

During the December 2012 quarter, Bannerman Resources Limited (ASX:BMN, TSX:BAN, NSX:BMN) focussed on aligning its corporate overheads and Namibian project activities with the objective of preserving cash in the current adverse equities market, whilst continuing to favourably position the Etango Uranium Project for the widely expected recovery in the uranium price.

HIGHLIGHTS

- **Significant events that are likely to positively impact on U₃O₈ spot price:**
 - **Construction commenced on 5 new reactors in China during the quarter**
 - **Pro-nuclear Liberal Democratic Party returned to Government in Japan**
- **The December quarter ended with an upward trending spot price for U₃O₈ to US\$43.50**
- **Bannerman Director Mr Ronnie Beevor assumed the role of Chairman following the Company's AGM on 21 November 2012**
- **Continued review of overhead costs has resulted in a further significant reduction in quarterly expenditure**
- **The period ending 31 December 2012 represents in excess of 2 years that the Company's staff and contractors have operated without injury**
- **Cash of A\$5.8 million as at 31 December 2012**

During the December quarter, two significant events with likely far reaching positive impacts on the medium to long-term uranium price occurred in China and Japan, the world's second and third largest economies respectively.

In China, the Government outlined plans in October to commit to a number of nuclear projects in each of the following 5 years. The commissioning of a new reactor in late December and the start to construction of a further five new reactors (typically 1GW output each), forms part of the Chinese Government's 5-year plan to increase nuclear power generation from 12.5Gw to 40Gw.

In Japan, the pro-nuclear Liberal Democratic Party was voted in on the back of a landslide victory and has subsequently stated that not only do they plan to restart their dormant reactors but also consider building new reactors incorporating latest technologies. Japan's lack of alternative energy generation infrastructure has severely hampered that country's industrial complex since the March 2011 earthquake and tsunami forced the closure of all of its nuclear power generators.

In addition, the 1993 Highly Enriched Uranium ('HEU') agreement between Russia and the USA is scheduled to expire at the end of 2013 and is unlikely to be renewed. This will significantly decrease uranium supply with a resultant positive impact on the uranium price through and beyond 2013.

The upward trend in the spot uranium price reflects a growing realisation that the long-term commitment to nuclear power by a number of key Asian countries remains, impacting the demand-side of the equation, whilst ongoing project development deferrals and the end of the Highly Enriched Uranium (HEU) program will ultimately result in a substantial supply-side shortfall.

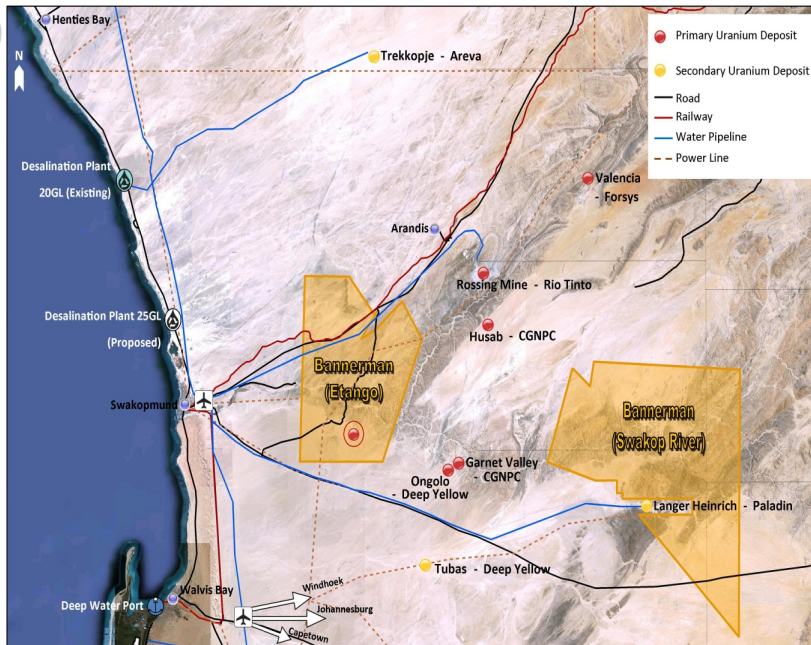
Shareholders in Bannerman are well placed to capitalise on a rising uranium price with the Etango Project regarded as one of the very few globally significant uranium projects that can realistically be in production in the medium term.

Len Jubber
Chief Executive Officer
30 January 2013

Etango Project (Bannerman 80%)

Background

The Etango 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. 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.



