

Highlights

- Completion of the Etango Uranium Project Preliminary Feasibility Study demonstrating the technical and economic viability of the Project at long term contract uranium prices:
 - Production estimated to commence in late 2013 with modelled output of 5-7Mlbs U₃O₈ per annum over a +16 year mine life.
 - Extensive Measured & Indicated resources of 102.8Mlbs U₃O₈ at an average grade of 227ppm U₃O₈, and Inferred resources of 49.2Mlbs U₃O₈ at an average grade of 217ppm U₃O₈ (reported at a cut-off grade of 100ppm U₃O₈).
 - Subject to final confirmatory metallurgical testwork, processing is to be undertaken by agitated-tank leaching of a high-grade (3,500-4,000ppm U₃O₈) flotation concentrate for overall uranium processing recoveries of +90%.
- The Definitive Feasibility Study is underway:
 - Key opportunities are being pursued to improve project economics and extend mine life through a range of resource expansion, mining improvement, processing flowsheet optimisation and other initiatives.
 - The next phase of metallurgical locked-cycle testwork is underway and results are expected by the end of January. Final pilot plant testwork is scheduled to start in February and be completed by quarter end.
 - An update of the mineral resource estimate incorporating drilling completed since mid-2009 is due for release later in the current quarter.
- Drilling is ongoing at Etango and totaled 283,000 metres at the end of 2009, providing geological confidence and extending the Etango deposit's contiguous strike length to 6km.
- Etango Project Mining Licence application lodged with the Namibian Government. No substantial legislative, environmental or social impediments for project development have been identified, and local community support has been received.
- Cash reserves as at 31 December 2009 of A\$23.2 million.
- Appointment of former Rio Tinto senior mining executive Dr David Smith to the Board.

Len Jubber, Chief Executive Officer
21 January 2010

Etango Project (Bannerman 80%)

Overview

During the quarter, Bannerman announced the results of its Preliminary Feasibility Study (“**PFS**”) on the Etango Project and continued to drill aggressively to improve the confidence and size of the Etango mineral resource estimate. Bannerman has progressed to a Definitive Feasibility Study (“**DFS**”), with the next stage of metallurgical testwork already completed in January, and key mining study and operating cost initiatives currently underway.

The Etango Project is one of the world’s largest undeveloped uranium deposits located in a premier uranium mining jurisdiction, offering long term security of supply for end-users within the timeframe in which there is growing consensus that supply will be constrained as the nuclear renaissance gathers momentum. These factors, combined with the significant scale of forecast annual production, low technical and permitting risks, and relatively flat operating cost profile provide the Etango Project with substantial strategic value in a world where nuclear energy and the demand for uranium is projected to grow significantly.

Preliminary Feasibility Study

Since July 2009, Bannerman’s PFS activities have focused on infill and extensional drilling of the Etango deposit and, in particular, on metallurgical testwork of both heap leaching and tank-based flotation concentrate leaching processing options.

A successful initial testwork program completed on the flotation concentrate leaching option in the second half of 2009 consistently achieved a 5-6% mass pull of over 94% of the contained uranium oxide (expressed as U_3O_8) in the ore. This resulted in a high-grade concentrate of approximately 3,500-4,000 parts per million (“**ppm**”) U_3O_8 . An overall processing recovery of 91% is estimated using agitated tank leaching of the flotation concentrate. Accordingly, flotation concentrate leaching is the preferred processing route for development of the Etango Project.

