

During the September 2011 quarter, Bannerman Resources Limited (ASX: BMN, TSX: BAN, NSX: BMN) ("Bannerman" or the "Company") has progressed the Definitive Feasibility Study ("DFS") on the Etango Uranium Project in Namibia and has continued discussions with Hanlong and a number of potential development partners.

HIGHLIGHTS

- **Etango Project DFS** – Significant progress was made on the Etango Project DFS including confirmation of a 33% increase in the processing throughput to 20 million tonnes per annum with a resultant 20% increase in uranium production to 6-8 million pounds U_3O_8 per annum, optimisation of the Etango site layout, preliminary design of the crushing, agglomeration and heap leach circuits, and determination of an optimal heap height of 5 metres. The DFS remains on schedule for completion by the end of the March 2012 quarter.
- **Exploration** - Bannerman focused its exploration efforts during the quarter on areas adjacent to the Etango deposit. A field investigation to the west of the Onkelo area in the northern part of the Etango deposit strongly indicated that the alaskite units in this area are consistently mineralised. Drilling to confirm the mineralisation in this area is being planned.
- **Acquisition Proposal and development partner search** – Bannerman announced early in the quarter that it had received a conditional proposal from Hanlong Mining Investment Pty Ltd, a subsidiary of Chinese conglomerate Sichuan Hanlong Group ("Hanlong"), for the acquisition of 100% of Bannerman by way of a scheme of arrangement. As announced to the market on 24 October 2011, following engagement with Hanlong and its finance providers, the Board of Bannerman concluded that it is unlikely that Bannerman will know whether Hanlong is in a position to enter into a binding agreement with the Company within a timeframe that would meet the reasonable expectations of Bannerman's shareholders and other stakeholders, including the Namibian Government. Accordingly, Bannerman has formally advised Hanlong that, whilst Bannerman remains willing to consider a less conditional proposal, Bannerman will now focus on its existing discussions with other parties regarding development joint ventures and alternative corporate arrangements.
- **Extension of Convertible Note** – Bannerman reached agreement in the quarter with its major institutional shareholder, Resource Capital Funds, to extend the maturity date of the existing A\$10 million convertible note from mid-December 2011 to 31 March 2012, or such later date as may be agreed (but not beyond 30 September 2012).
- **Cash Position** - Bannerman's cash reserves as at 30 September 2011 totalled A\$11.5 million.

Len Jubber, Chief Executive Officer
31 October 2011

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 Bannerman's website at www.bannermanresources.com.

Etango Project (Bannerman 80%)

Background

The Etango Project is one of the world's largest undeveloped uranium deposits, located in a premier uranium mining jurisdiction in Namibia, southern Africa. Etango has the material advantage of its close proximity to road, rail and electricity networks, one of southern Africa's largest commercial ports, water infrastructure, and to established support industries and labour forces in the region. These factors, combined with the globally significant scale of expected annual production, long project life and low technical risk, define an attractive project well positioned in a world where nuclear energy and the demand for uranium is projected to grow significantly.

Etango Mineral Resource

The mineral resource estimate for the Etango Project, reported at a cut-off grade of 100 parts per million ("**ppm**") U_3O_8 , presently comprises Measured resources of 62.7 million tonnes ("**Mt**") at 205ppm for 28.3 million pounds ("**MIbs**") of contained U_3O_8 , Indicated resources of 273.5Mt at 200ppm for 120.4MIbs of contained U_3O_8 , plus Inferred resources of 164.6Mt at 176ppm for 63.9MIbs of contained U_3O_8 . In accordance with reporting requirements in Canada, only the Measured and Indicated mineral resources, totalling 148.7MIbs U_3O_8 , are the subject of the DFS.

Definitive Feasibility Study (DFS)

The DFS was advanced during the quarter in line with budget and timetable expectations, with key outputs including:

- Confirmation of a 33% increase in the processing throughput from 15 million tonnes per annum ("**Mtpa**") in the December 2010 Preliminary Feasibility Study ("**PFS**") Update to 20Mtpa in the DFS;
- A resultant 20% increase in annual uranium production from 5-7MIbs U_3O_8 per annum to 6-8MIbs per annum,
- A change in the mine scheduling philosophy from maximising ore grade to minimising material movement costs;
- Deferral of waste pre-stripping volumes to minimise material movement and operating costs in the early years of the mine life;
- Changes in the site layout reflecting the relative value of the location of waste rock dumping compared with the location of the processing facilities; and
- Identification of an optimal heap height of 5 metres in order to optimise residence time, acid strength and consumption, and uranium recovery.

