

ASX RELEASE
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**SCOPING STUDY CONFIRMS POTENTIAL OF
WORLD CLASS URANIUM PROJECT**

- 15Mt p.a. Mining and Milling Operation
- Target Maximum 4,000t annual U₃O₈ production (8.8Mlb)
- Target Minimum 2,900t annual U₃O₈ production (6.5Mlb)
- Operating costs of US\$27.18 /lb U₃O₈, scope to reduce
- Operating costs include contract mining costs
- Capital Costs of <US\$400m with scope to reduce
- Low risk conventional acid leach process analogous to Rössing
- Potential to optimise technology using lessons from Rössing
- ~90% metal recovery with scope to improve, short leach times
- Modular plant may allow for a Phase II expansion beyond 4,000t p.a.
- Potential to be a Top 10 producer from just the first target drilled
- Study utilises a U₃O₈ price of US\$45/lb

Executive Summary

Bannerman Resources (ASX: BMN) has received the results of a detailed scoping study into the economic viability of its Goanikontes Anomaly A uranium Project located in Namibia. The study has confirmed that, subject to the delineation of the target resource base, a viable operation with strong cash margins could be developed.

Peter Batten, Managing Director of Bannerman Resources said today, "We are delighted with the results of the Scoping Study. The work concluded to date demonstrates that Goanikontes Anomaly A has the potential to be a mine similar to the nearby Rio Tinto operated Rössing Uranium Mine. It's remarkable that this, just the first of 10 known large alaskite bodies in the project, has the potential to catapult Bannerman into the top 10 global uranium producers."

Introduction

A scoping study has been completed into the potential economic development of the Goanikontes Anomaly A uranium deposit by Independent Metallurgical Operations (IMO) in conjunction with Coffey Mining (formerly RSG Global). Both groups are highly regarded resource consultancy groups with strong backgrounds in global project development. IMO utilised the services of Mr David Lunt of Stirling Process Engineering and Mr Peter Rooke of Dalesford P/L. Mr Lunt has over 40 years experience in process engineering and has undertaken feasibility and design studies at Langer Heinrich, Ranger, Key Lake, West Rand Consolidated and Kintyre. Mr Rooke reviewed the capital and operating cost estimates and has over 30 years experience as a Cost Engineer and his particular in country experience greatly assisted in the development and estimation of scoping level costs.

The main considerations in scoping were the scale, mining and throughput rate, project life, mineralogy, metallurgy and community and environmental considerations. The study to date is considered a base case as overall the project has considerable upside for the discovery of further similar deposits. Numerous extensive 'look-alike' uraniferous alaskite bodies exist within the project and have yet to be explored.

Mineralogy

Study work undertaken by IMO demonstrates that the alaskite material hosting uranium mineralisation at Goanikontes Anomaly A is very similar to alaskite material that is mined and processed at the nearby Rössing mine.

Mineralogical investigations revealed the dominant uranium minerals are uraninite, pitchblende and uranophane. Uraninite forms relatively coarse grained crystals, as at Rössing, allowing them to be liberated from a relatively coarse grind size. Samples analysed indicate very low levels of all chemical impurities

Metallurgy

Leach and comminution testing was undertaken on a bulk sample of RC drilling chips. IMO noted that the RC chips tested were of a fineness that has likely led to an over-estimation of acid consumption per tonne of material processed. The calculated figure used in base-case scenarios is 30Kg/t. The final figure is expected to be less than this which should lead to reductions in

Operating Costs (acid is the single largest contribution to operating cost per pound of production). Metal recoveries indicate that 90% leach recovery is achievable. Once again, further test-work should lead to an improvement upon these figures.

Production Rates

The Scoping Study revealed a range of possible production rates given that the final resource won't be available until early 2008. IMO recommend any final plant be scaled to handle the maximum per annum target scenario of ~4,000tpa U3O8 (8.9Mlb).

Minimum Production Target

Previously the Company announced an interim inferred resource of 55Mt at a grade of 219ppm U3O8 for the Goanikontes Anomaly A deposit. The resource contains a higher grade core of 21Mt at 308 ppm U3O8 and has been estimated to an average depth of 80 metres over a 1.4 km strike length at Anomaly A. Following this, ongoing work showed that the deposit extended to at least 2.3km and to depths in excess of 300m. Accordingly the Company advised that it was confident that a resource of at least 100Mlbs of U3O8 could be established at Goanikontes Anomaly A. The benchmark target parameters that were set for the scoping study are summarised in Table 1 below.

