

During the June 2012 quarter, Bannerman Resources Limited (ASX: BMN, TSX: BAN, NSX: BMN) ("**Bannerman**" or the "**Company**") released the results of the Definitive Feasibility Study ("**DFS**") for its 80%-owned Etango Uranium Project in Namibia, agreed terms for the Namibian state-owned mining company to acquire a 5-10% stake in Etango, completed drilling to confirm Etango depth extensions and, following quarter end, received formal environmental approval for development of the Etango Project.

HIGHLIGHTS

- Release of the results of the Etango Uranium Project DFS, **confirming the viability of a long life and large scale uranium mining project.**
- **Receipt of environmental approval** for the Etango Project from the Namibian Ministry of Environment and Tourism. The environmental approval is a necessary step in obtaining a mining licence for the Project.
- Execution of a **binding Term Sheet with Namibian state-owned mining company** Epangelo Mining Company (Proprietary) Limited (**Epangelo**) for Epangelo to acquire an initial 5% interest and subsequent additional 5% interest in Bannerman's Namibian subsidiary, the sole owner of the Etango Uranium Project. Technical due diligence has been completed to Epangelo's satisfaction and efforts are now focused on finalising the transaction documentation and Epangelo's financing.
- **Drilling during the quarter intersected consistent and broad mine-grade mineralisation** under the DFS open pit mine design. These results, in addition to those reported in the previous quarter, have confirmed the Etango deposit to be open down dip to the west and at depth, indicating the potential to expand the pit design and extend the modelled mine life.
- Appointment of experienced Resource Capital Funds senior executive **Ian Burvill as a Non-Executive Director** following the retirement of Mason Hills who has relocated overseas.
- Cash holdings of **A\$9.6 million** as at 30 June 2012, with significant reductions in monthly expenditure now expected following completion of the DFS.

Activities for the second half of 2012 for the Etango Project will focus on completion of the Epangelo transaction, pursuit of the Etango Project mining licence, advancement of discussions with potential development and financing partners, and prudent cash management.

Bannerman's CEO, Len Jubber, said: "Completion of the Etango Project DFS and subsequent receipt of formal environmental approval represent significant milestones and further de-risk the Etango Project. In addition, drilling carried out over the last two quarters confirms that the Etango deposit is open down dip and at depth, and therefore offers significant potential for mine life extensions beyond the current reserve life of 16 years. Etango is now one of the very few large scale and low technical risk projects backed by a DFS and with significant resource upside."

With confirmation during the quarter of China's extensive nuclear reactor development program, commencement of reactor restarts in Japan and further reports of production disruptions, Bannerman is well positioned to offer its investors substantial exposure to positive uranium fundamentals.

Len Jubber, Chief Executive Officer
31 July 2012

Etango Uranium Project (Bannerman 80%)

Background

The Etango Uranium Project is one of the world's largest undeveloped uranium deposits, located in the Erongo uranium mining region of Namibia which hosts the Rössing and Langer-Heinrich mines and the Husab project which was recently acquired by Chinese state-owned nuclear power entity China Guangdong Nuclear Power Company. Etango is 73km by road from one of the region's busiest deep water ports through which uranium has been exported for over 35 years. Road, rail, electricity and water networks are all located nearby.

Definitive Feasibility Study

The DFS was completed early in the quarter and confirmed the viability of the long life and large scale Etango Project and forecasts potential production of 6-9 million pounds ("Mlbs") U₃O₈ per year.

