- a bank guarantee of $15,300,000 under the Wiggins Island Rail Project Deed for the provision of rail infrastructure;
- a bank guarantee of $4,054,800 under an agreement with Gladstone Ports Corporation for the provision of port services;
- a bank guarantee of $848,000 under an agreement with Pacific National Pty Ltd to perform Rail haulage services;
- a bank guarantee of $284,901 under the Feasibility Funding Deed to support Bandanna's share of the feasibility costs for Stage 2 expansion of the Wiggins Island Coal Export Terminal development;
- a bank guarantee of $62,500 with The State of Queensland for compliance in respect to Strategic Cropping land at Springsure Creek; and
- a bank guarantee of $132,192 for security in relation to Brisbane office leases.

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is carrying the amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Securities are held with recognised banks within Australia.

(c) Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows. At the reporting period date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities:

	Less than 1 month	**1 - 3 months**	**3 months to 1 year**
At 30 June 2014	**$**	**$**	**$**
Trade payables	**21,801**	**-**	**-**
Other short-term financial liabilities	**2,294,894**	**428,668**	**-**
Total	**2,316,695**	**428,668**	**-**
At 30 June 2013			
Trade payables	327,782	-	-
Other short-term financial liabilities	1,430,752	890,017	-
Total	1,758,534	890,017	-

4 Revenue

	Notes	Consolidated Group Year ended 30 June 2014 $	30 June 2013 $
From continuing operations			
Sales revenue			
Sales		**-**	-
Total sales revenue		**-**	-
Other revenue			
Interest received	4(a)	**3,452,757**	11,735,221
Rental income - Property		**308,000**	385,000
Rental Income - Water		**50,000**	-
Compensation received		**1,500**	-
Total other revenue		**3,812,257**	12,120,221
Total revenue		**3,812,257**	12,120,221

(a) Interest revenue from

	Notes	2014 $	2013 $
Financial institutions		**3,452,273**	3,666,015
Interest recognised on unwinding of WIPS discount	10	**-**	8,068,558
SGCP Interest - 50% Share	32(a)	**484**	648
		3,452,757	11,735,221

(b) Income from continuing operations and discontinued operations

		2014 $	2013 $
Income attributable to members of the parent entity		**3,812,257**	12,120,221

5 Expenses

	Notes	Consolidated Group Year ended 30 June 2014 $	30 June 2013 $
Profit before income tax includes the following specific expenses:			
Employee expenses			
Employee benefits expense		**4,043,650**	4,236,088
Directors fees		**598,229**	498,976
Superannuation expense		**315,340**	256,116
Employee expense on-costs		**1,336,974**	1,114,400
Total employee expenses		**6,294,193**	6,105,580
Administrative expenses			
Accounting, secretarial & tax fees		**184,684**	195,793
Audit fees	26	**59,376**	62,098
Transactional services fees		**1,024,321**	1,190,767
Consultancy fees		**765,256**	996,996
Legal fees		**182,790**	1,432,167
Listing & compliance fees		**127,608**	152,250
Insurance		**162,989**	150,198
Rental expense on operating leases		**376,171**	612,964
Other administrative expenses		**1,648,469**	1,918,880
Total administrative expenses		**4,531,664**	6,712,113
Impairment			
WIPS write-down to NRV	10	**-**	2,561,554
Write-down oil shale exporation asset	14	**48,747**	58,392
Total impairment		**48,747**	2,619,946
Depreciation			
Plant and equipment	13	**129,504**	105,895
Total depreciation		**129,504**	105,895
Finance costs			
Guarantee fees and bank charges		**4,083,373**	3,677,718
Total finance costs		**4,083,373**	3,677,718

6 Income tax expense

(a) Income tax expense

	Consolidated Group Year ended 30 June 2014 $	30 June 2013 $
Current tax	**-**	-
Deferred tax	**-**	-
	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated Group Year ended 30 June 2014 $	30 June 2013 $
Profit from continuing operations before income tax expense	**(11,949,996)**	(7,590,309)
Tax at the Australian tax rate of 30.0% (2013 - 30.0%)	**(3,584,999)**	(2,277,093)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments expensed during the year	**155,357**	119,346
Impairment expense	**14,624**	785,984
Amortisation of capital raising costs	**(613,110)**	(595,130)
	(4,028,128)	(1,966,893)
Income tax losses and temporary differences for which deferred tax asset not yet recognised	**4,028,128**	1,966,893
Income tax expense	**-**	-

Unrecognised deferred tax balance

On 3 October 2008, Bandanna Energy Limited (formerly Enterprise Energy Limited) acquired 100% of the issued capital of Bandanna Coal Pty Ltd. At the time of this business combination, Bandanna Coal Pty Ltd and its subsidiaries joined the Bandanna Energy Limited consolidated tax group. As a result of this transaction, tax losses have been generated. These losses have a potential tax benefit in future periods. The Directors have determined that the deferred tax balances do not meet the recognition criteria as at 30 June 2014.

The benefit of the net unrecognised deferred tax asset will only be obtained if:

- the Group derives future taxable profit of a nature and an amount sufficient to enable the benefit to be realised;
- the Group continues to comply with the deductibility imposed by the law; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(c) Unrecognised temporary differences

Aggregate amounts of temporary differences and unused tax losses for which no deferred tax balances have been recognised

6 Income tax expense (continued)

(c) Unrecognised temporary differences (continued)

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
Net unrecognised deferred tax asset at beginning of the year	**(51,874,453)**	(49,907,561)
Total income tax losses for which no deferred tax asset has been recognised in the current year	**(10,946,997)**	(11,771,522)
Tax charge relating to components of comprehensive income	**-**	-
Temporary differences for which no deferred tax asset/(liability) has been recognised in the current year	**6,918,870**	9,804,629
Net unrecognised deferred tax asset	**(55,902,580)**	(51,874,454)

7 Current assets - Cash and cash equivalents

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
Current assets		
Cash at bank and in hand	**49,749,174**	7,152,047
Short-term bank deposits	**22,682,393**	67,327,293
	72,431,567	74,479,340

The effective interest rate on short-term bank deposits was 2.78% (2013: 3.82%). These deposits have an average maturity of 216 days (2013: 92 days). Guarantees to the amount of $22,682,393 (2013: $22,827,294) are secured by short-term deposits. Refer to note 27.