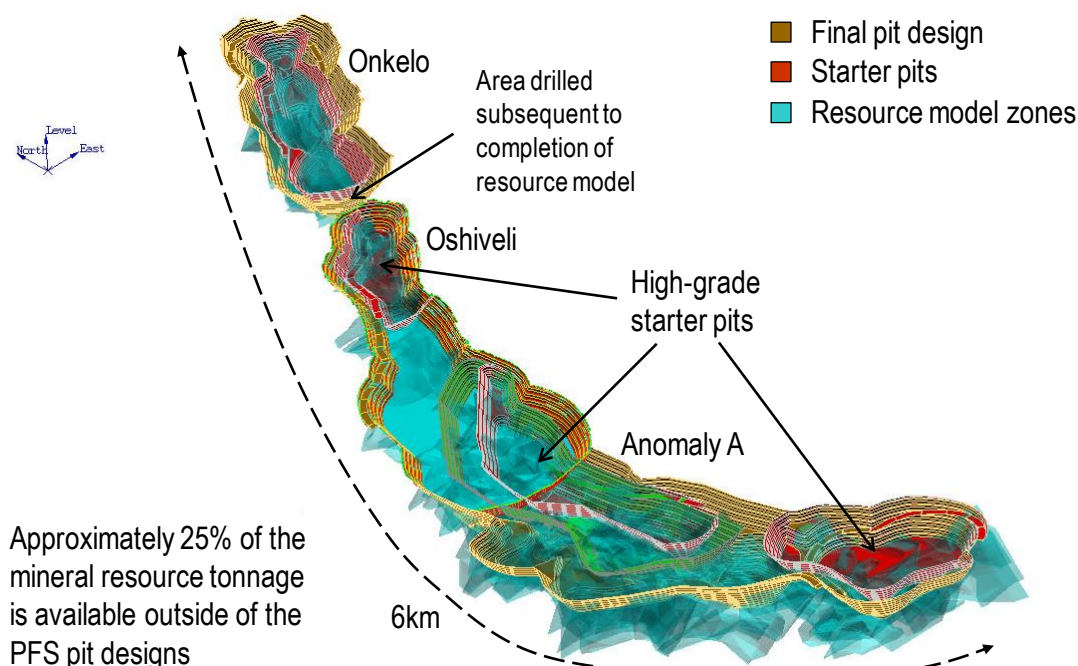
The PFS mining schedule provides for approximately 16 years of production at 5-7 million pounds (“**Mlbs**”) of U_3O_8 per annum. Substantial additional material is expected to be included in the ultimate open pit mine design based on recent drilling work undertaken in the northern section of the Etango deposit and with further iterations of the mine optimisation and planning process.

Life-of-mine production in the PFS is estimated as 97Mlbs U_3O_8 . Mineable resources of 231Mt at an average grade of 211ppm U_3O_8 represent approximately 75% of the total mineral resource tonnage, providing potential for mine life increases. In particular, opportunities exist for further pit expansions to add significantly to life-of-mine production beyond the current mine design.

Bannerman did not declare an ore reserve estimate in the PFS. This work is scheduled for the DFS. Mineable resources for the PFS comprise 2% Measured, 75% Indicated and 23% Inferred resource material by metal content. Given the proximity of the Inferred resource material to the Measured and Indicated resources, Bannerman expects that drilling undertaken since the resource model was developed will convert a reasonable

proportion of the Inferred resource material to Indicated status. This can then be considered for conversion to an ore reserve as part of the DFS¹.

Etango Project – PFS resource model and pit designs



The estimated capital cost of US\$555 million is based on contract mining. It excludes working capital and financing charges but includes mining establishment, waste pre-stripping and EPCM (engineering, procurement, construction and management) costs.

Estimated operating costs are US\$30-35/lb U_3O_8 in the first two years, with an average of US\$38/lb U_3O_8 for the first five years and US\$41/lb U_3O_8 for the life-of-mine. These costs include capital components for contract mining equipment and certain infrastructure. Given the relatively shallow nature of the open pit mining operations, life-of-mine average operating costs are only approximately 7% above the first five-year costs, supporting the long term viability and supply security of the Etango operation.

Uranium producers sell the vast majority of production into long-term contracts with end-users, typically nuclear power utilities which require security of supply. Long-term contract prices were US\$62-70/lb U_3O_8 in 2009 and Bannerman has assessed the Project on the basis of a long term contract price of US\$70/lb U_3O_8 . The Etango Project is expected to commence production in late 2013. This timing is in line with generally anticipated tightening uranium demand/supply fundamentals due to significant nuclear reactor build programs in China, India and various other Asian and European countries, and an expected reduction in secondary supplies.

¹ In accordance with relevant regulations governing the disclosure of mineral projects, it is noted that mineable resources based on Inferred resource material are considered too speculative to enable them to be classified as ore reserves.