Key outcomes from the DFS, as announced to the market on 10 April 2012, are as follows:

- Declaration of Proved and Probable Ore Reserves totalling 279.6 million tonnes at an average grade of 194ppm U₃O₈ for 119.3 Mlbs of contained U₃O₈, in accordance with Australian JORC and Canadian NI 43-101 reporting standards;
- Production of 7-9 Mlbs U₃O₈ per year for the first five years and 6-8 Mlbs U₃O₈ per year thereafter, which would rank Etango as a global top 10 pure uranium project;
- Cash operating costs of US\$41/lb U₃O₈ in the first five years and an average of US\$46/lb U₃O₈ over the life of mine, with programs to seek reductions;
- Cash operating margin of 24% at current long term contract prices (US\$60/lb U₃O₈) and 39% at an assumed base case long term price of US\$75/lb U₃O₈;
- At a uranium price of US\$75/lb U₃O₈, the Etango Project generates operating cashflow of US\$2.7 billion before capital and tax, and free cashflow of US\$923 million after capital and tax;
- Pre-production capital cost of US\$870 million; and
- Minimum open pit mine life of 16 years, with further extensions sought through the conversion of existing Inferred Resources and new drilling programs.

Expenditure on the DFS has now come to an end and ongoing work is focused on the pursuit of licencing for the Project and completion of the Epangelo transaction (see below), as well as internal analysis of various improvement opportunities identified as part of the DFS completion process.

Project Licencing

Shortly after the end of the quarter, the Namibian Ministry of Environment and Tourism issued Bannerman with formal environmental approval for development of the Etango Project. Receipt of the environmental approval followed lodgment of the Environmental and Social Impact Assessment ("ESIA") and associated Environmental Management Plan ("EMP") earlier in the quarter, as well as the public consultation process conducted in the March 2012 quarter. The public consultation process involved Bannerman making available a comprehensive report and associated specialist studies, as well as presentations to key stakeholders and local communities in Namibia. Feedback from the public meetings was incorporated in the final ESIA and EMP documentation.

The environmental approval for the Project complements the environmental approval received last year for the Etango Project's off-site infrastructure.

The environmental approval is a necessary step in obtaining a Mining Licence for the Etango Project. Bannerman has now also lodged the DFS with the Namibian Ministry of Mines and Energy, in support of the existing Etango Mining Licence application.

Epangelo Agreement

A binding Term Sheet was signed early in the quarter for Epangelo (or its nominee) to acquire an initial 5% interest and, upon a mine development decision, a further of 5% interest in Bannerman's Namibian subsidiary, Bannerman Mining Resources (Namibia) (Pty) Ltd ("**BMRN**"), which owns 100% of the Etango Project.

The key terms include the following:

- Epangelo to acquire 5% of BMRN by purchasing interests from the existing BMRN shareholders, with the sales proceeds for Bannerman being approximately A\$3 million. The post-acquisition shareholdings in BMRN will be Bannerman (76%), Epangelo (5%) and the existing private shareholder (19%);
- Epangelo has four months to obtain the necessary acquisition finance from the Development Bank of Namibia or another financing institution acceptable to BMRN's shareholders, and then to acquire the BMRN shares. During this period, other conditions such as Epangelo's own due diligence investigations, the signing of full-form documentation and receipt of regulatory approvals (as required) are also to be satisfied;
- Upon Epangelo acquiring its 5% interest, it shall meet its pro-rata share of BMRN's expenditure. If Epangelo is unable to fund its share of BMRN's expenditure for the period from the initial acquisition up to a future decision to mine, Bannerman shall loan such funds to Epangelo with this loan to be repaid from future BMRN dividends and other distributions;
- Epangelo also holds a future one-time option at the time of a mine development decision to acquire a further 5% of BMRN for a 2.5% discount to the market value at that time;
- If Epangelo does not contribute its pro-rata share of cash calls after a mine development decision is made, it shall dilute ultimately to nil in accordance with an agreed "dilution and sale" formula;
- Pre-emptive rights shall exist in favour of non-selling BMRN shareholders; and
- Bannerman will assist in Epangelo's capacity-building programs through secondments of Epangelo personnel to the Etango Project team and through education and training initiatives.

All technical due diligence has been completed to Epangelo's satisfaction and efforts are now focused on finalising the full-form documentation and Epangelo's financing arrangements.