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
Cash and equivalents	**72,431,567**	74,479,340
Bank overdrafts	**-**	-
Balances per consolidated statement of cash flows	**72,431,567**	74,479,340

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

8 Current assets - Trade and other receivables

	Consolidated Group	
	30 June 2014	30 June 2013
	$	$
Other receivables	**978,887**	938,223
	978,887	938,223

Due to the short term nature of these receivables, their carrying amount is assumed to be fair value.

Other receivables is comprised of the following:

(i) Interest accrued on term deposits;
(ii) Goods and services tax receivable; and
(iii) Rental income receivable.

Rent receivable of $254,100 is past due at reporting date but expected to be recovered in full. Therefore no impairment has been recognised.

9 Current assets - Inventories

	Consolidated Group	
	30 June 2014	30 June 2013
At net realisable value	**$**	$
Stores	**-**	87,081
	-	87,081

(a) Amounts recognised in profit or loss

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2014 amounted to $87,081 (2013: $19,635). The expense has been included in 'other expenses' in profit or loss.

10 Current assets - Assets held for sale

		Consolidated Group	
		30 June 2014 $	30 June 2013 $
Unlisted securities			
Wiggins Island Preference Securities		**-**	47,062,313
		-	47,062,313
	Notes		
Movements in Carrying Amounts			
Balance at beginning of the year		**47,062,313**	41,555,309
Unwind discount on preference equity	4(a)	**-**	8,068,558
Write down to net realisable value	5	**-**	(2,561,554)
Sale of Preference Securities		**(47,062,313)**	-
		-	47,062,313

On 8 July 2013, Bandanna Energy announced the sale of its preference equity in Wiggins Holdings Pty Ltd (WIPs) with net proceeds of $47,062,313 received. Bandanna maintains its 14% shareholding in Wiggins Island Coal Export Terminal (WICET) Stage 1 at Gladstone and its port allocation of 4Mtpa under a Take or Pay Agreement, together with its representation on the WICET Board.

(a) Impairment Losses

The impairment loss recognised in the statement of comprehensive income, relating to assets held for resale at year end was $nil (2013: $2,561,554). Prior year impairment losses relate to the revaluation of Wiggins Island Preference Securities (WIPS) to the recoverable amount.

11 Current assets - Other

	Notes	Consolidated Group 30 June 2014 $	30 June 2013 $
Prepayments - General		**733,780**	1,421,358
Security deposits		**78,370**	72,870
Current assets held by joint operation	32(a)	**3,485**	190,686
		815,635	1,684,914

12 Non-current assets - Trade and other receivables

	Consolidated Group 30 June 2014 $	30 June 2013 $
Trade receivables	**625,209**	610,181
	625,209	610,181

The balance as at 30 June 2014 represents feasibility funding for expansion stages of Wiggins Island Coal Export Terminal (WICET), which is repayable on financial close of expansion stage WEXP2 if there are sufficient funds available.

13 Non-current assets - Property, plant and equipment

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
Freehold land		
Gross value	**22,981,089**	8,201,241
Accumulated depreciation	**-**	-
	22,981,089	8,201,241
Freehold buildings		
Gross value	**602,083**	637,769
Accumulated depreciation	**(15,445)**	(3,062)
	586,638	634,707
Plant and equipment		
Gross value	**833,130**	817,582
Accumulated depreciation	**(389,450)**	(322,615)
	443,680	494,967
Furniture and fittings		
Gross value	**94,292**	94,292
Accumulated depreciation	**(25,935)**	(15,135)
	68,357	79,157
Work in Progress		
Gross value	**185,000**	7,640
Accumulated depreciation	**-**	-
	185,000	7,640
	24,264,764	9,417,712

(a) Movements in carrying amounts

Consolidated entity	**Freehold land $**	**Freehold buildings $**	**Plant and equipment $**	**Furniture and fittings $**	**Work in progress $**	**Total $**
Year ended 30 June 2014						
Opening net book amount	8,201,241	634,707	494,967	79,157	7,640	9,417,712
Additions	-	-	-	-	14,986,049	14,986,049
Disposals	-	-	(9,493)	-	-	(9,493)
Transfers to capital and other movements	14,779,848	(35,686)	64,527	-	(14,808,689)	-
Depreciation charge	-	(12,383)	(106,321)	(10,800)	-	(129,504)
Closing net book amount	22,981,089	586,638	443,680	68,357	185,000	24,264,764

(b) Property Plant and Equipment Impairment Testing

Property Plant and Equipment has been tested for impairment at the end of the period. The recoverable amount of these assets has been determined based on the higher of the assets' fair value less costs to sell and value in use. Recoverable amount assessments on Land and Buildings are principally based on discounted cashflow (DCF) analysis as part of a cash generating unit. While the recoverable amount is supported by DCF analysis, changes in commodity price assumptions and exchange rates can have a significant impact on the model. There is significant uncertainty surrounding the recoverability of these assets pending the outcome of the Administration process.

14 Non-current assets - Exploration and evaluation

	Notes	Consolidated Group **30 June 2014 $**	 30 June 2013 $
Exploration and evaluation			
Exploration and evaluation assets		**90,978,566**	67,023,462
		90,978,566	67,023,462

	Notes		
Movements in carrying amounts			
Balance at beginning of the year		**67,023,462**	43,673,235
Amounts capitalised during the year		**23,188,967**	20,498,739
Amounts capitalised during the year - joint operation		**814,884**	2,909,880
Impairment write-down of exploration assets	14(b)	**(48,747)**	(58,392)
		90,978,566	67,023,462

(a) Exploration and Evaluation Impairment Testing

Exploration and evaluation expenditure has been tested for impairment at the end of the period. The recoverable amount of these assets has been determined based on the higher of the assets' fair value less costs to sell and value in use. Recoverable amount assessments are principally based on discounted cashflow (DCF) analysis and independent external reports. While the recoverable amount is supported by DCF analysis, changes in commodity price assumptions and exchange rates can have a significant impact on the model. There is also significant uncertainty surrounding the recoverability of these assets pending the outcome of the Administration process.

(b) Impairment losses

The impairment loss relating to exploration assets, recognised in the statement of comprehensive income during the year, was $48,747 (2013: $58,392). The impairment loss has been recognised on the write-down of capitalised exploration for the oil shale tenements in Bandanna Oil Shale Pty Ltd.