TABLE 1 BASE CASE TARGET PARAMETERS

Metal Inventory	100M lbs U3O8
Head Grade	219ppm
Ore Mining Rate	15M tonnes per annum
Recovery	~90%
Production	<u>~3,000tpa U3O8 or 6.5Mlb per annum.</u>
Life of Mine	12 to 15+ years
Processing Routes	Dry communiton – HPGR Wet communiton – SAG and Ball mill

For the purposes of the scoping study Coffey Mining extrapolated the existing interim resource along strike and at depth so that base case economic modelling could be undertaken. It is noted that the extrapolated tonnes and grades are unclassified and do not conform to the JORC guidelines. The extended grade tonnage model was developed for the sole purpose to investigate the potential of developing a large scale uranium operation at Goanikontes. Targets expressed in this report are conceptual in nature and there been insufficient exploration to define a Mineral Resource of 100Mlbs and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Optimisation of the grade tonnage model was done using a base uranium price of US\$45/lb. A summary of the principal mining inputs for the optimisation is as follows:

TABLE 2 MINING OPTIMISATION PARAMETERS

<u>Item</u>	<u>Value</u>
Mill Throughput	15 Mtpa
Uranium Price	US\$45/lb
Mining Cost	US\$2.00/t
General & Admin.	US\$4.60M/yr
Mine Supervision	US\$1.30M/yr
Grade Control	US\$0.03/t
De-watering, Geotechnical	US\$0.05/t
Mining Recovery	97%
Overall pit wall slope angle	50 degrees

Maximum Production Target

Whilst final annual production numbers will be borne out during the BFS, the expanding size of the resource and the likelihood that the previously reported overall resource grade of 219ppm under-states the expected final resource head-grade (due to surface depletion and the trend of increasing grade with depth) the Company has decided to target maximum production of ~4,000tpa U3O8 for a significant number of years at Goanikontes.

A head grade approaching 300ppm could be sustained for a number of years at Goanikontes Anomaly A, thus a 15Mtpa Mining and Milling Operation with the potential to treat up to 300ppm feedstock should be considered. This would be capable of producing in excess of 4,000 tonnes of U3O8 annually, pending final resource estimations at the end of 2007 and again in early 2008.

TABLE 3 BENCHMARK TARGET PARAMETERS

Metal Inventory	100M lbs U3O8
Head Grade	~300ppm in early years of operation
Ore Mining Rate	15M tonnes per annum
Recovery	~90%
Production	<u>~4,000tpa U3O8 or 8.8Mlb per annum.</u>
Life of Mine	12 to 15+ years
Processing Routes	Dry communiton – HPGR Wet communiton – SAG and Ball mill

Mining

Contract mining is proposed via conventional open pit, drill and blast followed by load and haul. Mining costs are based upon similar scale operations in Africa and are estimated to be around US\$12.00 per pound of U₃O₈. It was concluded that a waste to ore stripping ratio of between 1.5:1 and 2:1 should be achievable.

Processing

The design of the process plant has been based upon testwork completed to date and design criteria from other similar operations notably the nearby Rössing uranium mine. The design incorporates comminution, acid leach, solvent extraction, precipitation and calcination circuits. Two main options were subsequently arrived at for the plant design based upon a dry or wet comminution circuit as follows:

1. Base case: Dry comminution circuit - two stage crush producing a product P80 size of 1.3mm (similar to Rössing) utilising a HPGR circuit.
2. Conventional single stage crush followed by a SAG/Ball mill circuit. Product is P80 size of 425µm.

Further enhancements to the circuits and associated costs have been investigated and potential exists to add value and further improve project returns. These enhancements include;

- **Radiometric Sorting – potential to reduce mass flow through the circuit by ~23%.**
- **Alternative solvent extraction methods – eg; Pulsed Column Solvent extraction.**
- **Lower reagent costs - onsite or nearby production of sulphuric acid.**

In particular radiometric sorting can potentially deliver significant reductions in both the capital and operating costs. Based on data reviewed during the study, the ability to reduce mass flow through the circuit has the potential to reduce plant throughput from the 15Mtpa mined to the equivalent of 11.6Mtpa. This has an impact on costs savings in the plant reducing acid and other reagent consumption, water usage, reduces crushing requirements and associated power costs. Capital costs savings of up to US\$28M may be achieved.

The base case utilises 3 HPGR (High Pressure Grinding Rolls) units as the final stage of the comminution. The usage of HPGR units in processing plants is not uncommon. There are over 500 operations worldwide which utilise HPGR to some degree. These operations include; Cerro Verde copper mine in Peru (Phelps Dodge), Ruby Creek molybdenum mine in British Columbia, Canada (Adanac Moly Corp.) and at the Boddington gold mine in Western Australia. Additionally Moly Mines is proposing to use HPGR at its Spinifex Ridge molybdenum mine in Western Australia.

Infrastructure

The Goanikontes Anomaly A deposit is well located in the central coastal region of Namibia approximately 30km east south east of Swakopmund and just 40km northeast of one of Southern Africa's major ports in Walvis Bay. Access to the deposit is excellent via well established roads and a rail line to the port runs through the Project area.

Two other established uranium processing facilities exist in the region at Rössing (65% owned by Rio Tinto) and at Langer Heinrich (100% Paladin Resources). The Rössing operation is based on a sulphuric acid leach process route similar to that proposed for Goanikontes. Rössing was commissioned over 30 years ago and is currently undergoing expansions.