Exploration

Etango Licence (Bannerman 80%)

The Etango Exclusive Prospecting Licence (EPL 3345) covers an area of approximately 500km² and contains numerous known uranium occurrences including the Etango deposit. During the quarter, Bannerman completed an 11 hole (1,610 metres) drilling program on the deeper levels in the Anomaly A area of the Etango deposit. This drilling followed the successful drilling program in the Onkelo West area of the northern part of the Etango deposit, as reported in the previous quarter.

The drilling completed during the June quarter focused on areas immediately below the current Mineral Resource boundary to test the potential for deeper repeats of the existing granite (alaskite) hosted mineralised zones.

The drilling targeted the alaskites in close proximity to the Khan/Chuosi contact where higher grade mineralisation is expected. The most significant results received are listed below and all mineralised intercepts from the program are tabulated in the Table in the Attachment:

- **62m @ 212ppm** U₃O₈ from 382m (GARC0233) *including 7m @ 666ppm* U₃O₈
- **20m @ 232ppm** U₃O₈ from 364m (GARC0248)
- **23m @ 250ppm** U₃O₈ from 409m (GARC0395)
- **44m @ 214ppm** U₃O₈ from 338m (GARC0418) *including 6m @ 677ppm* U₃O₈
- **49m @ 284ppm** U₃O₈ from 388m (GARC0418) *including 8m @ 656ppm* U₃O₈
- **27m @ 377ppm** U₃O₈ from 455m (GARC0418)
- **17m @ 246ppm** U₃O₈ from 414m (GARC0130) *including 2m @ 685ppm and 2m @ 557ppm* U₃O₈
- **25m @ 279ppm** U₃O₈ from 446m (GARC0130) *including 3m @ 557ppm and 3m @ 797ppm* U₃O₈
- **31m @ 237ppm** U₃O₈ from 230m (GARC0431) *including 3m @ 668ppm and 4m @ 374ppm* U₃O₈

All drillholes were extensions of historical RC drillholes and consistently intersected broad zones of mineralisation both up and down dip from the previous results and in some areas extended the strike extension of the mineralisation. Refer Figures 1-3 in the Attachment.

Importantly, the drilling has confirmed the potential for extensions of the existing Mineral Resource to the west and immediately below the DFS open pit mine design, and the potential for mine life extensions well beyond the current 16 year modelled mine life.

Uranium Market

It is now well over one year since the tragic natural disasters in Japan in March 2011 and the resultant operating issues with the Fukushima Daiichi nuclear power facility. Uranium spot and long term contract prices have been stagnant over the last six months, reflecting the comments and actions of certain governments regarding the suspension or slow-down of their nuclear power build programs, as well as the availability of secondary supplies.

Key events during the quarter support Bannerman's view of future higher uranium prices, including:

- **Japan** – On 15 June 2012, Japanese Prime Minister Yoshihiko Noda officially approved the re-start of two reactors at the Ohi nuclear power station in Fukui Prefecture, being the first two commercial reactors to return to service since the Fukushima incident. The re-starting of Japan's reactors represents a key short term catalyst for the uranium market;
- **China's commitment to nuclear power** – In June 2012 the Chinese government announced three major actions with respect to its nuclear energy program. Firstly, the release of a long awaited safety plan that will result in the lifting of a moratorium on new nuclear reactor projects. China now plans to have a total output of 60-70 GWe by 2020, an increase from the 40 GWe target set in 2006. Secondly, it was announced that Chinese state-owned nuclear entity China National Nuclear Power, the country's largest nuclear reactor developer, would list on the Hong Kong Stock Exchange via an initial public offering to raise over US\$20 billion to fund its construction programs. Thirdly, the Chinese Government announced a list of seven strategic industry initiatives to counter a down turn in economic growth, one being the construction of new nuclear power plants.
- **Secondary uranium supplies** - The world's current annual uranium production is significantly less than annual demand from nuclear power utilities, with the shortfall presently satisfied through the sale of uranium from inventories and secondary sources. A key secondary source has been the 1993 "Megatons to Megawatts" program between Russia and the USA for the down-blending of highly enriched uranium from dismantled Russian nuclear warheads. This program is due to end in 2013 and is unlikely to be renewed at its present volumes;

