

**QUARTERLY REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2008**

REPORT HIGHLIGHTS

- New CEO appointed
- Successfully secured A\$20 million capital
- Settlement of Savanna litigation and removal of tenure risk
- Encouraging heap leach trials
- Positive infill drilling results expected to favourably impact the Etango resource estimate update due in the current quarter

SUMMARY

Etango Project

Greater confidence is expected in the Etango Project mineral resource estimate following the completion of 10,515 metres of infill drilling during the quarter. A resource update will be released in the current quarter and the drilling results obtained are expected to increase the proportion of the resource estimate in the Indicated category. The current mineral resource estimate for the Etango Project at a cut-off grade of 100ppm U_3O_8 comprises **Indicated resources** of 145 million tonnes (Mt) at 209 parts per million (ppm) for **66.9 million pounds (Mlbs) U_3O_8** plus **Inferred resources** of 91.6Mt at 197ppm for **39.7Mlbs U_3O_8** .

Heap leach trials continued with encouraging results achieved on coarser crushed material. Column leaching trials are expected to commence in February. Investigations into heap leaching are being pursued as the process has the potential for lower capital and operating costs.

Resource extension drilling commenced in January on either side of the Anomaly A resource area. Geohydrology, geotechnical and plant sterilisation drilling progressed significantly and is planned for completion in the March quarter.

Corporate

The Board appointed Mr Len Jubber to the role of CEO in mid November. Following the end of the quarter, Mr Peter Kerr was appointed to the role of Chief Financial Officer. These two appointments continue the process of building the strategic, operational and financial management expertise required to advance the development of the Etango Project. In addition, following successful completion of the convertible note facility with Resource Capital Funds, Mr James McClements was appointed to the Board. Also during the quarter, Mr Nathan McMahon resigned from the Board.

The Company secured A\$20 million capital in November by way of a convertible note facility with Resource Capital Funds. Drawdown of the first A\$10 million of this facility occurred in December.

The long running third party legal challenge to Bannerman's rights to the Etango exploration prospecting licence was settled in December giving the Company undisputed title to the Etango Project.

FEASIBILITY STUDY

Resource Drilling

During the quarter, a total of 10,515 metres of reverse circulation (RC) infill drilling (38 holes) was completed at **Anomaly A**. The results from the drilling compare favourably with the existing resource model. Key drilling results are tabulated in Appendix 1 and significant intersections are set out below:

Drillhole	N	E	From (m)	To (m)	Interval* (m)	U ₃ O ₈ ppm
GARC0185 EXT	7,488,800	482,355	371	388	17	479
GARC0383 EXT	7,488,350	482,175	173	243	70	248
GARC0445	7,489,144	482,501	219	271	52	359
GARC0449	7,489,042	482,351	196	223	27	362
GARC0450	7,489,106	482,325	206	262	56	249
GARC0453	7,488,846	482,401	356	438	82	492
GARC0454	7,488,899	482,402	320	472	152	231
GARC0479	7,486,899	483,103	107	140	33	252

* Intersections are reported as downhole intervals.

Resource Estimation

The infill drilling results are being incorporated in the resource model which will result in an updated resource estimate to be released shortly. It is anticipated that the positive drilling results will impact favourably on the resource classification.

Metallurgical Testwork

Comminution

Testing of High Pressure Grinding Roll (HPGR) crushing technology was completed and the results are expected in the March quarter. HPGR technology is being considered for the Etango Project as it may lead to reduced energy costs compared with conventional crushing and milling technology.

Agitated Leach

The second round of agitated leach optimisation testing was completed in late December. The favourable sulphuric acid consumption results in prior tests continued with a likely range of 15-20 kg/tonne compared with 30kg/tonne previously assumed in the Scoping Study. The results also indicate that there appears to be little advantage in pursuing a fine grind as metal extraction is not strongly dependent on grind size.

Heap Leach

Preliminary scoping level heap leach testwork was commenced during the quarter. The program tested the effect of crushed product size and free acid concentration. On the basis of the encouraging extraction performance demonstrated in this preliminary program, a further optimisation round of testwork on coarser crushed product sizes was commenced in late December. Column leach tests are

planned to be commenced shortly to provide design data for the comparison with the agitated leach approach modelled in the prefeasibility study.

