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QUARTERLY ACTIVITIES REPORT

For the Quarter Ended 30 June 2014

During the June 2014 quarter, Bannerman Resources Limited (ASX:BMN, TSX:BAN, NSX:BMN) maintained its focus on cash preservation and activities that will enable fast tracking a commitment to the development of the Etango project in a rising uranium price environment.

HIGHLIGHTS

- **Shareholders voted overwhelmingly in favour of the A$4 million in funding provided by Resource Capital Fund VI L.P.**
- **Post quarter end Bannerman completed the detailed design of the Etango heap leach demonstration plant and commenced engaging with interested parties regarding the various construction and operating contracts to be awarded.**
- **The cash balance as at 30 June 2014 was A$5.1 million, post drawdown of the new funds.**
- **On 15 July 2014 Japan's Nuclear Regulatory Authority ("NRA") granted preliminary approval for the upgraded design and safety features of the Sendai Reactors 1 & 2.**

On 19 June 2014 Bannerman shareholders voted overwhelmingly in favour of entering into a new A$4 million convertible note with Resource Capital Fund VI L.P. ("**RCFVI**") The new convertible note will be used to fund the construction and operation of a heap leach demonstration (previously referred to as "pilot") plant at the Etango project and to meet corporate working capital requirements.

The continued support of RCF as a strategic cornerstone investor in Bannerman, through the existing investment of Resource Capital Fund IV L.P. ("**RCFIV**") and the new investment by RCFVI is a beneficial and positive progression of its investment in the Company. The demonstration plant should help position the Etango project for fast track development in a strengthening uranium price environment. The investment by the recently established RCFVI is noteworthy given this fund is expected to still be in the early stages of its life cycle when the financing of the future development of the Etango project is required.

The past quarter has seen ongoing pull back in uranium supply activities including numerous explorers commenting on halting their respective studies, Rössing Uranium announcing a reduction in annual production as well as further job cuts and Cameco halting the permitting process of the Millenium project. These responses to the current low uranium price will invariably contribute to the looming supply shortfall due to the already lengthy technical, permitting and construction timeframes associated with uranium projects.

The safety approval of the two Sendai reactors by the NRA is an important step towards eventual restarting of nuclear reactors in Japan. However, the restarting of the reactors is subject to approval by the respective local authority and is expected to occur by the end of 2014 or early 2015.

Bannerman's advanced Etango Project remains one of the very few globally significant uranium projects that can realistically be brought into production in the medium term.

Len Jubber
Chief Executive Officer
30 July 2014

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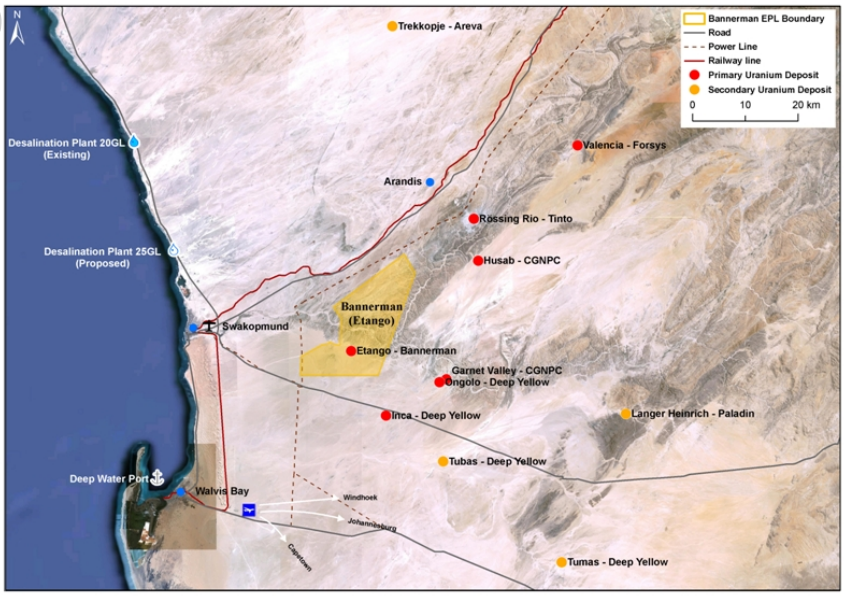
ETANGO PROJECT (Bannerman 80%)

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 which is currently under construction by the Chinese state owned enterprise, China General Nuclear Power Company (CGNPC). Etango is 73km by road from Walvis Bay, one of southern Africa'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 (100ppm cutoff)	Tonnes (Mt)	Grade (ppm)	Contained U_3O_8 (Mlb)
Proved	64.2	194	**27.5**
Probable	215.3	193	**91.8**
Total	279.6	194	**119.3**