- **Incentive prices for new mine development** – In addition to the impact of reducing secondary supplies, Bannerman believes that as a result of the complexity and long lead time of expanding existing operating mines and bringing new uranium mines into production, new production sources are unlikely to come on stream at the costs and to the extent currently anticipated by market participants. In addition, existing uranium producers are also experiencing production and economic challenges. Mining of uranium is subject to many of the same cost pressures as other mining operations but, unlike other commodities, uranium mining carries significantly increased environmental and safety management obligations and associated development timeframes. The development of new mines and the expansion of existing operations will, in Bannerman's view, require higher uranium prices to incentivise development and expansion commitments. Bannerman has researched the escalation of cost estimates in various uranium mining projects, and the clear trend is for significant operating and capital cost increases as projects are progressed through their feasibility assessment phases.

Corporate

Cash Position

The Company's cash reserves as at 30 June 2012 totalled A\$9.6 million (31 March 2012: A\$13.2 million). Expenditure will now be significantly lower following completion of the Etango project DFS and the Company is committed to prudent cash management in the current weak equity market environment.

Bannerman Board Changes

Ian Burvill was appointed as a Non-Executive Director on 14 June 2012, replacing Mason Hills who retired due to relocation overseas.

Mr Burvill is a Senior Vice President of private equity fund manager Resource Capital Funds ("RCF") and has over 25 years of mining industry experience. In 2001, Mr Burvill opened the Australian office of RCF and has since been involved in the provision of equity finance to numerous resources development and mining companies. In representing RCF, Mr Burvill has acted as a non-executive director of numerous mining companies.

Management Change

A search for a replacement CFO is underway following the incumbent's resignation with effect from early September, and an appointment is expected to be made shortly.

Issued Securities

The Company's issued share capital as at 30 June 2012 comprised 297,244,208 ordinary shares. Shortly after the end of the quarter, Bannerman issued 1,329,680 shares to RCF as payment of interest on the existing A\$8 million convertible note, in accordance with shareholder approval received in March 2012. At the date of this Quarterly Activities report, the Company has 302,000,580 shares on issue.

In addition, Bannerman currently has on issue 6,879,215 performance rights issued under the shareholder-approved Employee Incentive Plan ("EIP") and Non-Executive Director Share Incentive Plan, and 14,129,950 unlisted options. The EIP performance rights are subject to various performance targets and continuous employment periods. The options, some of which also have related performance targets and continuous employment periods, have a weighted average exercise price of A\$1.13 per share.

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About Bannerman - Bannerman Resources Limited is an emerging uranium development company with uranium interests in Namibia, a southern African country which is 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 development of a large open pit uranium operation at Etango. More information is available on Bannerman's website at www.bannermanresources.com.

Technical Disclosures

Certain disclosures in this report, including management's assessment of Bannerman'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. 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.

Mineral Resources which are not Ore Reserves do not have demonstrated economic viability.

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. Drill samples were analysed for uranium by the Bureau Veritas Laboratory in Swakopmund, Namibia. Bureau Veritas is an International Laboratory Group with operations in 140 countries, including Ultratrace and Amdel in Australia. 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, half-core and rock-chip samples are retained at Bannerman's Goanikontes Warehouse Facility (GWS) on site.

The information in this report that relates to the exploration results of the projects owned by Bannerman is based on information compiled by Mr Martinus Prinsloo, Exploration Superintendent of Bannerman. Mr Prinsloo is a Member and a Chartered Professional of the Australasian Institute of Mining and Metallurgy, a Recognised 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 a 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 Prinsloo 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 Mineral Resources of the Etango Project is based on a resource estimate compiled or reviewed by Mr Brian Wolfe, a full time employee of Coffey Mining Pty Ltd. Mr Wolfe is a Member of the Australian Institute of Geoscientists 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 a Qualified Person as defined by Canadian National Instrument 43-101. Mr Wolfe 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.