Definitive Feasibility Study

Bannerman commenced a DFS on the Project with key items including:

- Updating the mineral resource model in the current quarter to incorporate results of drilling completed since May 2009.
- A detailed mining study in the June 2010 quarter, with the assistance of external mining engineering specialists, to define key mine planning initiatives to reduce mining unit operating costs following receipt of the updated mineral resource model.
- The initial phase of confirmatory metallurgical testwork, comprising a range of “locked-cycle” laboratory tests, is underway and results are expected by the end of January. The final phase of metallurgical pilot plant testwork is scheduled to commence in February and be completed in the current quarter. This testwork will enable confirmation of the processing route immediately thereafter.
- Selection of the engineering and technical consultant panel is underway and due to be finalised in the current quarter, with selection of the optimal engineering design and costing of the processing plant and infrastructure to be aggressively pursued.

The DFS is scheduled to be completed by end 2010 or early 2011, in advance of a development decision.

Project Enhancements

A number of opportunities to reduce operating costs and extend the mine life were identified in the PFS, including:

- **Reductions in operating costs** – Moving into the DFS will enable more detailed analysis of opportunities to reduce operating costs and, in particular, Bannerman is focusing on:
 - incorporation of this drilling into the resource model and mining schedule is expected to enable more near-surface and potentially higher grade and lower cost material to be included in the mine plan in the early years;
 - further optimisation of the mine design and mining schedule based on the updated resource model, including considering in-pit dumping and the use of larger equipment and electrically-assisted haul trucks;
 - sourcing of competitively tendered contract mining quotes;
 - detailed analysis of an owner-mining strategy including capital and operating cost trade-off analysis;
 - optimisation of the processing circuit focusing on reducing the consumption of flotation reagents and sulphuric acid;
 - access to third party facilities and infrastructure in the local region for key consumables, including acid; and
 - synergies through employing similar equipment as nearby mines as well as the sharing of local infrastructure.

- **Expected increases in mine life and total production** – Mine life and total production is expected to increase due to:
 - Drilling completed and reported by Bannerman since mid-2009 is not included in the resource model used for the PFS analysis. This drilling focused on expanding and infilling the northern parts of the Etango deposit.
 - The updated resource model will be re-optimised for the higher (+90%) processing recoveries that have been achieved with the flotation concentrate leaching process.
 - Opportunities exist for further pit expansions to increase life-of-mine production. The next two optimised open pit shells beyond the PFS mine design contain approximately 35Mt of mineralised material.
- **Potential for satellite pits** – Bannerman recently reported results for drilling activities adjacent to the existing resource area, including the Hyena Prospect. In the two years prior to this activity, the Company concentrated almost entirely on resource definition drilling. The latest results reflect the initial phases of drilling under the desert sand cover and a follow-up drilling plan is being finalised.

Heap Leaching Alternative

The PFS also demonstrated the technical and economic viability of using a heap leaching processing option. While flotation concentrate leaching is the preferred processing option, heap leaching is considered an alternative option for development of the Etango Project.

Updated Mineral Resource Estimate

In August 2009, Bannerman commissioned Coffey Mining Pty Ltd to remodel the Etango deposit and produce a new mineral resource estimate using the widely accepted Uniform Conditioning (“**UC**”) methodology. UC modelling completed in the PFS and now underway in the DFS emulates the selective mining of smaller units than the block sizes used in previous Ordinary Kriging (“**OK**”) models. This approach more closely reflects the mining methods proposed for the Etango Project.

The UC resource estimate, as reported to the market on 14 December 2009, is shown on the following page.

Using the UC mineral resource estimate (reported at a cut-off grade of 100ppm U_3O_8), the estimated average resource grade increased by 10% and overall resource tonnages and contained metal reduced by 13% and 5% respectively, compared with the previous OK resource model.

Since compilation of the UC resource model, Bannerman has continued to aggressively drill the Etango deposit with a combination of infill and extensional programs being completed. Based on the results of these drilling programs, improvements are expected in both the quantum and level of confidence of the resource model in the DFS. A resource update is expected towards the end of the current quarter.