The DFS remains on schedule for completion at the end of the March 2012 quarter.

(a) Mining

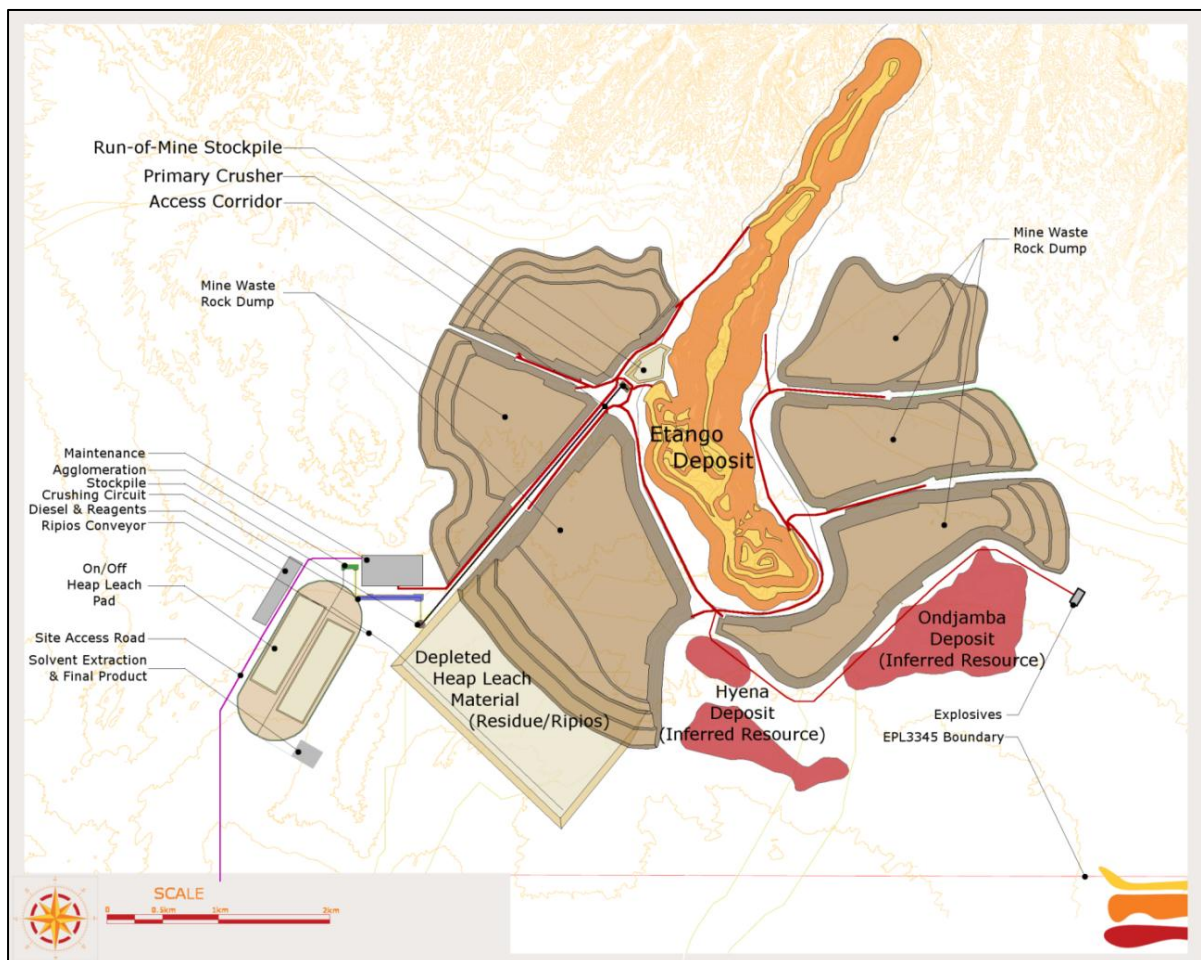
The DFS will be based on a 33% increased processing throughput scenario of 20Mtpa resulting in an approximate 20% increased annual production of 6-8MIbs U_3O_8 compared with the PFS Update. Work on mining aspects during the quarter was focused on the following:

- A change in the mine scheduling philosophy from maximising ore grade to minimising material movement costs. The change stems from recognising that the homogenous grade of the deposit limits the benefits derived from "high grading" the deposit and thereby creating substantial low grade stockpiles. Accordingly, the DFS now assumes a similar ore mining rate to the PFS Update but with direct feeding of low grade material into the higher capacity processing plant. This material was previously modelled in the PFS Update as being stockpiled for processing in later years;