The information in this report relating to the Ore Reserves of the Etango Project is based on information compiled or reviewed by Mr Harry Warries, a full time employee of Coffey Mining Pty Ltd. Mr Warries 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 a Qualified Person as defined by Canadian National Instrument 43-101. Mr Warries 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.

**Etango Uranium Deposit
Drilling Results
June 2012 Quarter**

Hole ID	North	East	Dip	Azimuth	From (m)	To (m)	Interval (m)	U ₃ O ₈ (ppm)
GARC0130	7488600	482267	-60	90	414	431	17	246
Including					414	416	2	685
Including					427	429	2	557
GARC0130					434	444	10	137
GARC0130					446	471	25	279
Including					450	453	3	557
Including					468	471	3	797
GARC0212	7487900	482100	-60	90	415	443	28	151
GARC0212					449	466	17	106
GARC0233	7487700	482230	-60	90	346	376	30	177
Including					347	350	3	489
GARC0233					382	444	62	212
Including					424	431	7	666
GARC0234	7487600	482260	-60	90	364	376	12	223
Including					374	376	2	631
GARC0234					385	398	13	115
GARC0235	7487700	482100	-60	90	448	494	46	167
GARC0236	7487600	482150	-60	90	-	-	-	-
GARC0248	7487500	482495	-60	90	364	384	20	232
GARC0395	7488750	482236	-60	90	409	432	23	250
Including					429	431	2	480
GARC0418	7487750	482329	-60	90	338	382	44	214
Including					388	394	6	677
GARC0418					388	437	49	284
Including					435	437	2	471
Including					455	463	8	656
GARC0418					455	482	27	377
GARC0431	7487250	482507	-60	90	230	261	31	237
Including					250	253	3	668
Including					256	260	4	374
GARC0431					311	331	20	188
GARC0460	7488650	482100	-60	90	456	484	28	176

Notes to the drilling results table:

1. Reported drilling is by the reverse circulation (RC) drilling method utilising 119-129mm diameter bits.
2. All holes intersected mineralisation but only those with intercepts in excess of 10 metres at 100ppm U₃O₈ with maximum 5m internal dilution are reported.
3. All reported intersections are downhole intervals, which are similar to true widths within the Etango deposit.
4. Sample intervals are all of 1.0 metre length in the RC drillholes.
5. Sample sizes of ±1.0kg are sent to the sample preparation assay laboratory and after pulverisation a 200g sub-sample is derived for analysis. From this, 20g is used for an analysis. All quoted assays are by reputable certified laboratories.

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Figure 1
Drillhole location plan for the June 2012 Quarter