Mine Design

Geohydrology drilling comprising eight holes around the proposed pit, plant and tailings storage facility ("TSF") areas was completed during the quarter. Pit geotechnical drilling was 57% complete with a further 1,015 metres planned for the March quarter. Results from the respective drilling programs will be incorporated in mine planning activities to be conducted as part of the prefeasibility study.

Infrastructure

Sterilisation drilling of the proposed processing plant and TSF site was 83% complete (900 metres outstanding) and is scheduled to be completed in the June quarter.

Social and Environmental Impact Assessment

A series of community participation meetings were conducted during the quarter. No critical issues were identified during this process. The first stage of the environmental assessment was completed and the results serve to provide input to the completion of the next level of assessment.

Schedule

The encouraging heap leach amenability testwork has indicated that this process may have the potential to complement or fully substitute the agitated leaching approach adopted to date. In addition to the heap leach optimisation testwork, an economic evaluation is being undertaken to select the process flow sheet for the feasibility study. The time required for completing the heap leach metallurgical testwork has necessitated an extension to the prefeasibility study completion date to June 2009. As a consequence, the completion of the bankable feasibility study is currently expected to occur in the December 2009 quarter.

EXPLORATION

Considerable scope exists for further expansion of the existing mineral resource estimate along strike of the Anomaly A deposit to the north at Oshiveli and Onkelo and to the south at Ondjamba. Refer to Figure 1 on the following page.

During the quarter, a follow-on drilling program was completed at **Oshiveli** immediately above the northern boundary of the Anomaly A deposit. Drilling results were encouraging including broader zones of higher grade mineralisation such as **48 metres at 248ppm U_3O_8** from 40 metres downhole, **25 metres at 296ppm U_3O_8** from 133 metres downhole and **33 metres at 406ppm U_3O_8** from 263 metres downhole. This drilling will be incorporated into the Etango Project updated resource estimate in the current quarter.

Seven holes were drilled in a ground radiometric target located at the southern extent of the **Ondjamba** prospect during the quarter. Promising intercepts were recorded between 20-200 metres below surface, with grades ranging from 150ppm to 200ppm and downhole intervals up to 50 metres. Follow-up work, including structural geological interpretation of the drilling results from this previously untested area, is planned in the current quarter.

The exploration plan to the end of the June 2009 quarter in the Ondjamba area includes two drilling phases for a total of 17,000 metres. A follow-on phase of 19,000 metres is planned in the September quarter.

In addition, approximately 7,700 metres of drilling in two phases is scheduled at **Onkelo** to the end of the June 2009 quarter. The area has been the target of previous exploration which included ground work (geological mapping and drilling) as well as aerial and ground based geophysical investigations. Geological exposure in the area is very good and recent mapping has confirmed extensive strike lengths ($\pm 1.3\text{km}$) of both D and E-type alaskites.