Definitive Feasibility Study

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

- 2004 JORC Code and NI 43-101 compliant Ore Reserves totalling 279.6 million tonnes at an average grade of 194ppm U_3O_8 for 119.3 Mlbs of contained U_3O_8;
- Production of 7-9 Mlbs U_3O_8 per year for the first five years and 6-8 Mlbs U_3O_8 per year thereafter, based on an average processing throughput of 20 Mt per annum and an average recovery rate of 86.9%, which would rank Etango as a global top 10 uranium only mine;
- Cash operating costs of US$41/lb U_3O_8 in the first 5 years and US$46/lb U_3O_8 over the life of mine;
- At a uranium price of US$75/lb U_3O_8, 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, based on 104Mlbs U_3O_8 life of mine production;
- 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.

All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS (as previously announced on 10 April 2012 and reported on 30 January 2014 in compliance with Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.

Mining Licence

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

Heap Leach Demonstration Plant Program

The heap leach demonstration plant (refer to Appendix) will be located at the Etango Project site and is expected to be constructed by the end of the 2014 December quarter and thereafter be operated for at least 12 months. The key features of the program were contained in the announcement dated 8 April 2014 which is available on the Bannerman website.

Bannerman lodged an environmental clearance application for the heap leach demonstration plant program with the Ministry of Environment and Tourism on 18 February 2014. The activities associated with the program are located

within the existing project area and therefore does not create any ground disturbance outside of the area which has already received an environmental clearance for the overall project development.

Project Optimisation

The internal review of the geological and resource models was largely completed by the end of the June quarter. Work to date has highlighted the potential to increase the ore feed grade to the processing plant. The project optimisation work progressed on to the review of the mine planning aspects of the DFS, including taking into consideration the potential to increase the ore feed grade. This work will continue until at least the end of the September quarter. A decision on updating the mineral resource and ore reserve models will be deferred to post completion of this work.

CORPORATE

Cash Position and Operating Expenditure

Bannerman's cash reserves as at 30 June 2014 totalled **A$5.1 million** (31 December 2013: A$1.86m). Net operating cash outflow during the quarter totalled A$0.6 million.

Project Financing

The continued support of RCF as a strategic cornerstone investor in Bannerman, through the existing investment of Resource Capital Fund IV L.P. ("**RCFIV**") and the new investment by RCFVI is a beneficial and positive progression of its investment in Bannerman. RCFVI is expected to still be in the early stages of its life cycle when the financing of the future development of the Etango project is required.

The opportunity to progress the heap leach demonstration plant program, stemming from prior completion of the DFS, is a potential competitive advantage with respect to favourably positioning the Etango Project for fast track development in a rising uranium price environment.

Issued Securities

At the date of this report, Bannerman has 328,995,150 ordinary shares on issue.

During the quarter Bannerman issued 1,434,620 shares to RCF in settlement of the March quarter RCFIV convertible note interest charge and 618,872 shares to employees on vesting of their share rights under the Employee Incentive Plan. On 30 June 2014, Bannerman also issued 1,714,286 shares to RCF in settlement of the RCFVI convertible note establishment fee.

At 30 June 2014, Bannerman had on issue 15,523,183 performance share rights and 8,701,700 unlisted share options. The performance share rights and options are subject to various performance targets and continuous employment periods.

Subsequent to the quarter end, Bannerman issued 2,342,074 shares to RCF in settlement of the respective RCFIV and RCFVI convertible note interest charges for the June quarter.

Existing RCFIV Convertible Note

The amended terms of the A$8 million convertible note facility on issue to RCFIV came into effect on the 1 April 2014. The key terms of the amended note are a conversion price of A$0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), an unchanged interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the quarter end or cash in certain circumstances, and a maturity date of 30 September 2016.

New RCFVI Convertible Note

Bannerman shareholders overwhelmingly approved entering into a new A$4 million Convertible Note Facility with RCFVI at the Extraordinary General Meeting held on 19 June 2014.

The key commercial terms of the new A$4 million RCFVI convertible note facility are the same as that for the existing RCFIV convertible note facility.

Schedule of Mining Tenements

The Bannerman Group currently holds EPL 3345 in Namibia. No interests in mining tenements were acquired or disposed of during the quarter.

URANIUM MARKET

The uranium market continues to be characterized by limited longer term transactions and the Ux term price decreased to US$45/lb U_3O_8 by end June. The Ux spot price similarly declined to US$28.20/lb U_3O_8 by quarter end.