- Deferring waste stripping to both minimise the operating costs during the early years as well as staging of the pit development to allow flexibility for anticipated future increases in uranium prices. The first stage of the mine will span a 14 year timeframe with a pit expansion decision required in year 10 to further extend the mine life to 17 years;
- Determining an acceptable trade-off between minimising ore dilution and maximising the scale of mining. Studies have confirmed the greater economic benefits of minimising ore dilution through selective mining compared with capturing the benefits of economies of scale associated with bulk mining. As a result, a mining configuration comprising 12 metre high benches mined in 4 metre flitches using 55 tonne excavators in back hoe configuration and 220 tonne haul trucks has been selected;
- Requests for Quotations were issued for the supply and maintenance of heavy mining equipment including haul trucks, excavators and drills as well as major consumable items including explosives, fuel and tyres; and
- Detailed manning studies to determine the most cost effective use of equipment and labour.

The site layout (shown below) was optimised through comparative analysis of hauling waste and ore rock. Given the higher proportion of waste rock to ore and the associated mining movement operating costs, the location of the waste rock dumps has been given preference in terms of proximity to the open pit. The processing plant site has therefore been re-located approximately 2km to the west of the position modelled in the December 2010 PFS Update and is accessed via a 2km conveyor from the primary crusher.

As shown below, access has also been maintained to the existing 43Mlbs U_3O_8 of Inferred mineral resources delineated in the adjacent Hyena and Ondjamba deposits.



Etango Project Site Layout for DFS

For personal use only

Testwork to be undertaken in the remainder of 2011 includes geochemical characterisation of the mined waste rock and the generation of bulk pregnant liquor solution from closed circuit column testwork to provide more representative solvent extraction feed solutions.

Work in the quarter has focused on finalisation of the processing flowsheet and associated detailed engineering drawings.

The diagram illustrates the following process steps:

- Mineral Ore** is extracted from the **ETANGO Open Pit (Design)**.
- The ore is transported to the **Crushing Circuit**, which includes **Primary**, **Secondary**, and **Tertiary** crushers.
- The crushed material undergoes **Agglomeration & Sulphuric Acid Addition**.
- The material is then processed in the **Heap Leach On/Off Pad** for **Sulphuric Acid Percolation & Uranium Leaching**, with **Water** added.
- The leached material is sent to a **Clarifier** to produce **Pregnant Liquor Solution (PLS)**.
- The PLS is then **Clarified Pregnant Liquor Solution**.
- The clarified solution enters the **Solvent Extraction Circuit**, where **Ammonia (NH₃)** is added.
- The resulting **Yellowcake** is processed through **Centrifuges** and **Product Thickeners**.
- The yellowcake is then sent to a **Calciner**.
- The calcined material is shipped **To Port** and then **To Conversion Facility & Buyer**.
- Mineral Waste** from the crushing circuit is sent to the **Mine Waste Rock Dump**.
- Depleted Heap Leach Material (Ripios)** is also sent to the **Mine Waste Rock Dump**, with a **Potential for Co-disposal** indicated.

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(d) Environmental and Social Impact Assessment

In July 2011, Bannerman received an Environmental Clearance from the Namibian Ministry of Environment and Tourism for the linear infrastructure proposed to service the Etango Uranium Project. The linear infrastructure comprises an access road and telecommunications, power and water services. This follows receipt in April 2010 of an Environmental Clearance for development of the Etango Project based on the configuration set out in the 2009 Environmental and Social Impact Assessment ("ESIA").

An updated ESIA and accompanying Environmental and Social Management Plan, incorporating the now expanded resource area, site layout refinements and updated regional hydrogeological modelling is scheduled to be lodged for public comment by early 2012, following which it will be submitted to the Namibian Ministry of Environment and Tourism for approval.

Upon receipt of an updated environmental clearance for development of the Etango Project, Bannerman will lodge supplementary information with the Ministry of Mines and Energy in further support of the existing Etango mining licence application.

Exploration

Etango Licence (Bannerman 80%)

The Etango exploration licence (EPL 3345) covers an area of approximately 500km² and contains numerous known uranium occurrences. During the quarter, Bannerman focused its exploration efforts on areas adjacent to the Etango deposit, including Hyena/Ondjamba and Onkelo.