Etango Project - Mineral Resource Estimate - December 2009
Uniform Conditioning ("UC") Method

Lower Cut-off (ppm U ₃ O ₈)	Measured Resources				Indicated Resources				Inferred Resources			
	Tonnes	Grade	Contained U ₃ O ₈		Tonnes	Grade	Contained U ₃ O ₈		Tonnes	Grade	Contained U ₃ O ₈	
	(Mt)	(ppm U ₃ O ₈)	(Tonnes)	(Mlbs)	(Mt)	(ppm U ₃ O ₈)	(Tonnes)	(Mlbs)	(Mt)	(ppm U ₃ O ₈)	(Tonnes)	(Mlbs)
100	3.6	249	900	2.0	201.8	227	45,800	100.8	102.9	217	22,300	49.2
150	3.0	268	800	1.8	146.9	262	38,500	85.0	73.5	251	18,400	40.7

Note: Figures may not add due to rounding; bulk density of 2.63t/m³; Uniform Conditioning estimate; Panel dimensions of 25mNS x 25mEW x 10mRL (Anomaly A and Oshiveli) and 50mNS x 50mEW x 10mRL (Onkelo) and SMU dimensions of 12.5mNS x 12.5mEW x 5mRL with Information Effect.

Drilling Programs

During the quarter, Bannerman completed 141 reverse circulation ("RC") drillholes for a total of 21,147 metres, plus 19 diamond core drillholes for 4,012 metres drilled.

At year-end 2009, Bannerman had completed 283,000 metres of drilling at the Etango Project, of which 223,000 metres has been included in the resource model, with most drilling undertaken in the Anomaly A deposit. Over 96% of the drilling results have been chemically assayed and diamond drilling constitutes about 12% of the drilling completed.

The drilling has provided Bannerman with confidence in its geological understanding of the Etango Project and has extended the known mineralised contiguous strike length to approximately 6km. Drilling has rarely penetrated deeper than 350-400 metres below surface, with the focus being on the delineation of near-surface resources to support an open pit mining decision. The Etango deposit remains open at depth to the west, and potential exists for mine life extensions.

The drilling program for early 2010 involves:

- further infill diamond drilling at Oshiveli;
- hydrological drilling for ground-water monitoring; and
- sterilisation drilling for the proposed site infrastructure.

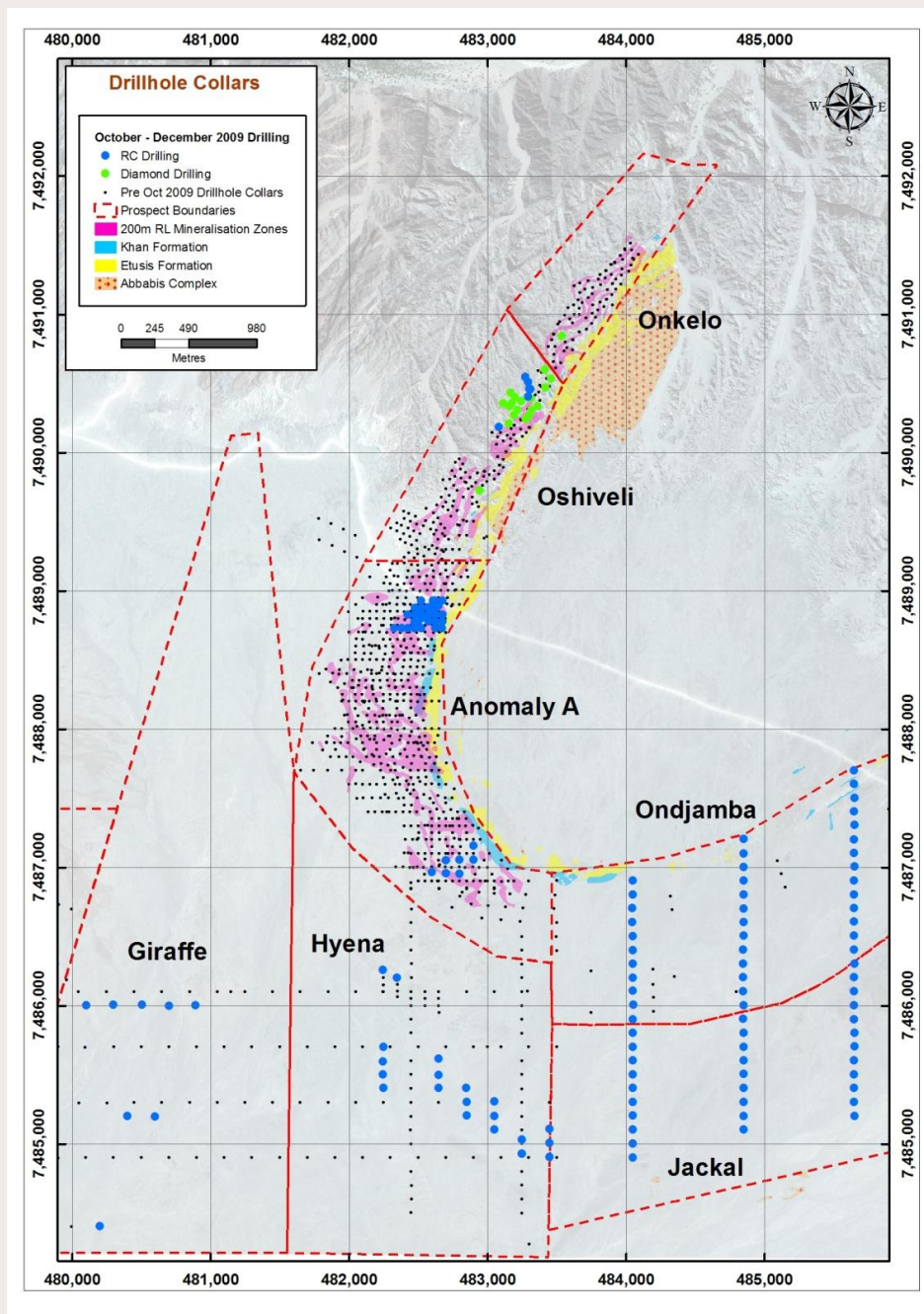
The plan on the following page shows the Etango Project area and the location of the resource definition and step-out drilling completed up to 31 December 2009.