15 Non-current assets - Intangible assets

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
Water access rights		
Gross value	**2,362,626**	2,362,626
	2,362,626	2,362,626

Movements in carrying amounts		
Opening net book amount	**2,362,626**	-
Acquisition of water access rights	**-**	2,362,626
	2,362,626	2,362,626

(a) Intangible Asset Impairment Testing

Intangible assets have been tested for impairment at the end of the period. The recoverable amount of these assets has been determined based on the higher of the assets' fair value less costs to sell and value in use. Recoverable amount assessments on water rights are principally based on discounted cashflow (DCF) analysis as part of a cash generating unit. While the recoverable amount is supported by DCF analysis, changes in commodity price assumptions and exchange rates can have a significant impact on the model. There is significant uncertainty surrounding the recoverability of these assets pending the outcome of the Administration process.

16 Financial assets

	Consolidated Group 30 June 2014 $	30 June 2013 $
Non-current assets		
Investment in WICET	**1**	1
Other Financial Assets	**-**	-
Total Financial Assets	**1**	1

Bandanna Energy Limited became a shareholder in WICET Holdings Pty Ltd effective 16 July 2009. WICET Holdings Pty Ltd is an industry owned consortium looking to develop the Wiggins Island Coal Export Terminal.

17 Non-current assets - Other

	Notes	Consolidated Group 30 June 2014 $	30 June 2013 $
Non-current assets			
Non current assets held by joint operation	32(a)	**178,688**	182,125
		178,688	182,125

18 Current liabilities - Trade and other payables

	Consolidated Group 30 June 2014 $	30 June 2013 $
Current liabilities		
Trade payables	**21,801**	327,782
Sundry payables and accrued expenses	**2,723,562**	2,320,769
	2,745,363	2,648,551

19 Current liabilities - Other

	Notes	Consolidated Group 30 June 2014 $	30 June 2013 $
Liabilities held by joint operation	32(a)	**63,570**	15,093
Unearned rental revenue		**77,000**	96,250
		140,570	111,343

20 Current liabilities - Employee benefits

	Consolidated Group	
	30 June 2014	30 June 2013
	$	$
Provision for Annual Leave	**272,530**	194,291
	272,530	194,291

The annual leave provision represents Bandanna Energy Limited's obligations to which the employee has a current legal entitlement.

21 Non-current liabilities - Employee benefits

	Consolidated Group	
	30 June 2014	30 June 2013
	$	$
Provision for Long Service Leave	**33,092**	17,264
	33,092	17,264

A provision has been recognised for employee entitlements relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave is based upon historical data. The measurement and recognition criteria for employee benefits have been included in note 1(t).

22 Contributed equity

(a) Share capital

	Notes	**30 June 2014 Shares**	30 June 2013 Shares	**30 June 2014 $**	30 June 2013 $
Ordinary shares - fully paid	22(b)	**528,481,199**	528,481,199	**217,484,381**	217,484,381

(b) Movements in ordinary share capital

Date		**Number of shares**	**$**
1 July 2012	Opening balance	528,481,199	217,484,381
30 June 2013	Balance	528,481,199	217,484,381
1 July 2013	Opening balance	528,481,199	217,484,381
30 June 2014	Balance	528,481,199	217,484,381

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Performance Rights

	Consolidated Group	
	30 June 2014 No.	30 June 2013 No.
Balance at beginning of the reporting period	**2,441,828**	-
Performance Rights granted during the year		
1 July 2012	**-**	1,380,229
15 November 2012	**-**	1,061,599
1 July 2013	**8,019,884**	-
14 November 2013	**775,000**	-
	8,794,884	2,441,828
Performance Rights lapsed during the year		
10 April 2014	**1,031,845**	-
Performance Rights at reporting date	**10,204,867**	2,441,828

Terms and conditions are detailed in note 35(b). The net cost of issued and lapsed rights taken to the statement of financial position for the year was $517,856. Refer to note 23(a).

22 Contributed equity (continued)

(d) Options

	Consolidated Group	
	30 June 2014 No.	30 June 2013 No.
At the beginning of the reporting period	**22,685,397**	14,179,137
Options granted during the year		
11 September 2012	**-**	20,000,000
15 November 2012	**-**	2,878,020
	-	22,878,020
Options lapsed during the year		
12 November 2012	**-**	(4,865,000)
17 January 2013	**-**	(80,000)
1 March 2013	**-**	(847,000)
16 May 2013	**-**	(7,420,760)
21 June 2013	**-**	(1,159,000)
3 November 2013	**(377,000)**	-
	(377,000)	(14,371,760)
Options at reporting date	**22,308,397**	22,685,397

Terms and conditions are detailed in note 35(a) The cost of issuing the options taken to the statement of financial position for the year was $nil. Refer to note 23(a).

23 Reserves and accumulated losses

(a) Share-based payments reserve

Movements in share-based payments were as follows:

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
Balance at beginning of the year	**1,713,892**	2,523,320
Options granted	**-**	1,410,369
Performance Rights granted	**566,276**	189,453
Options exercised/lapsed	**(228,648)**	(2,409,250)
Performance Rights lapsed*	**(48,421)**	-
Balance at the end of the year	**2,003,099**	1,713,892

* Performance Rights lapsed includes; Performance Rights annulled resulting from the repeal of a Key Business Milestone ($18,945), and Performance Rights lapsed due to termination of employment ($29,476).

(b) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and performance rights granted to employees but not yet vested.

(c) Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
Balance at the beginning of the year	**(18,321,744)**	(13,140,685)
Net profit for the year	**(11,949,996)**	(7,590,309)
Share options expired/lapsed	**228,648**	2,409,250
Balance at the end of the year	**(30,043,092)**	(18,321,744)

24 Reconciliation of profit after income tax to net cash inflow from operating activities

	Notes	**Consolidated Group Year ended 30 June 2014 $**	30 June 2013 $
Profit for the year		**(11,949,996)**	(7,590,309)
Depreciation and amortisation	5	**129,504**	105,895
Net (gain)/loss on sale of non-current assets		**4,493**	76,340
Inventory write-down		**87,081**	-
Impairment and write-down		**48,747**	2,639,581
Share-based payment expenses		**517,856**	397,822
Joint operation net share of profit	32(a)	**4,230**	(16,227)
Investment income		**(308,000)**	(385,000)
Non-cash gain on movement in Wiggins Island Preference Securities	10	**-**	(8,068,558)
Change in operating assets and liabilities:			
(Increase)/decrease in trade debtors and other receivables		**236,613**	160,232
(Increase)/decrease in other assets		**607,292**	(1,147,752)
(Decrease)/increase in trade creditors and accruals		**(886,212)**	321,202
(Decrease)/increase in other provisions		**(1,000)**	6,403
(Decrease)/increase in employee benefits		**101,032**	40,610
Net cash inflow/(outflow) from operating activities		**(11,408,360)**	(13,459,761)