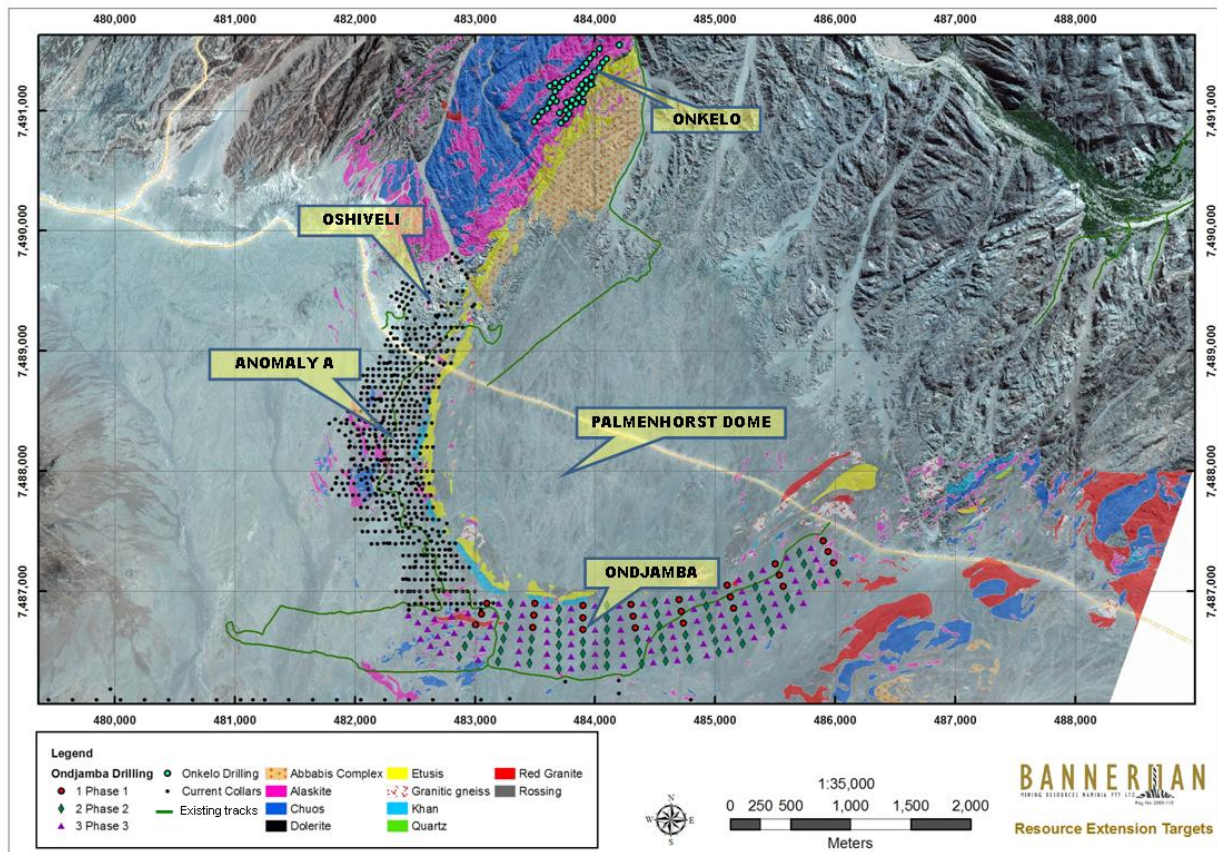


Figure 1 – Resource Drilling Targets

SWAKOP RIVER PROJECT (Bannerman 80%)

The Swakop River licence surrounds Paladin Energy Ltd's Langer Heinrich Uranium mine on three sides. The project area contains extensive palaeodrainage channel targets with uranium documented in calcretised sediments. Field reconnaissance in the area has confirmed the presence of these sediments, which are similar in tenor to that hosting uranium mineralisation in the adjacent Langer Heinrich palaeo-channel.

No exploration activities were conducted at the project during the quarter. Drilling of approximately 40 holes (1,600 metres) at the **Bloedkoppie** prospect is scheduled for the March quarter.

BOTSWANA URANIUM PROJECTS (BMN 100%)

Bannerman controls three Prospecting Licences (131/2005 to 133/2005) for uranium, precious metals, base metals and platinum group minerals in Botswana. These licences are referred to as the *Serule South*, *Serule North* and *Dukwe* Licences and are located in the Foley and Sua Pan regions in Botswana. The tenements cover an area of 2,308km².

Preliminary drilling at both the Serule and Dukwe projects in Botswana was completed during the quarter. The drilling targeted uranium and copper anomalies identified from an earlier soil sampling program. Results are pending.

2009 ACTIVITIES

The focus of Bannerman in 2009 will be to advance and complete the prefeasibility and bankable feasibility studies of the Etango Project and to concurrently pursue resource and regional exploration drilling to increase the Company's mineral resources.

The Etango Project prefeasibility study is well advanced with work focusing on an updated mineral resource estimate and key processing options. Prefeasibility results are scheduled to be released in the June 2009 quarter prior to commencement of bankable feasibility study activities. Completion of the bankable feasibility study is expected in the final quarter of the year.

Bannerman has scheduled a range of 2009 resource and exploration programs, of which a number are already underway. Given the exploration successes achieved to date, results will be constantly reviewed through the year with the objective of accelerating the drilling programs where possible.

Following recent completion of the Resource Capital Funds convertible note facility, the Company's liquidity is robust. The Company will investigate available funding sources to provide additional financing flexibility and to accelerate exploration and resource extension drilling activities. Also, a review of the longer term funding alternatives has been initiated. Industry interest in uranium development opportunities remains high and this presents numerous strategic project financing alternatives aside from conventional debt and equity sources, which will also be considered.

CORPORATE

Executive and Board Appointments

Mr Len Jubber was appointed Chief Executive Officer with effect from 17 November 2008. Mr Jubber brings substantial project development and operating experience to the Company.