Onkelo and Oshiveli

Diamond drilling during the quarter at the Oshiveli and Onkelo areas within the Etango Project continued to confirm the near-surface broad zones of uranium mineralisation encountered in previous drilling, and also filled the previously undrilled gap between Oshiveli and Onkelo. Drilling targeted the conversion of Inferred to

Indicated resources as well as identifying additional near-surface mineralisation which could be incorporated into the Etango Project resource model and feasibility study mining plans.

The results continue to support the geological interpretations and grade assessments in the Onkelo and Oshiveli areas, and the intersected mineralisation is expected to add to the size and classification of the resource estimate in this location. The results will be incorporated in the current quarter into a new mineral resource estimate.



Ondjamba, Jackal and Giraffe

Further reconnaissance and sterilisation drilling was completed at the Ondjamba, Jackal and Giraffe Prospects. A number of the RC drillholes at Ondjamba intersected uranium mineralisation in the form of high grade narrow structures, and further drilling in this area is being considered. Drilling confirmed no anomalous results for the Jackal and Giraffe Prospects.

Environmental and Social Impact Assessment ("ESIA")

During the quarter, Bannerman lodged an ESIA for the Etango Project with the Namibian Ministry of Environment and Tourism. The ESIA was conducted and reviewed by independent environmental consultants. The Environmental Protection Act of Namibia requires a detailed ESIA for all mining projects. The ESIA supports the application for environmental clearance from the Namibian Ministry of Environment and Tourism.

No substantial legislative, environmental or social impediments have been identified for development of the Etango Project. The Erongo region already hosts a number of large uranium producing operations, and uranium mining and processing is well understood in the local communities and by Government regulatory authorities. The Etango Project enjoys local community support and is expected to have a significant positive impact on the Erongo regional and Namibian national economies, including on local employment and training.

Mining Licence

On 21 December 2009, Bannerman announced it had lodged a Mining Licence application for the Etango Project with the Namibian Ministry of Mines and Energy.

Exploration

Etango Project (Bannerman 80%)

The Etango deposit, comprising the Anomaly A, Oshiveli and Onkelo resource areas, covers a mineralised area of approximately 5km² and lies wholly within Exclusive Prospecting Licence ("EPL") 3345. EPL 3345 covers a total area of approximately 500km² within the local geological region often referred to as "alaskite alley" due to the number of identified alaskite granite-hosted uranium deposits in the area.