25 Segment information

(a) Segment information provided to the chief operating decision makers

The segment information provided to the chief operating decision makers for the reportable segments for the financial year ended 30 June 2014 is as follows:

Consolidated entity 2014	**Coal & Minerals** $	**Total Continuing Operations** $
Result		
Segment Result	(15,398,260)	(15,398,260)
Income tax benefit/(expense)	-	-
Profit after income tax	(15,398,260)	(15,398,260)
Reconciliation of segment result to Group net Profit/(Loss) after tax		
Unallocated items:		
Interest revenue	-	3,452,757
Profit/(Loss) on sale of assets	-	(4,493)
Income tax benefit/(expense)	-	-
Net Profit/(Loss) after tax	**(15,398,260)**	**(11,949,996)**
Assets		
Segment assets	192,635,943	192,635,943
Liabilities		
Segment liabilities	3,191,555	3,191,555
Other		
Depreciation and amortisation	129,504	129,504

Consolidated entity 2013	**Coal & Minerals** $	**Total Continuing Operations** $
Result		
Segment Result	(19,249,190)	(19,249,190)
Income tax benefit/(expense)	-	-
Profit after income tax	(19,249,190)	(19,249,190)
Reconciliation of segment result to Group net Profit/(Loss) after tax		
Unallocated items:		
Interest revenue	-	11,735,221
Profit/(Loss) on sale of assets	-	(76,340)
Income tax benefit/(expense)	-	-
Net Profit/(Loss) after tax	**(19,249,190)**	**(7,590,309)**
Assets		
Segment assets	203,847,978	203,847,978
Liabilities		
Segment liabilities	2,971,449	2,971,449
Other		
Depreciation and amortisation	105,895	105,895

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments. Administration costs are allocated to the Coal and Minerals segment as the continuing operation.

25 Segment information (continued)

(a) Segment information provided to the chief operating decision makers (continued)

Coal and Mineral segment liabilities represent trade payables and accruals attributable to that segment and other liabilities including other accruals, payroll related liabilities and employee benefits.

There are no intersegment transfers or eliminations.

26 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Grant Thornton

(i) Audit and other assurance services

	Notes	**Consolidated Group Year ended 2014 $**	**Consolidated Group Year ended** 2013 $
Audit and other assurance services	*5*		
Audit and review of financial statements		**59,376**	62,098
Total remuneration for other services		**-**	-
Total remuneration of Grant Thornton		**59,376**	62,098

27 Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2014 in respect of:

Guarantees

As at 30 June 2014, the Consolidated Group had provided:

- a bank guarantee of $52,000,000 under the Take or Pay Agreement with the Wiggins Island Coal Export Terminal;
- a bank guarantee of $15,300,000 under the Wiggins Island Rail Project Deed for the provision of rail infrastructure;
- a bank guarantee of $4,054,800 under an agreement with Gladstone Ports Corporation for the provision of port services;
- a bank guarantee of $848,000 under an agreement with Pacific National Pty Ltd to perform Rail haulage services;
- a bank guarantee of $284,901 under the Feasibility Funding Deed to support Bandanna's share of the feasibility costs for Stage 2 expansion of the Wiggins Island Coal Export Terminal development;
- a bank guarantee of $62,500 with The State of Queensland for compliance in respect to Strategic Cropping land at Springsure Creek; and
- a bank guarantee of $132,192 for security in relation to Brisbane office leases.

Included within the cash and cash equivalents balance at 30 June 2014 are term deposits to secure the bank guarantees. At the date of this report total guarantees provided by Bandanna of $72,682,393 were secured by short term deposits of $22,682,393.

27 Contingencies (continued)

(a) Contingent liabilities (continued)

During the reporting period a review event was triggered under the Credit Suisse AG Guarantee Facility and discussions to restructure the facility undertaken. Administrators were appointed to the Bandanna Energy Limited Group companies on 22 September 2014. Credit Suisse appointed Receivers and Managers to Springsure Creek Coal Pty Ltd and Springsure Property Holdings Pty Ltd on 21 October 2014. Further details on the appointment of Administrators and Receivers & Managers is included in note 33.

Land Acquisition and Compensation Payments

Springsure Property Holdings Pty Ltd and Springsure Creek Coal Pty Ltd, subsidiaries of Bandanna Energy Limited, have entered into land acquisition and compensation agreements with final payments contingent upon the grant of Springsure Creek project mining leases. These payments amount to $11,850,950.

28 Commitments

(a) Exploration expenditure commitments relating to tenements

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
Payable		
Within one year	**2,784,000**	1,642,000
Later than one year but not later than five years	**3,172,500**	3,094,000
Later than five years	**-**	-
Aggregate exploration expenditure contracted for at balance date	**5,956,500**	4,736,000

(b) Lease commitments: group as lessee

Non-cancellable operating leases

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**451,593**	566,164
Later than one year but not later than five years	**482,486**	824,283
Later than five years	**-**	-
	934,079	1,390,447

Items subject to operating leases are property leases. The remaining lease terms range from 5 months to 2 years 11 months. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased by 5% per annum for Brisbane office leases.

The Consolidated Entity does not have the option to purchase the leased assets at the expiry of the lease period.

(c) Lease commitments: group as lessor

Leasing arrangements - Non current property asset

One of the Consolidated Group's properties is leased to tenants under long-term operating leases with rentals payable quarterly. Minimum lease payments receivable on lease is as follows:

28 Commitments (continued)

(c) Lease commitments: group as lessor (continued)

	Consolidated Group	
	30 June 2014	30 June 2013
	$	$
Within one year	**308,000**	385,000
Later than one year but not later than five years	**394,282**	877,853
Later than five years	**-**	-
	702,282	1,262,853

(d) Infrastructure agreements

The Company entered into agreements for port and rail services (Infrastructure Agreements) in the financial year ended 30 June 2012 that will be critical to the ability of the Springsure Creek Project to export coal and which will be relevant to going concern considerations for the financial year ending 30 June 2014. The Infrastructure Agreements include financial commitments (rail and port charges) the majority of which will not arise prior to the financial year ending 30 June 2015, and which are contingent upon construction of Stage 1 Wiggins Island Coal Export Terminal (port) and an Access Agreement being secured by the Company's rail haulage provider Pacific National (rail).