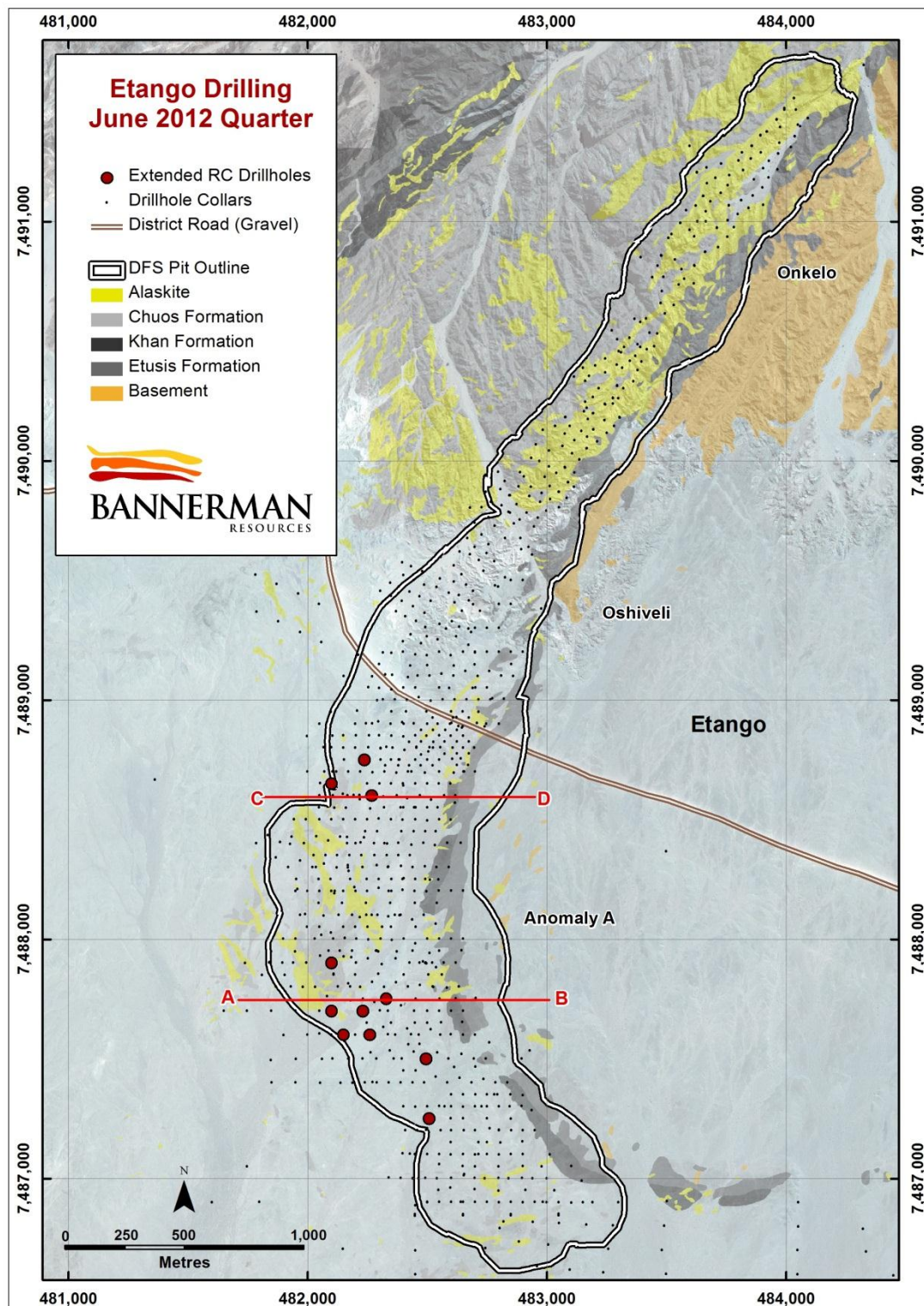


Figure 2

Section A-B showing the new drilling and the interpreted mineralisation extension