On 22 October 2009, Bannerman announced the intersection of a new alaskite-hosted mineralised zone named "Hyena" located 1km south of Anomaly A. The identification of this mineralised zone occurred during the initial phases of step-out exploration drilling to the south of the Anomaly A deposit. The Hyena Prospect, comprising two distinct parallel zones, was discovered by the pattern drilling of lines of vertical exploration drillholes across the general strike of the stratigraphy in the area immediately to the south of Anomaly A. A follow-up drilling program is being finalised. The proximity of Hyena to the existing Etango resource area indicates the potential for discovery of additional mineralisation under the desert sand cover in the southern part of the Etango tenement.

Swakop River Project (Bannerman 80%)

The Swakop River licence covers an area of approximately 800km² and contains extensive paleo-channel targets with uranium mineralisation in calcretised sediments. These calcretised sediments are similar to those hosting uranium mineralisation at the adjacent Langer Heinrich operation. No drilling work was undertaken during the quarter.

Botswana Project (Bannerman 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. Work during the quarter comprised data compilation and reviews with the objective of finalising the exploration strategy for this project in the current quarter.

Corporate

Board Appointment

On 24 November 2009, the Company announced the appointment of senior mining executive Dr David Smith to the Board as a Non-Executive Director, with effect from 25 November 2009.

Dr Smith has over 30 years' of technical, operational and senior management experience within the Rio Tinto organisation. He was until recently the President of Rio Tinto Atlantic covering the Simondou Project in Guinea, West Africa. Previous to that, he was Managing Director of Rio Tinto's Pilbara iron ore operations in Western Australia comprising Hamersley Iron and Robe River Mining, together the second largest iron ore producing operation in the world. Prior to Dr Smith's appointment to Rio Tinto's iron ore operations in 2001, he was the Chief Executive Officer of Rössing Uranium Limited in Namibia responsible for annual sales of over 5Mlbs of uranium oxide to power utilities worldwide. He also chaired the Rössing Foundation, a key component of Rio Tinto's corporate social responsibility activity in Namibia. Dr Smith is a qualified metallurgist residing in Perth, Western Australia, and his formal qualifications include a Bachelor of Science and Ph.D. in Metallurgy from the University of New South Wales in Australia.

Company Secretary Appointment

Following the end of the quarter, Mr Glen Smith was appointed to the position of Company Secretary effective 21 January 2010 following the resignation of the previous Company Secretary.

Cash Position

The Company's cash balance as at 31 December 2009 was A\$23.2 million.

Annual General Meeting

The Company's Annual General Meeting was held on 24 November in Perth. As reported to the market immediately following the meeting, all resolutions were passed.

About Bannerman - Bannerman Resources Limited is an emerging uranium development company with interests in two properties in Namibia, a southern African country considered to be a premier uranium mining jurisdiction. Bannerman's principal asset is its 80%-owned Etango Project situated southwest of Rio Tinto's Rössing uranium mine and to the west of Paladin Energy's Langer-Heinrich mine. Etango is one of the world's largest undeveloped uranium deposits. Bannerman is focused on the feasibility assessment and development of a large open pit uranium operation at Etango. More information is available on the Company's website at www.bannermanresources.com.

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Technical Disclosures

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, 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.

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.

The information in this report relating to the Mineral Resources of the Etango Project is based on resource estimates completed by Mr Neil Inwood and Mr Iain Macfarlane both of whom are full time employees of Coffey Mining Pty Ltd. Each of Messrs. Inwood and Macfarlane are Members of The Australasian Institute of Mining and Metallurgy and have 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 a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and are independent consultants to Bannerman and Qualified Persons as defined by Canadian National Instrument 43-101. Messrs. Inwood and Macfarlane consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.



The information in this report relating to mining studies undertaken on the Etango Project was completed by Mr Harry Warries of Coffey Mining Pty Ltd, a consultant to Bannerman Resources Ltd. Mr Warries is a Member of The Australasian Institute of Mining and Metallurgy and has extensive experience relevant to the activity which is being undertaken. Mr Warries 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 relating to the metallurgical testwork undertaken on the Etango Project samples was completed by Mr Daryl Evans of Independent Metallurgical Operations Pty Ltd, a consultant to Bannerman Resources Ltd. Mr Evans is a Member of The Australasian Institute of Mining and Metallurgy and has extensive experience relevant to the activity which is being undertaken. Mr Evans consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.