29 Key management personnel disclosures

(a) The following persons were Directors of Bandanna Energy Limited during the financial year ended 30 June 2014:

Name	Position
John Pegler	Chairman, Independent, Non-Executive Director (resigned Director & Chairman 10 December 2014)
Michael Gray	Managing Director
Robert Johansen	Non-Executive Director
Terry O'Reilly	Independent, Non-Executive Director
Gordon Saul	Non-Executive Director
Park Soon IL	Non-Executive Director (resigned 20 January 2014)
Gil Yong Ha	Non-Executive Director (appointed 20 January 2014)

(b) The following persons were other key management personnel of Bandanna Energy Limited during the financial year ended 30 June 2014:

Name	Position
Matthew Scott	Chief Financial Officer
Stuart Clarke	Chief Development Officer
Tess Lye	General Counsel (resigned 30 April 2014)
Melissa Morrison	Head of Human Resources and Corporate Services (Resigned 7 February 2014)

(c) Key management personnel compensation

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
Short-term employee benefits	**2,162,018**	2,742,558
Post-employment benefits	**150,052**	172,710
Termination benefits	**115,836**	181,648
Share-based payments	**562,721**	974,895
	2,990,627	4,071,811

(i) 2013 STI payments were paid in September 2013.

30 Related party transactions

(a) Transactions with other related parties

	Notes	Consolidated Group Year ended 30 June 2014 $	30 June 2013 $
Other transactions			
Perusal Time Pty Ltd, controlled by Robert Johansen (non-executive Director), provided consultancy services during the year		**-**	30,405
Perusal Time Pty Ltd, sold royalty rights to Bandanna Energy Limited	30(a)(i)	**-**	20,000

30 Related party transactions (continued)

(a) Transactions with other related parties (continued)

(i) Bandanna Energy paid Perusal Time Pty Ltd for the cancellation of royalty rights over tenements held by Bandanna Energy subsidiaries.

Director related entities DJ Mining Pty Ltd, Global Resource Asset Exchange Pty Ltd and J Barlow Consultants are parties to royalty deeds with various entities in the Bandanna Energy Limited group as disclosed in the prospectus dated 17 September 2008. No royalties were paid to the Director related entities in the year ended 30 June 2014.

(b) Subsidiaries

Interests in subsidiaries are set out in note 31.

Transactions between Bandanna Energy Limited and other entities in the Group consist of the provision of working capital.

31 Subsidiaries and transactions with non-controlling interests

(a) Significant investments in subsidiaries

Name of entity	**Country of incorporation**	**Equity holding**	
		2014	2013
		%	%
Advocate Holdings Pty Ltd (Administrators Appointed)	Australia	**100**	100
Enterprise Energy Pty Ltd (Administrators Appointed)	Australia	**100**	100
Traditional Oil Exploration Pty Ltd (Administrators Appointed)	Australia	**100**	100
Bandanna Coal Pty Ltd (Administrators Appointed)	Australia	**100**	100
Alpha Coal Pty Ltd (Administrators Appointed)	Australia	**100**	100
Arcadia Coal Pty Ltd (Administrators Appointed)	Australia	**100**	100
Bandanna Oil Shale Pty Ltd (Administrators Appointed)	Australia	**100**	100
Carnarvon Coal Pty Ltd (Administrators Appointed)	Australia	**100**	100
Dingo West Coal Pty Ltd (Administrators Appointed)	Australia	**100**	100
DJB Coal Pty Ltd (Administrators Appointed)	Australia	**100**	100
Fernlee Coal Pty Ltd (Administrators Appointed)	Australia	**100**	100
Springsure Creek Coal Pty Ltd (Administrators Appointed)	Australia	**100**	100
Waitara Coal Pty Ltd (Administrators Appointed)	Australia	**100**	100
Gemini Energy Pty Ltd (Bandanna Coal Transport Pty Ltd) (Administrators Appointed)	Australia	**100**	100
Springsure Agricultural Holdings Pty Ltd (Administrators Appointed)	Australia	**100**	100
Springsure Property Holdings Pty Ltd (Administrators Appointed)	Australia	**100**	100
Dingo West Property Holdings Pty Ltd (Administrators Appointed)	Australia	**100**	100
Denison Coal Pty Ltd (Administrators Appointed)	Australia	**100**	100

32 Interests in joint arrangements

(a) Joint operation

The group has a 50% interest in a joint operation, South Galilee Coal Project (SGCP). The SGCP is undertaking exploration and feasibility studies of four EPCs in the South Galilee area with joint operation partner AMCI (Alpha) Pty Ltd acting as operational manager.

The following amounts represent the Group's 50% share of the assets, liabilities, income and results of the joint operation. They are included in the statement of financial position and statement of comprehensive income.

The Group is liable for the payment of cash calls to fund the activities of the joint operation. During the year cash call payments were made in the amount of $580,000.

	Notes	**Consolidated Group Year ended 30 June 2014 $**	30 June 2013 $
Share of Joint operation's assets and liabilities			
Current assets	11	**3,485**	190,686
Non-current Exploration and Evaluation assets		**7,770,793**	6,955,908
Non-current other assets	17	**178,688**	182,125
Total assets		**7,952,966**	7,328,719
Current liabilities	19	**63,570**	15,093
Non-current liabilities		**-**	-
Total liabilities		**63,570**	15,093
Net assets		**7,889,396**	7,313,626
Share of Joint operation's revenue, expenses and results			
Revenue	4(a)	**484**	648
Expenses		**(4,714)**	15,579
Profit before income tax		**(4,230)**	16,227
Share of Joint operation's capital commitments		**-**	-

33 Events occurring after the reporting period

Appointment of Voluntary Administrators and Receivers and Managers

On 22 September 2014, the Board of Bandanna Energy Limited and the board of each of Bandanna Coal Pty Ltd, Springsure Creek Coal Pty Ltd and Springsure Property Holdings Pty Ltd (Group) respectively resolved to place Bandanna Energy Limited and each of the companies in the Bandanna Group into voluntary administration.

The Board of Bandanna Energy Limited resolved to appoint Grant Sparks, Martin Ford and Phillip Carter of PPB Advisory as joint and several voluntary administrators of Bandanna Energy Limited and the board of each company in the Group resolved to appoint these persons as voluntary administrators of each company in the Group.

On 21 October 2014, Credit Suisse AG appointed David Winterbottom and Robert Hutson of Korda Mentha as joint receivers and managers of Springsure Creek Coal Pty Ltd and Springsure Property Holdings Pty Ltd.