Bannerman continues to build its executive management team reflecting the important stage of the Company's development and the expanded skill base necessary to grow and finance its projects. Following the end of the Quarter, the Company appointed Mr Peter Kerr to the position of Chief Financial Officer. Mr Kerr is a Chartered Accountant with over 15 years' experience within and as an advisor to the mining industry in Australia and Canada. Mr Mike Robbins will take on the role of Commercial Manager.

Following the successful completion of the convertible note facility with Resource Capital Funds, Mr James McClements was appointed to the Board on 17 December 2008.

Also during the quarter, Mr Nathan McMahon resigned from the Board. The Company wishes to acknowledge the positive contribution Mr McMahon has made during his tenure as a director.

Cash Position

The Company's cash balance as at 31 December 2008 was A\$13.2 million following the drawdown on 17 December 2008 of the first A\$10 million tranche of the three year A\$20 million convertible note facility agreed with Resource Capital Funds (refer announcement dated 17 November 2008). The Company has the option to draw down the second tranche of A\$10 million on or before 16 June 2009.

Resource Capital Funds, based in Denver, Colorado, is a specialist mining private equity manager that invests across a diversified range of commodities in projects located throughout the world. Its funds represent US\$890 million in committed capital sourced primarily from US based institutional investors.

Settlement of Savanna Litigation

On 17 December 2008, Bannerman announced that its Namibian subsidiary, Bannerman Mining Resources (Namibia) (Pty) Ltd, entered into an agreement to settle the litigation brought by Savanna Marble CC ("Savanna") and certain associated parties. Under the terms of the settlement agreement, Savanna has agreed to discontinue the review application in the High Court of Namibia by which Savanna had sought a declaration that the grant by the Minister of Mines and Energy of Namibia of the Company's EPL 3345, on which the Etango Project is situated, was void. This settlement has removed a very real threat to the Company's timetable for the development of the Etango Project and any possibility of losing the licence.

Under the terms of the settlement agreement, in consideration for the termination of the proceedings, Savanna is entitled to receive up to A\$3.5 million cash and 9.5 million fully paid ordinary shares in Bannerman. The initial payment of A\$3 million and 5.5 million shares was made to Savanna following the end of the quarter and the further payment of A\$0.5 million and 4.0 million shares (subject to shareholder approval) is contingent on the grant of the Etango Project mining licence.

General Meeting

A General Meeting is being scheduled for March 2009 to seek shareholder approval for the Resource Capital Funds convertible note facility, the Savanna litigation settlement and the issue of options to Mr Jubber as previously announced. The Notice of Meeting will be dispatched to shareholders in due course.

Len Jubber

Chief Executive Officer

30 January 2009

About Bannerman

Bannerman Resources Limited is an emerging uranium development company with interests in two properties in Namibia, an African country considered to be a premier uranium mining jurisdiction. Bannerman's principal and most significant asset is its 80% interest in the Etango Project situated southwest of Rio Tinto's Rössing uranium mine and to the east of Paladin Energy Ltd's Langer-Heinrich mine. Bannerman is focused on accelerating the feasibility assessment and development of a large uranium operation at Etango. More information is available on the Company's website at www.bannermanresources.com.au.

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Bannerman Resources Limited ("Bannerman") manages its drilling and assaying activities in accordance with industry standard quality assurance/quality control (QA/QC) procedures. Samples are collected by Bannerman personnel and prepared in accordance with specified procedures at the relevant assay laboratories. The primary assay laboratory is SGS in Johannesburg, South Africa. Laboratory site reviews are undertaken. Assay QA/QC involves the use of assay standards (sourced from African Mineral Standards (AMIS) in Johannesburg, made from Bannerman pulp rejects and cross-checked through umpire laboratories for which the round robin reports are available), field duplicates, blanks and barren quartz flushes. A third party "umpire" laboratory (Genalysis in Perth) is used to cross-check and validate approximately 5% of the assay results in accordance with standard procedures. Sample coarse rejects are retained and approximately 5% of samples are re-submitted for further assay verification. All sample pulps are retained at a storage facility in Johannesburg and half-core and rock-chip samples are retained at site.