Etango Ore Reserve Estimate	Tonnes (Mt)	Grade (ppm)	Cont. U ₃ O ₈ (Mlb)
Proved	64.2	194	27.5
Probable	215.3	193	91.8
Total	279.6	194	119.3

Location of the Etango Uranium Project and Table of Ore Reserve Estimate (Etango Project)

Definitive Feasibility Study

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 uranium only mine;
- Average cash operating costs of US\$41/lb U₃O₈ in the first five years and US\$46/lb U₃O₈ over the life of mine;
- 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 mine life of 16 years, with further extensions possible through the inclusion of measured and indicated resources below the designed pit, and the conversion of existing inferred resources.

Project Licencing

The Ministry of Environment and Tourism granted formal environmental approval for development of the Etango Project to Bannerman in the September 2012 quarter. 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 Ministry of Mines and Energy, in support of the existing Etango Mining Licence application.

Project Optimisation

Mining equipment, pre-strip and infrastructure costs constitute approximately 40% of the total capital cost, and mining activities account for approximately 50% of the forecast operating costs. Accordingly these will be the primary areas of focus under the project optimisation initiatives in 2013.

Strategy

Bannerman is aligning its corporate overheads and project activities with the objective of deferring requirements for additional capital during the expected recovery in equities and markets. The Company is however continuing to evaluate its approach in realising the significant value shareholders have in the Etango Project in the wake of a widely expected recovery in the uranium price.

Corporate

Cash Position and Operating Expenditure

The Company's cash reserves as at 31 December 2012 totalled **A\$5.8 million** (30 September 2012: A\$7.4 million).

With the DFS complete, management is focussed on reducing the Company's quarterly expenditure. Concerted reviews of the Company's corporate and Namibian operating structure continued through the quarter, with significant progress made in reducing quarterly cash outflow to A\$1.5 million.

This represents a reduction of 31.8% on the previous quarter, with a further reduction expected in the March 2013 quarter.

Bannerman Board Changes

On 21 November 2012, Mr Ronnie Beevor assumed the role of Chairman following the retirement of Non-Executive Chairman, Dr David Smith at the conclusion of the Annual General Meeting.

Issued Securities

At the date of this report, the Company has 307,126,775 shares on issue.

The Company has a convertible note facility on issue to Resource Capital Fund IV L.P. ("RCF") with a face value of A\$8 million, expiring 31 March 2014, a conversion price of A\$0.28125 and paying a coupon rate of 8% per annum (interest payable in cash or Bannerman shares).

At 31 December 2012, Bannerman had on issue 9,835,206 performance rights issued under the shareholder approved Employee Incentive Plan ("EIP") and Non-Executive Director Share Incentive Plan, and 7,131,950 unlisted options. The EIP performance rights are subject to various performance targets and continuous employment periods.

Uranium Market

The uranium spot price increased from US\$40.00/lb U₃O₈ in mid-October to US\$43.50/lb by 31 December. The long-term contract price closed out the year at US\$56/lb on low volumes. Notwithstanding the modest price levels for both spot and long-term deals, there are a number of relevant, material developments across the globe that indicate 2013 will be a more positive year for uranium. Bannerman's share price has in the past exhibited a very strong leverage to the spot uranium market, driven in large part by the scale of the open pit Etango Project, currently the world's 7th largest undeveloped uranium deposit.

China

Unit 1 of the Ningde nuclear power plant was commissioned in late December, with a further 3 reactors under construction at that facility. In addition, construction commenced on Unit 3 at the Tianwin nuclear power plant. China has outlined plans to increase its national nuclear power generation capacity to 40Gw over the next 5 years, representing a +200% increase over current levels, building 5 – 6 reactors per year.

Japan

The landslide victory by the pro-nuclear and pro-business Liberal Democratic Party in the Japanese elections provides confidence of nuclear expansion in Japan over the coming year, with plans to restart their dormant reactors but also consider building new reactors incorporating latest technologies. Their immediate statements reversing previously expressed ambitions for a nuclear free economy by 2040 garner well for the uranium market in the immediate term.

India

With the world's second largest population, India has long harboured large-scale nuclear power generation plans. Inhibiting this ambition has been the inability of the country's ruling parties to develop a palatable framework limiting fuel suppliers' liability for disposal. Tellingly, the Australian Government has entered into

agreements to begin the process by which Australian produced yellowcake can be sold to the Indian utilities.

UAE & Saudi Arabia

Construction continued on the four reactors being built in the UAE, and the Kingdom of Saudi Arabia continued progressing plans to develop its nuclear power infrastructure.

Decreasing 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 HEU agreement, or "Megatons to Megawatts" program between Russia and the USA. This program is scheduled to expire at the end of 2013 and is unlikely to be renewed.

Deferrals in new mine development

As a result of the long lead-time of bringing new uranium mines into operation, and low uranium prices over recent years, new production sources are unlikely to come on stream at the anticipated costs and to the extent currently anticipated by market participants. Existing uranium producers are also experiencing production and economic challenges. 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.

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About Bannerman - Bannerman Resources Limited is an exploration and 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 that 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 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.