(a) Hyena and Ondjamba Prospects

In the June 2011 quarter, Bannerman completed a program of reverse circulation ("RC") drilling at Hyena South with the aim of better defining and extending the previously defined high grade mineralisation. An interpretation of the recent and previous drilling results indicated that mineralisation extends eastwards from the northern Hyena deposit and joins up with the Ondjamba mineralisation to form one continuous zone of mineralisation. In addition, the mineralisation in the southern Hyena deposit is now interpreted to dip slightly to the north and very close to horizontal suggesting that alaskite bands follow the synclinal structure of the stratigraphy in that area and that mineralisation intersected at the southern Hyena deposit might be the same mineralised zone as present at Ondjamba. This interpretation of the results increases the prospectivity of the undrilled area between Ondjamba and Hyena south and follow-up drilling is being considered.

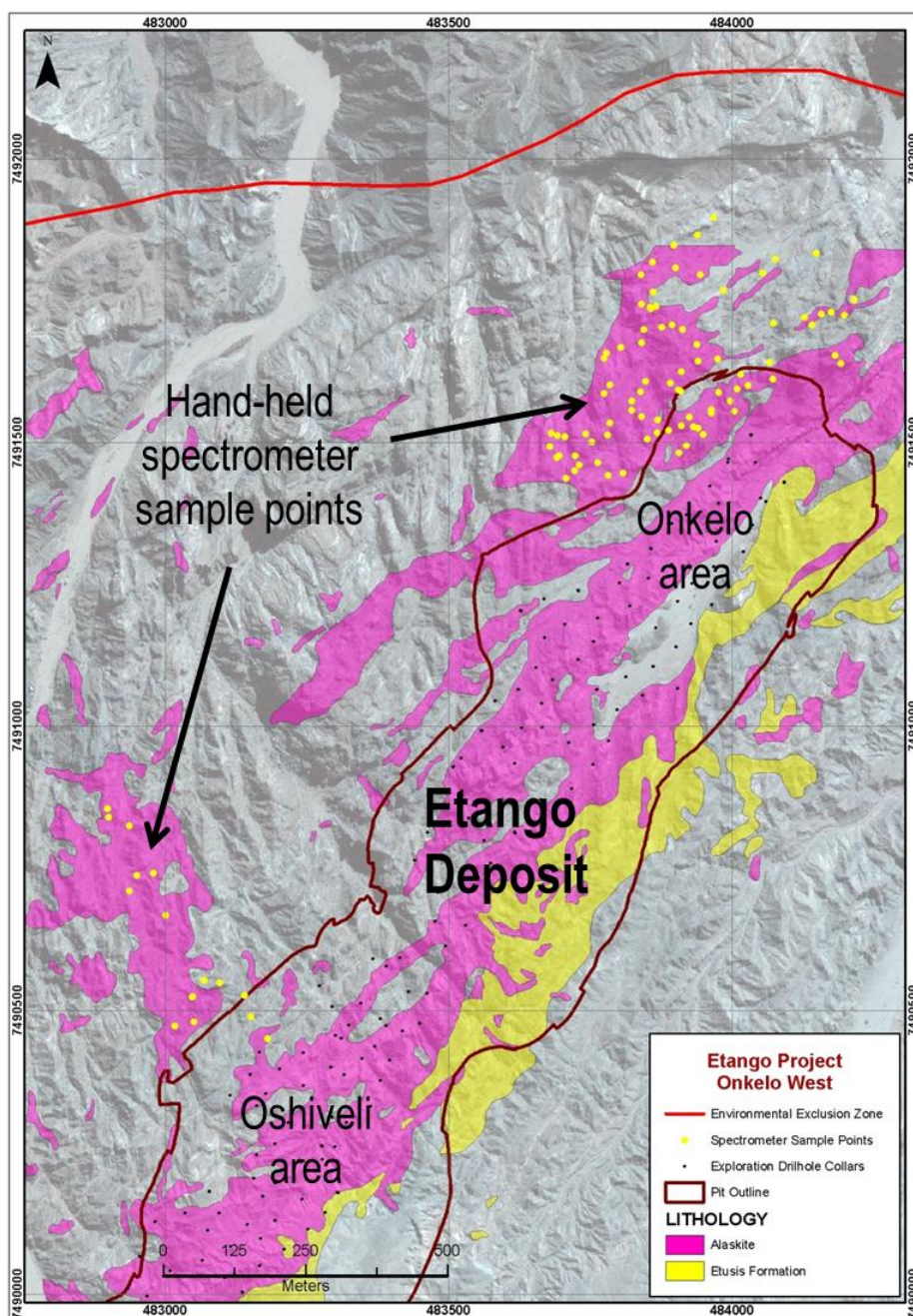
(b) Onkelo/Etango

A field investigation was completed during the quarter to the west of the Onkelo area in the northern part of the Etango deposit in order to ascertain whether the alaskite units present in this area are mineralised on surface. These areas had not previously been assessed due to the lack of access tracks.