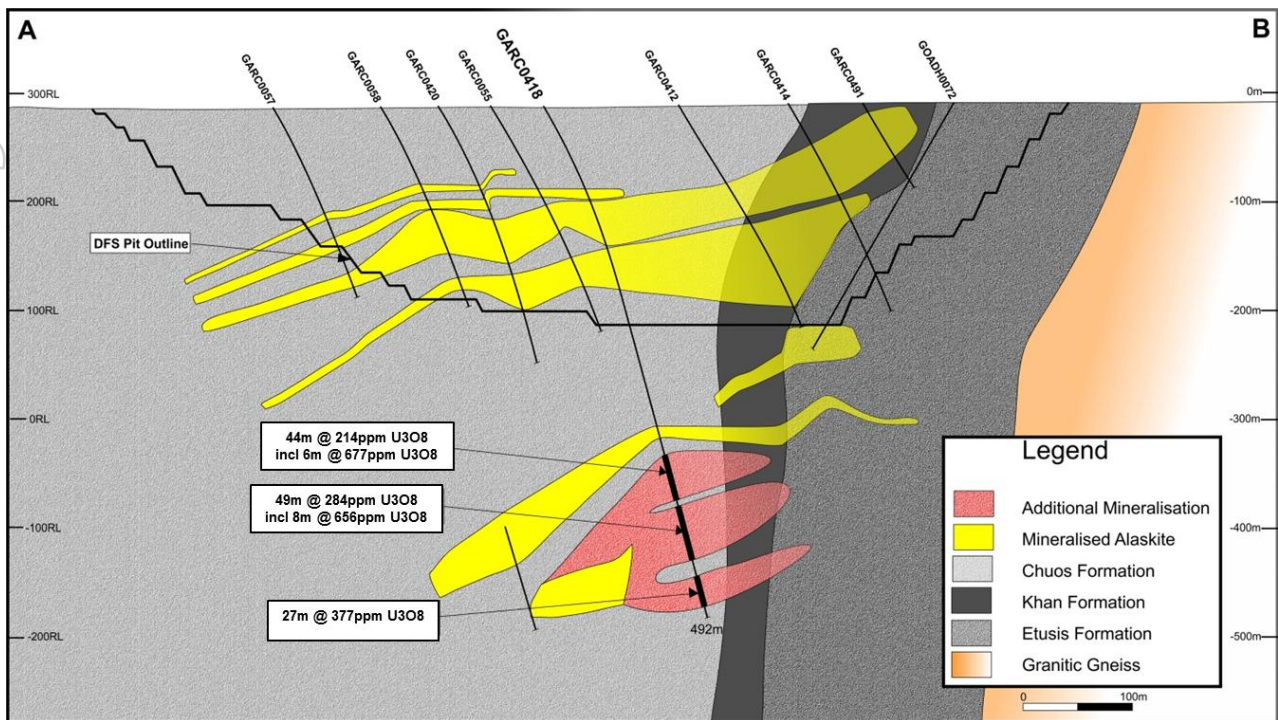
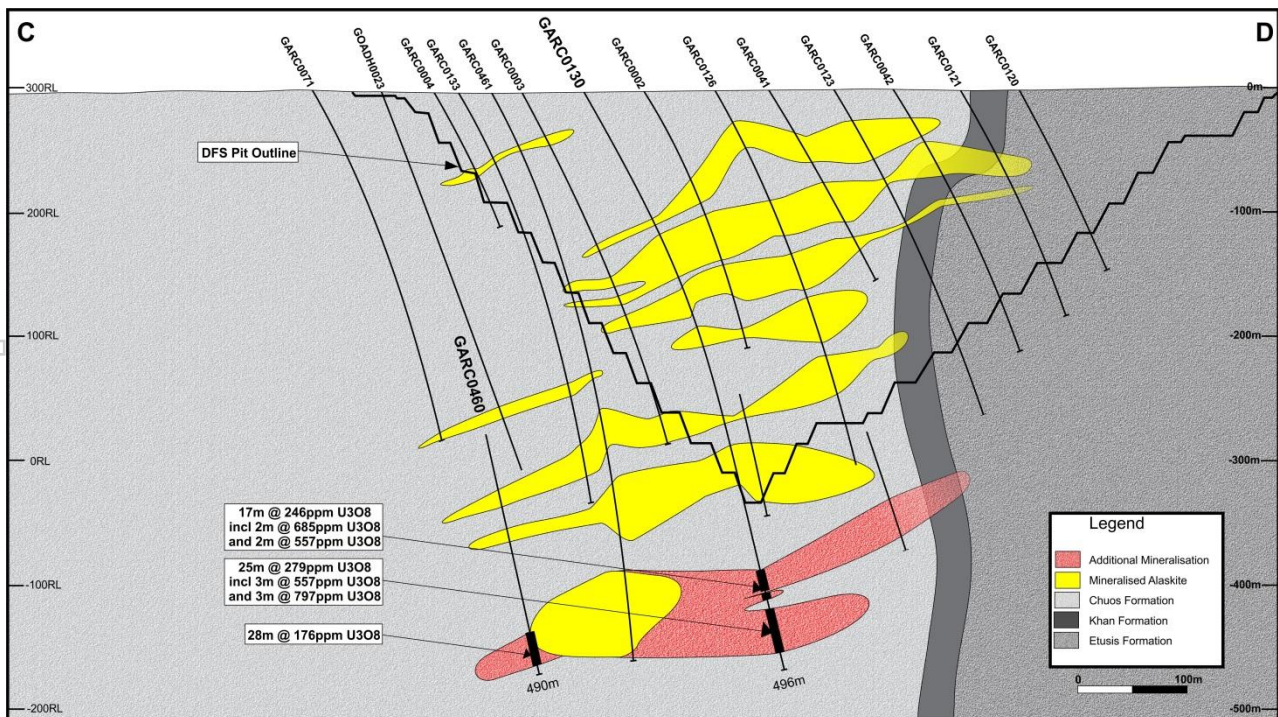