On 18 February 2015 Messrs Grant Sparks, Martin Ford and Philip Carter from PPB Advisory were appointed as voluntary administrators (Administrators) of Advocate Holdings Pty Ltd (Administrators Appointed), Alpha Coal Pty Ltd (Administrators Appointed), Arcadia Coal Pty Ltd (Administrators Appointed), Bandanna Oil Shale Pty Ltd (Administrators Appointed), Carnarvon Coal Pty Ltd (Administrators Appointed), Denison Coal Pty Ltd (Administrators Appointed), Dingo West Coal Pty Ltd (Administrators Appointed), Dingo West Property Holdings Pty Ltd (Administrators Appointed), DJB Coal Pty Ltd (Administrators Appointed), Enterprise Energy Pty Ltd (Administrators Appointed), Fernlee Coal Pty Ltd (Administrators Appointed), Gemini Energy Pty Ltd (Administrators Appointed), Springsure Agricultural Holdings Pty Ltd (Administrators Appointed), Traditional Oil Exploration Proprietary Limited (Administrators Appointed) and Waitara Coal Pty Ltd (Administrators Appointed).

Infrastructure Agreements

Springsure Creek Coal Pty Ltd entered into agreements for port and rail services (Infrastructure Agreements) in the financial year ended 30 June 2012 that were critical for the ability of the Springsure Creek Project to export coal.

As a result of the appointment of voluntary administrators and receivers and managers over Springsure Creek Coal Pty Ltd and the resulting uncertainty over the development of the Springsure Creek project, the Infrastructure Agreements (note 28(d)) have become onerous subsequent to the reporting date. The potential liability arising from the onerous contracts is estimated to be in the range of $520 million to $577 million.

Bank Guarantee

A bank guarantee for $848,000, held by Pacific National and due to expire on 1 January 2015, was called on 17 December 2014.

34 Earnings per share

(a) Reconciliation of earnings used in calculating earnings per share

	Consolidated Group Year ended 30 June 2014 $	30 June 2013 $
Basic and dilutive earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
Earnings used to calculate basic and diluted, EPS from continuing and discontinued operations	**(11,949,996)**	(7,590,309)
Earnings used to calculate basic and diluted, EPS from continuing operations	**(11,949,996)**	(7,590,309)

(b) Weighted average number of shares used as denominator

	Consolidated Group Year ended 2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**528,481,199**	528,481,199
Adjustments for calculation of diluted earnings per share:		
Options	**-**	-
Deferred shares	**-**	-
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**528,481,199**	528,481,199

The effect of anti-dilutive potential ordinary shares have been excluded from the calculation of diluted earnings per share. The Group currently has 22,308,397 potential ordinary shares on issue in the form of options.

35 Share-based payments

(a) Options

The following share-based payment (options) arrangements existed as at 30 June 2014:

- 2,308,397 unlisted share options exercisable at $0.745 once the Company's share price has increased to at least $1.10 any time between 1 June 2012 and 1 June 2015.

- 20,000,000 unlisted share options granted during the prior year as part of a performance agreement. The options have an exercise price of $1.50 and are exercisable at the earlier of the grant of the infrastructure mining lease or the date on which a change of control occurs in respect of the Company. The options have an expiry of 5 years after the vesting date.

Each option entitles the holder to subscribe for ordinary fully paid shares on a 1:1 basis, which will be issued by the Company in consideration for receiving the exercise price of the option. The options hold no voting or dividend rights and are not transferrable.

The number and weighted average exercise price of share options are as follows:

Consolidated entity	**2014**		2013	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
As at 1 July	**1.41**	**22,685,397**	0.77	14,179,137
Granted during the year	**-**	**-**	1.41	22,878,020
Expired during the year	**0.75**	**(377,000)**	0.77	(14,371,760)
As as 30 June	**1.42**	**22,308,397**	1.41	22,685,397

During the financial year ended 30 June 2014, a total of 377,000 options lapsed. For details of these, please refer to Note 22(d).

No options were granted during the financial year and no options are currently exercisable.

The options outstanding as at 30 June 2014 had a weighted average exercise price of $1.42.

(b) Performance Rights

The following share-based payment (performance rights) arrangements existed as at 30 June 2014:

35 Share-based payments (continued)

(b) Performance Rights (continued)

- 1,380,230 Performance Rights were granted on 1 July 2012 at $0.34. The rights are exercisable upon the realisation of stipulated performance targets. The rights have a vesting date of 30 June 2015.

- 1,061,599 Performance Rights were granted on 15 November 2012 at $0.28. The rights are exercisable upon the realisation of stipulated performance targets. The rights have a vesting date of 30 June 2015.

- 775,000 Performance Rights were granted on 14 November 2013 at $0.105. The rights are exercisable on the provision that the holder remains in employment with Bandanna Energy Limited up to and including 30 June 2014.

- 8,019,883 Performance Rights were granted on 1 July 2013 at $0.105. The rights are exercisable upon the realisation of stipulated performance targets. The rights have a vesting date of 30 June 2016.

- 1,031,845 Performance Rights lapsed on 10 April 2014. The rights lapsed due to the holder ceasing employment on this date.

The Performance Rights Plan of the Consolidated Entity is a long-term incentive aimed at creating a stronger link between the Company's key personnel's performance and reward, whilst increasing shareholder value in the Company.

Each Performance Right has no voting or dividend rights until the Performance Right has been exercised. The Performance Rights are not transferrable. Shares acquired upon exercise of the Performance Rights will upon allotment rank pari passu in all respects with other shares in the Company.

36 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2014 $	30 June 2013 $
Assets		
Current assets	**178,709,701**	189,635,324
Non-current assets	**1,415,179**	1,427,783
Total assets	**180,124,880**	191,063,107
Liabilities		
Current liabilities	**612,276**	1,439,566
Non-current liabilities	**33,092**	17,264
Total liabilities	**645,368**	1,456,830
Equity		
Issued capital	**219,603,355**	219,603,355
Share-based payments reserve	**2,211,709**	1,922,502
Retained earnings	**(42,335,552)**	(31,919,580)
Total equity	**179,479,512**	189,606,277
Financial performance		
Profit or loss for the year	**(10,644,620)**	(6,016,771)
Total comprehensive income	**(10,644,620)**	(6,016,771)

(b) Guarantees entered into by the parent entity

Operating lease commitments, which are non-cancellable are detailed in Note 28(b) These operating leases, contracted for by Bandanna Energy Limited, are not capitalised in the financial statements.