Approximately 100 spectrometer readings were taken randomly over this area, with the results indicating that the alaskite units in this area are mineralised at surface and may present a parallel structure to the west of the existing structures at Oshiveli and Onkelo.

The plan below sets out the location of the readings and the mapped alaskite unit zones.

Drilling to confirm the mineralisation in these areas is being planned.



Etango Deposit - Northern Onkelo Area
Hand-held spectrometer readings

Swakop River Project (Bannerman 80%)

The Swakop River licence (EPL 3346) covers an area of approximately 800km² and contains paleo-channel targets with uranium mineralisation in calcretised sediments. The licence surrounds Paladin Energy's Langer-Heinrich operation on three sides.

A field investigation has commenced on all the known pegmatite occurrences on EPL 3346. The aim of this investigation is to determine whether there are uranium and/or rare earth element minerals associated with the pegmatite occurrences. Samples collected to date have been submitted for multi-element analysis.

Corporate

Cash Position

The Company's cash balance as at 30 September 2011 was A\$11.5 million (30 June 2011: A\$15.3 million).

Acquisition Proposal from Hanlong Mining

Bannerman announced early in the quarter that it had received a conditional proposal from Hanlong Mining Investment Pty Ltd, a subsidiary of Chinese conglomerate Sichuan Hanlong Group ("**Hanlong**"), for the acquisition of 100% of Bannerman for A\$0.612 cash per Bannerman share by way of a scheme of arrangement.

As announced to the market on 24 October 2011, Bannerman has assisted Hanlong in undertaking technical and legal due diligence enquiries using external advisers. Bannerman and Hanlong have also had a number of constructive meetings and discussions which suggest to Bannerman that there is a strong alignment of views between Bannerman and Hanlong on the positive outlook for the uranium sector and the quality and strategic value of the Etango Uranium Project given the size of its mineral resource, its location and its low development and processing risk.

During recent negotiations in China, Hanlong advised Bannerman that the China Development Bank (which is the intended financier of any Hanlong offer) requires additional due diligence to be undertaken to gain greater certainty regarding the timing and conditions of a mining licence before financing commitments can be made to Hanlong. Hanlong has not yet been able to confirm the scope of that work, how long it will take to complete or how long it will take to secure approvals from the China Development Bank and the Chinese Government.

As a result, the Board of Bannerman concluded that it is unlikely that Bannerman will know whether Hanlong is in a position to enter into a binding agreement with Bannerman within a timeframe that would meet the reasonable expectations of Bannerman's shareholders and other stakeholders, including the Namibian Government. Accordingly, Bannerman has formally advised Hanlong that, whilst Bannerman remains willing to consider a less conditional proposal from Hanlong, Bannerman will now focus on its existing discussions with other parties regarding development joint ventures and alternative corporate arrangements.

Extension of Convertible Note

On 15 September 2011, Bannerman announced it had reached agreement with major institutional shareholder, Resource Capital Funds, to extend the maturity date of the existing A\$10 million convertible note from mid-December 2011 to 31 March 2012, or such later date as may be agreed (but not beyond 30 September 2012). Formal documentation for the extension was executed on 30 September 2011 as planned. The note has been extended on its current terms (including the conversion price of A\$0.612 per share), with Bannerman agreeing to pay the 8% coupon interest for the extension period, and an extension fee of A\$150,000 via the issue of new Bannerman shares. The issue price of the new shares will be, for the interest payment, the 10 day volume weighted average price ("**VWAP**") of Bannerman's shares prior to the date of issue and, for the extension fee, the lower of A\$0.333 per share and the 10 day VWAP up to the date of payment (which must occur by 16 December 2011).

Issued Securities

The Company's issued share capital as at 30 September 2011 comprised 234,435,934 shares, 3,248,500 Employee Incentive Plan performance rights and 17,177,450 unlisted options.

Annual General Meeting

The Company's 2011 Annual General Meeting will be held at the Duxton Hotel in Perth at 10:30am on Thursday 17 November 2011. The Notice of Meeting has been dispatched to shareholders.

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Technical and Cautionary Disclosures

Certain disclosures in this release, including management's assessment of Bannerman Resources Limited'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 Bannerman'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 Bannerman'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 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 a resource estimate completed or supervised by Mr Neil Inwood, a full time employee of Coffey Mining Pty Ltd. Mr Inwood is a Fellow 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 a 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 and Qualified Person as defined by Canadian National Instrument 43-101. Mr Inwood consents, and provides corporate consent for Coffey Mining Pty Ltd, to the inclusion in this report of the matters based on his information in the form and context in which it appears.