Figure 3

Section C-D showing the new drilling and the interpreted mineralisation extension



Etango Uranium Project

Mineral Resource and Ore Reserve Estimates

June 2012

(a) Mineral Resource Estimate

The Etango Project Mineral Resource estimate reported at a cut-off grade of 100ppm U₃O₈ was prepared by Coffey Mining and released in October 2010. The estimate comprises the following:

Mineral Resource	Measured			Indicated			Inferred		
Deposit	Tonnes (Mt)	Grade (U ₃ O ₈ ppm)	Contained U ₃ O ₈ (Mlbs)	Tonnes (Mt)	Grade (U ₃ O ₈ ppm)	Contained U ₃ O ₈ (Mlbs)	Tonnes (Mt)	Grade (U ₃ O ₈ ppm)	Contained U ₃ O ₈ (Mlbs)
Etango	62.7	205	28.3	273.5	200	120.4	45.7	202	20.3
Ondjamba							85.1	166	31.3
Hyena							33.6	166	12.3
Total	62.7	205	28.3	273.5	200	120.4	164.4	176	63.9

The Mineral Resource estimate is reported at a cut-off grade of 100ppm U₃O₈. Refer to the Competent Persons Statement for further information. Figures may not add due to rounding.

The Etango Project Mineral Resource estimate is reported inclusive of Ore Reserves (refer below). In accordance with Canadian technical reporting requirements, it is noted that Mineral Resources which are not Ore Reserves do not have demonstrated economic viability.

(b) Ore Reserve Estimate

The maiden Ore Reserve estimate for the Etango Project of 279.6Mt at 194ppm for 119.3Mlbs U₃O₈ is drawn only from the existing Measured and Indicated Mineral Resources. The Ore Reserve estimate represents an 80% conversion rate from Measured and Indicated Resources.

Ore Reserve	Proved			Probable			Total		
Deposit	Tonnes (Mt)	Grade (U ₃ O ₈ ppm)	Contained U ₃ O ₈ (Mlbs)	Tonnes (Mt)	Grade (U ₃ O ₈ ppm)	Contained U ₃ O ₈ (Mlbs)	Tonnes (Mt)	Grade (U ₃ O ₈ ppm)	Contained U ₃ O ₈ (Mlbs)
Etango	64.2	194	27.4	215.3	193	91.8	279.6	194	119.3

Figures may not add due to rounding.

The Ore Reserve is stated at an effective date of April 2012 and was estimated in accordance with the standards and guidelines in the Australian JORC Code and Canadian National Instrument 43-101 with a modelled mining loss of 2.6% of metal, mining dilution of 4.9% of the total ore tonnes, a cut-off grade of 70ppm U₃O₈, a processing recovery of 84.5%, a metal price of US\$75/lb U₃O₈ and the DFS cost estimates.