Key infrastructure facilities addressed for the study include; power and water supply, tailings storage, buildings, access roads and other minor facilities such as sewerage, communications and security equipment. The power requirement for the Project is in the order of 30MW. Supply will be via the National Grid on an assumed tie-in basis. For this purpose a 11km long, 66 kV line will need to be established. Discussions are currently taking place with the government utility, NamPower, with respect to power access.

The Company is also in discussions with the government water utility, NamWater, with respect to accessing quality water from a desalination facility which is proposed to be constructed in the near term. The facility is planned to be built to the north of Swakopmund some 60km from site. Pipeline and pump station costs for this access has been included in the project costs.

Capital Costs

Capital costs have been provided for both the HPGR and the SAG/Ball mill options and have an expected accuracy of +/-30%. This excludes any impacts radiometric sorting may have on the figures. A summary of the Capital costs is as follows;

TABLE 4 CAPITAL COSTS (+/-30%)

Component	HPGR Base Case US\$	SAG/Ball Mill US\$
Process Plant	236,897,814	264,592,055
Infrastructure	35,091,675	35,091,675
Indirect Costs	58,146,400	63,846,800
<u>Sub-Total</u>	<u>330,135,889</u>	<u>363,530,530</u>
Contingency (10%)	33,013,589	36,353,053
TOTAL CAPITAL	363,149,478	399,883,583

*Indirect costs include EPCM, initial reagents, commissioning, spares, mobilisation and PFS/BFS costs

Operating Costs

Operating costs have also been provided for both the HPGR base case and the SAG/Ball mill options to an accuracy of +/-30%. A summary of the Operating costs are as follows;

TABLE 5 OPERATING COSTS (+/-30%)

Line Item	HPGR Cost		SAG/Ball Cost	
	US\$ p.a	US\$/lb	US\$p.a	US\$/lb
Mining	77,200,000	12.00	77,200,000	12.00
Labour	2,322,500	0.36	2,362,500	0.37
Power	2,107,208	0.33	5,495,033	0.85
Reagents	71,612,485	11.13	85,968,602	13.37
Consumables/Water	11,974,604	1.86	12,632,047	1.96
Maintenance Materials	6,048,459	0.94	6,775,011	1.05
Transport	2,187,810	0.34	2,187,810	0.34
Admin/General	1,259,200	0.20	1,259,200	0.20
Total Cost	174,712,266	27.18	193,880,203	30.16

Assuming that radiometric sorting could be utilised in the circuit then the above operating costs could be lowered to **US\$24.49/lb** for the HPGR base case and to **US\$27.37/lb** for SAG/Ball mill options.

Reagent consumption, and particularly acid, represents the greatest proportion of operating costs for the Project. The above costs assume that acid is bought in the market and imported via Walvis Bay. A real alternative to reduce this cost is to either produce acid onsite or nearby at a shared facility. This will greatly reduce this cost and investigations are being made into the viability of these alternatives.

Project Development Schedule

Currently it is planned to have a final resource for the deposit by the end of 2007/early 2008. Prefeasibility shall commence immediately in early 2008 running directly into a BFS to be finalised by the end of 2008. EPCM could commence at the start of 2009 and be completed over 2 years ready for commissioning by late 2010. Ramp up to full production could be completed over a period of 8 months with full production underway by mid 2011.

Conclusions

- Metallurgy is analogous to Rössing, well understood and proven
- Mineralogy is analogous to Rössing, easily leachable uranium minerals
- 15Mtpa Milling operation.
- Low waste to ore stripping ratio of between 1.5:1 and 2:1 achievable
- Minimum target production is ~2,900tpa (6.5Mlb) using low estimate head grade
- Maximum target production is ~4,000tpa (8.8Mlb) for early years of production
- Plant recovery circuit will be scaled for ~4,000tpa (8.9Mlbs) production target
- Operating costs low at US\$27/lb, possibility to drop further.
- Capital Costs of <US\$400M are low relative to potential free cash flows
- Target commissioning late 2010, full production by mid 2011

Summary

The Goanikontes project has the potential to be a major producer of uranium on the world scene. The project is ideally located close to existing uranium mines and major infrastructure within a country that has recently been rated as the 2nd best country to explore in (Resource Stocks; 2007 World Risk Survey).

ENDS

For further information please contact:

Clive Jones
Director
Bannerman Resources
Ph: 08 9381 1436
E: clive@bannermanresources.com.au

David Tasker
Professional Public Relations
Ph: 08 9388 0944/ 0433 112 936
E: dtasker@pprwa.com.au

The information in this report that relates to the Exploration Results, Mineral Resources or Ore Reserves of the projects owned by Bannerman Resources Ltd is based on information compiled by Mr Peter Batten, who is a Member of The Australasian Institute of Mining and Metallurgy and who has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Batten consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.