Administrators Declaration

This Report and the financial information relate to a period prior to the Administrators' appointment and by necessity the Administrators have had to rely upon the books and records of Bandanna Energy Limited and its subsidiaries, its staff and external service providers in this Report and the financial accounts. All due care has been taken in preparing the Report and financial information however the Administrators cannot give any warranties in relation to the information in this Report.

Subject to the previous paragraph and as set out in note 1(a) to the consolidated financial statements, in the opinion of the Administrators of Bandanna Energy Limited:

(a) Although the Administrators have taken all due care in preparing the Report and the financial statements to the best of their knowledge based on the information given to them, they are of the opinion that it is not possible to state that the consolidated financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Report, are in accordance with the Corporations Act 2001, including as to whether the Report:

(i) gives a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 June 2014 and of their financial performance for the year ended on that date; and

(ii) complies with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

(b) As at the date of this Report, the Administrators do not have reasonable grounds to believe that the Company can pay its debts as and when they become due and payable.

This report is made in accordance with a resolution of the Administrators of Bandanna Energy Limited (Administrators Appointed).

Martin Ford
Administrator
10th day of March 2015

Independent auditor's report to the members of

Bandanna Energy Limited

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Independent Auditor's Report
To the Members of Bandanna Energy Limited (Administrators Appointed)

Report on the financial report

We have audited the accompanying financial report of Bandanna Energy Limited (Administrators Appointed) (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Administrators' responsibility for the financial report

The Administrators of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Administrators' responsibility also includes such internal control as the Administrators determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Administrators also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards.

Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Administrators, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Adverse Opinion

We draw your attention to Note 1(a)(i) to the financial statements. On 22 September 2014, the Company and three subsidiaries appointed Administrators pursuant to section 436A of the Corporations Act 2001. Subsequently on 21 October 2014, Credit Suisse AG appointed David Winterbottom and Robert Hutson of Korda Mentha as joint receivers and managers of Springsure Creek Coal Pty Ltd and Springsure Property Holdings Pty Ltd.

The Administrators' Declaration indicates that "*As at the date of this Report, the Administrators do not have reasonable grounds to believe that the Company can pay its debts as and when they become due and payable*". Note 1(a)(i) to the financial statements indicates that the going concern basis has been adopted for the preparation of the financial statements. This is inconsistent with the statement in the Administrators' declaration which indicates that the going concern basis is not appropriate.

We draw your attention to Note 1(a) to the financial statements. This states that "*Although the Administrators have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position.*"

Adverse Opinion

In our opinion, because of the issues as described in the Basis for Adverse Opinion paragraph, the financial report of Bandanna Energy Limited is not in accordance with the Corporations Act 2001, and does not:

a) give a true and fair view of the financial position of the company as at 30 June 2014, and of its performance for the year then ended; and

b) comply with Australian Accounting Standards and the Corporations Regulations 2001.

Report on the remuneration report

We have audited the remuneration report included in pages 20 to 29 of the Report of the Administrators for the year ended 30 June 2014. The Administrators of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Basis for Qualified Opinion on the Remuneration Report

We draw your attention to Note 1(a) to the financial statements. This states that *"Although the Administrators have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position."*

In addition we note that as the Administrators were not appointed until 22 September 2014 and as such have not been able to provide a representation that the disclosures in the remuneration report are complete.

Qualified Opinion on the Remuneration Report

In our opinion, except for the effect on the Remuneration Report of the matters referred to in the preceding paragraph, the Remuneration Report of Bandanna Energy Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Andrew Newman
Partner - Audit & Assurance
Brisbane, 10 March 2015

2.24 SHAREHOLDINGS

As at 15 January 2015, the company had 7,232 shareholders and a total of 528,481,199 ordinary fully paid shares on issue.

Distribution of Shareholders

As at 15 January 2015, the distribution of shareholders was as follows:

Size of holding	Number of Shareholders	Number of Ordinary Shares
1 – 1,000	2,891	369,537
1,001 – 5,000	1,186	3,501,970
5,001 – 10,000	830	6,777,069
10,001 – 100,000	1,961	71,220,162
100,001 and over	364	446,612,461
Total	7,232	528,481,199

The number of shareholders holding less than a marketable parcel of shares as at 15 January 2015 was 4,172.

Substantial shareholders

Substantial shareholders as at 15 January 2015 were as follows:

Shareholder	Number of Ordinary Shares	Percentage (%) of Total Issued Shares
DJ MINING PTY LTD	87,845,788	16.62
RESOLVE GEO PTY LTD	62,846,110	11.89
SAMTAN AURES PTY LTD	56,383,003	10.67

Top 20 shareholders (by volume of ordinary shares)

As at 15 January 2015, the 20 largest shareholders in the company, by volume of shareholding were as follows:

Shareholder	Number of Ordinary Shares	Percentage (%) of Total Issued Shares
DJ MINING PTY LTD	87,845,788	16.62
RESOLVE GEO PTY LTD	62,846,110	11.89
SAMTAN AURES PTY LTD	56,383,003	10.67
J P MORGAN NOMINEES AUSTRALIA LIMITED	21,121,245	4.00
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	20,327,496	3.85
J BARLOW CONSULTANTS PTY LTD <JEREMY BARLOW FAMILY A/C>	19,521,287	3.69

Shareholder	Number of Ordinary Shares	Percentage (%) of Total Issued Shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,706,598	2.78
GLOBAL RESOURCE ASSET EXCHANGE PTY LTD	10,056,524	1.90
MATHEW CONSULTANTS PTY LTD	9,955,846	1.88
NATIONAL NOMINEES LIMITED	8,703,450	1.65
BODA INVESTMENTS PTY LTD <RCM STAFF SUPERANNUATION A/C>	4,800,000	0.91
MRS MARY ANN BOEHME	4,000,000	0.76
CITICORP NOMINEES PTY LIMITED	3,411,888	0.65
MR NORMAN JOSEPH ZILLMAN	3,203,484	0.61
WINCHESTER INVESTMENTS GROUP PTY LIMITED	3,000,000	0.57
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,878,280	0.54
MR NORMAN JOSEPH ZILLMAN + MRS LORRAINE JEAN ZILLMAN <BANNERBLOCK SUPER FUND A/C>	2,809,125	0.53
J BARLOW CONSULTANTS PTY LTD <JEREMY BARLOW FAMILY A/C>	2,100,000	0.40
DR RAYMOND DOUGLAS SHAW	1,970,000	0.37
MISS JENNY MU-WERN YANG	1,956,135	0.37