The Company's Etango Project mineral resources, reported at a cut-off grade of 100ppm U_3O_8 , comprise indicated resources of 145 million tonnes at 209ppm for 66.9 million pounds of contained U_3O_8 and inferred resources of 91.6 million tonnes at 197ppm for 39.7 million pounds of U_3O_8 as set out in its technical report dated 19 September 2008 and entitled "National Instrument 43-101 Technical Document – Etango Project, Namibia, Anomaly A – August 2008 Resource Update" and authored by Mr Neil Inwood and Mr Harry Warries of Coffey Mining Pty Ltd and Mr Gary Jobson of Independent Metallurgical Operations Pty Ltd.

The information in this report that relates to the Mineral Resources at the Etango Anomaly A Deposit is based on a resource estimate completed by Mr Neil Inwood who is a full time employee of Coffey Mining Pty Ltd. Mr Inwood is a Member of The Australasian Institute of Mining and Metallurgy and 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', and is an independent consultant to Bannerman Resources and a Qualified Person as defined by NI 43-101. Mr Inwood 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 this report that relates to the metallurgical test work undertaken on Etango Anomaly A Deposit samples was completed by Mr Gary Jobson who is a consulting metallurgist to Independent Metallurgical Operations Pty Ltd. Mr Jobson is a Member of The Australasian Institute of Mining and Metallurgy and has extensive experience relevant to the activity which is being undertaken. Mr Jobson 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 this report that relates to the exploration results of the projects owned by Bannerman Resources Ltd is based on information compiled by Mr Andrew Cunningham, who is a full time employee of the Company. Mr Cunningham is a Member of The Geological Society of South Africa, a Recognised Overseas Professional Organisation by the Australasian Joint Ore Reserves Committee, 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" and as a Qualified Person for purposes of National Instrument 43-101 of the Canadian Securities Administrators. Mr Cunningham consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company has not completed feasibility studies on its projects. Accordingly, there is no certainty that such projects will be economically successful. Mineral resources that are not ore reserves do not have demonstrated economic viability.

Certain disclosures in this report, including management's assessment of Bannerman Resources Ltd's plans and projects, constitute forward-looking statements that are subject to numerous risks, uncertainties and other factors relating to Bannerman's operation as a mineral development company that may cause future results to differ materially from those expressed or implied in such forward-looking statements. The following are important factors that could cause the Company's actual results to differ materially from those expressed or implied by such forward looking statements: fluctuations in uranium prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; general market conditions; the uncertainty of future profitability; and the uncertainty of access to additional capital. Full descriptions of these risks can be found in the Company's various statutory reports, including its Annual Information Form available on the SEDAR website, www.sedar.com. Readers are cautioned not to place undue reliance on forward-looking statements. Bannerman Resources Ltd expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Drilling Results for the Quarter ended 31 December 2008

Anomaly A Drilling Intercepts

Hole ID	North	East	From (m)	To (m)	INTERVAL (m)	U ₃ O ₈ (ppm)
GARC0113 EXT	7,488,700	482,120	374	388	14	192
GARC0185 EXT	7,488,800	482,355	371	388	17	479
GARC0187 EXT	7,488,800	482,254	131	152	21	185
			310	334	24	207
GARC0383 EXT	7,488,350	482,175	173	243	70	248
GARC0392 EXT	7,488,750	482,153	357	400	43	145
GARC0437 EXT	7,488,544	482,262	240	278	38	215
GARC0440 EXT	7,488,750	482,306	372	383	11	233
GARC0444	7,489,142	482,612	165	189	24	212
GARC0445	7,489,144	482,501 <i>including</i>	172	185	13	345
			219	271	52	359
			266	271	5	503
GARC0446	7,489,143	482,429	162	176	14	264
			185	207	22	231
			258	269	11	342
			297	321	24	197
			339	354	15	245
GARC0448	7,489,098	482,271	92	104	12	147
GARC0449	7,489,042	482,351	196	223	27	362
GARC0450	7,489,106	482,325	206	262	56	249
			95	122	27	134
			200	238	38	176
GARC0453	7,488,846	482,401	20	31	11	243
			203	244	41	194
			276	289	13	339
			356	438	82	492
GARC0454	7,488,899	482,402	228	260	32	198
			335	365	30	236
			379	393	14	251
GARC0455	7,488,850	482,150	255	273	18	168
GARC0458	7,488,752	482,099	42	77	35	101
GARC0459	7,488,651	482,054	68	82	14	155
GARC0460	7,488,650	482,100	273	283	10	125
GARC0454	7,488,899	482,402 <i>including</i> <i>including</i>	259	298	39	123
			259	268	9	216
			293	298	5	438
			320	472	152	231
GARC0462	7,488,550	482,160	260	284	24	195
			331	369	38	219
GARC0463	7,488,499	481,944	22	41	19	109
GARC0465	7,488,396	481,925	32	42	10	163
			63	102	39	175
GARC0468	7,488,395	482,323 <i>including</i>	241	271	30	136
			265	271	6	543
GARC0470	7,488,002	481,899 <i>including</i>	150	202	52	143
			150	173	23	177
GARC0471	7,487,947	481,849	170	199	29	168