2.25 GLOSSARY

Acacia Coal	Acacia Coal Limited
Administrators	Grant Sparks, Martin Ford and Philip Carter
Administrators' Report	The Report of the Administrators' of the Company
ASX	Australian Securities Exchange
ASX Listing Rules	Rules of the ASX governing ASX listed companies, including rules in relation to admission, quotation, suspension, disclosure and conduct
ASX Principles	Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council with 2010 Amendments, Second Edition.
Bandanna / Bandanna Energy	Bandanna Energy Limited ABN 34 009 356 665
Binomial	Options pricing model
Black-Scholes	Options pricing model
BND	ASX code for Bandanna Energy Limited ABN 34 009 356 665
Board	Board of Directors
CGS	Corporate Governance Statement
CHDC	Central Highlands Development Corporation
CHMP	Cultural Heritage Management Plan
CHRC	Central Highlands Regional Council
Coal Tenement	A mining lease, exploration permit, or mineral development licence
Committee	A committee of the Board of Directors
Company	Bandanna Energy Limited ABN 34 009 356 665
Consolidated Entity/Group	Bandanna Energy Limited ABN 34 009 356 665 and its controlled entities
Corporations Act	Corporations Act 2001 (Cth)
DEHP	Department of Environment and Heritage Protection
DFS	Definitive Feasibility Study
Director	A non-executive or executive director of Bandanna Energy Limited ABN 34 009 356 665, included as KMP for the Reporting Period
Dividend	Payment from the Company's profits to shareholders
DNRM	Department of Natural Resources and Mines
EA	Environmental Authority
EIS	Environmental Impact Statement
EMP	Environmental Management Plan

EPBC Act	Environment Protection and Biodiversity Conservation Act 1999 (Cth)
EPC	Exploration permit for coal
EPM	Exploration permit for minerals
EPS	Earnings per share
ESOP	Employee Share Option Plan
Executives	Executive management of the Company included as KMP for the Reporting Period
Financial Report	Annual Financial Report of the Consolidated Group for the Financial Year ended 30 June 2014
Financial Year	12 months ending 30 June
FOB	Free On Board
FY	Financial year
Group	Consolidated Group
GST	Goods and Services Tax
Indicated Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade, and mineral content can be estimated with a high level of confidence
Inferred Resource	That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a reasonable level of confidence
JORC / JORC Code	A code prepared by the Joint Ore Reserve Committee which defines criteria for publicly reporting Resources and Reserves
Key Management Personnel	Persons responsible for planning, directing and controlling the activities of the Company at any time during the Reporting Period, being persons holding positions as non-executive Directors, executive Directors, and members of the executive management team having executive level responsibilities
KMP	Key Management Personnel
KPI	Key Performance Indicators
LTIP	Long Term Incentive Plan
M	Millions
Measured Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence
MLA	Mining lease application
MP	Market Price
MRRT	Mineral Resources Rent Tax
Mt	Million tonnes
Mtpa	Million tonnes per annum

NRC	Nomination and Remuneration Committee
Parent Entity	Bandanna Energy Limited ABN 34 009 356 665
PCI Coal	Pulverized coal injection coal
Performance Rights	Form of long-term incentive awarded under the LTIP
Probable Reserve	The economically mineable part of Indicated Coal Resource at the time of reporting as defined in the JORC Code
Proven Reserve	The economically mineable part of Measured Coal Resource at the time of reporting as defined in the JORC Code
QRC	Queensland Resources Council
Receivers	David Winterbottom and Robert Hutson of KordaMentha Pty Ltd
Remuneration Report	Remuneration Report of the Company for the Reporting Period, set out in Section 5 of the Directors' Report
Report	The 2014 Annual Report of Bandanna Energy Limited
Reporting Period	1 July 2013 to 30 June 2014
Reserves	The economically mineable part of Measured or Indicated Coal Resource at the time of reporting as defined in the JORC Code
Resources	The part of the coal deposit for which there is a reasonable prospect for eventual economic extraction as defined in the JORC Code
ROM	Run of mine
SCL Legislation	Strategic Cropping Land Act 2011 (Qld)
SGCP	South Galilee Coal Project
SGCPJV	Unincorporated joint venture in the South Galilee Coal Project between AMCI (Alpha) Pty Ltd (AMCI) and Alpha Coal Pty Ltd (Bandanna)
SIA	Social Impact Assessment
SIMP	Social Impact Management Plan
Statement	Corporate Governance Statement
STIP	Short Term Incentive Plan
Thermal coal	Coal which is combusted to provide heat for steam generation and subsequent power generation
TRIFR	Total Recordable Injury Frequency Rate
WEXP2	Second planned expansion stage of WICET after Stage 1
WICET	Wiggins Island Coal Export Terminal
WIPS	Wiggins Island Preference Securities

Summary information

This Report contains summary information about the Consolidated Group and its activities current as at the date of this Report. The information in this Report is of general background and/or is intended to comply with specific statutory reporting requirements and does not purport to be complete. This Report should be read in conjunction with Bandanna's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

Not financial product advice

This Report is for information purposes only and is not a prospectus, investment advice or a recommendation to acquire Bandanna Energy Limited (Bandanna) shares. The Report has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Bandanna is not licensed to provide financial product advice in respect of Bandanna shares. Cooling off rights do not apply to the acquisition of Bandanna shares.

Financial data

All dollar values are in Australian dollars (A$) unless otherwise stated.

Future performance

This Report may contain certain statements and projections provided by or on behalf of Bandanna with respect to anticipated future undertakings. Forward looking words such as, "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. These forward-looking statements reflect various assumptions by or on behalf of Bandanna. Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with exploration and/or mining which may be beyond the control of Bandanna which could cause actual results or trends to differ materially, including but not limited to price fluctuations, exploration results, ore reserve and mineral resource estimation, environmental risks, general operating risks, commodity, legislative and regulatory changes, project delay, ability to meet additional funding requirements, factors relating to title to properties, native title and aboriginal heritage issues, dependence on key personnel, share price volatility, approvals and cost estimates. Consequently, there can be no assurance that such statements and projections will be realised. Neither Bandanna, or any companies within the Consolidated Group, advisers, consultants, agents or any of their respective officers or employees make any representations as to the accuracy or completeness of any such statement of projections or that any forecasts will be achieved. Such forward-looking statements only speak as to the date of this Report and Bandanna assumes no obligation to update such information other than in accordance with continuous disclosure obligations under the ASX Listing Rules and the Corporations Act 2001 (Cth).