Hole ID	North	East	From (m)	To (m)	INTERVAL (m)	U ₃ O ₈ (ppm)
GARC0472	7,487,949	481,950	50	73	23	172
			130	160	30	160
GARC0473	7,487,852	481,904	30	54	24	219
			137	148	11	136
			185	195	10	149
GARC0474	7,487,850	481,811	218	235	17	100
GARC0475	7,487,800	481,868	36	56	20	212
			177	225	48	123
GARC0476	7,486,900	483,050	25	60	35	159
		<i>including</i>	25	40	15	236
		<i>including</i>	54	60	6	315
GARC0476	7,486,900	483,050	72	107	35	172
		<i>including</i>	94	107	13	285
GARC0476	7,486,900	483,050	143	153	10	289
			182	222	40	112
GARC0477	7,486,902	483,152	10	25	15	225
			91	110	19	335
			129	151	22	280
		<i>including</i>	129	134	5	949
GARC0478	7,487,000	483,000	122	136	14	301
			173	184	11	280
GARC0479	7,486,899	483,103	57	74	17	239
			107	140	33	252
GSTRC0012	7,486,100	482,450	0	40	40	202
		<i>including</i>	22	40	18	237

Oshiveli Drilling Intercepts

Hole ID	North	East	From (m)	To (m)	INTERVAL (m)	U ₃ O ₈ (ppm)
GSHRC0039	7,489,752	482,887	269	284	15	194
GSHRC0041	7,489,675	482,890	40	88	48	248
			133	170	37	230
		<i>including</i>	133	158	25	296
GSHRC0043	7,489,606	482,939	30	62	32	228
		<i>including</i>	30	42	12	384
		<i>including</i>	54	62	8	302
			76	91	15	141
GSHRC0044	7,489,282	482,685	218	271	53	166
		<i>including</i>	218	223	5	408
		<i>including</i>	246	271	25	264
			306	372	66	240
		<i>including</i>	306	311	5	443
		<i>including</i>	325	372	47	286
GSHRC0045	7,489,230	482,673	182	296	114	229
		<i>including</i>	182	189	7	305
		<i>including</i>	200	235	35	296
		<i>including</i>	263	296	33	406
			335	361	26	221

Ondjamba Drilling Intercepts

Hole ID	North	East	From (m)	To (m)	INTERVAL (m)	U ₃ O ₈ (ppm)
GRPRC0001	7,486,260	484,199	160	183	23	115
GRPRC0002	7,486,153	484,199	35	51	16	115
			61	125	64	133
			250	272	22	133
		<i>including</i>	250	258	8	200
GRPRC0003	7,486,059	484,200	144	154	10	227
GRPRC0004	7,485,958	484,201	49	60	11	193
			157	178	21	104
GRPRC0006	7,485,948	483,749	78	120	42	126
			141	160	19	138
			178	190	12	118
GRPRC0007	7,486,098	484,799	25	64	39	133
		<i>including</i>	25	43	18	165
		<i>including</i>	48	54	6	238
			151	178	27	136

Notes to the drilling results tables:

1. All reported drilling is reverse circulation (RC) drilling utilizing 122-129mm diameter bits.
2. All reported intersections are downhole intervals.
3. Sample intervals of 1.0 metre.
4. Lower cut applied of 100ppm and upper cut applied of 11,000ppm U₃O₈.
5. Maximum internal waste of 10 metres at less than 100ppm U₃O₈.
6. Sample sizes of ±1.0kg are sent to the assay laboratory and after pulverization a 200g sub-sample is derived. From this, 20g is used for XRF analysis and 0.5-2.0g for ICP mass spectrometry analysis.