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Globally, there are currently 434 nuclear reactors operable and 73 under construction. In China, 20 reactors are currently in operation and the construction of 29 reactors continues with numerous construction progress reports released during the quarter.

The past quarter has seen ongoing pull back in supplier activities including numerous explorers commenting on halting their respective studies, Rössing Uranium announcing a reduction in annual production as well as further job cuts and Cameco halting the permitting process of the Millenium project. These responses to the current low uranium price will invariably contribute to the looming supply shortfall due to the already lengthy technical, permitting and construction timeframes associated with uranium projects.

The much anticipated restart of reactors in Japan took an important step forward on 15 July 2014 with the preliminary approval by their Nuclear Regulatory Authority ("NRA") of the upgraded design and safety features of the Sendai Reactors 1 & 2. However, the restarting of the reactors is subject to approval by the respective local authority and is expected to occur by the end of 2014 or early 2015.

The continued overhang in supply resulting from the redirection of supply previously destined for Japan and the greater efficiency of the underfed global enrichment plants is creating ongoing downward pressure on the uranium price. It is therefore anticipated that the first two applications successfully completed, will set a precedent for the other 17 applications already in the approvals pipeline.

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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 CGNPC's Husab Project currently under construction 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 2012 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.

The information in this report that relates to Mineral Resources or Ore Reserves was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last

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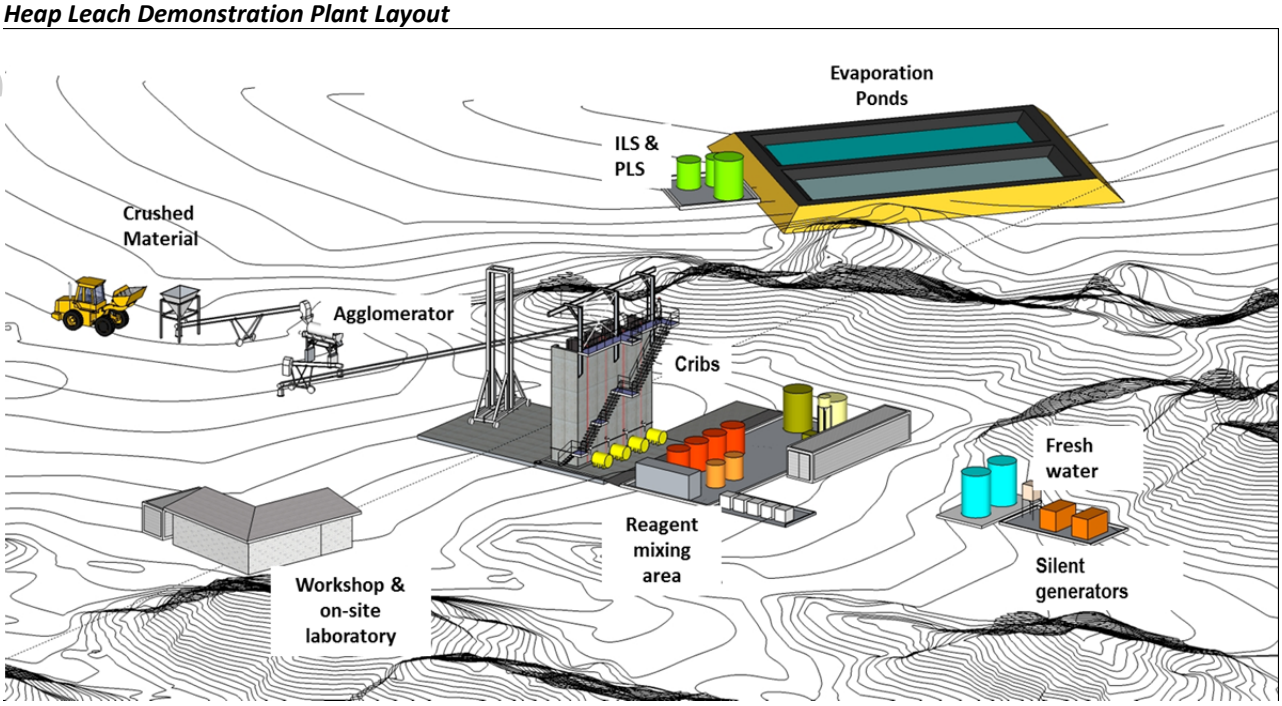
reported. All material assumptions and technical parameters underpinning the estimates of mineral resources continue to apply and have not materially changed.

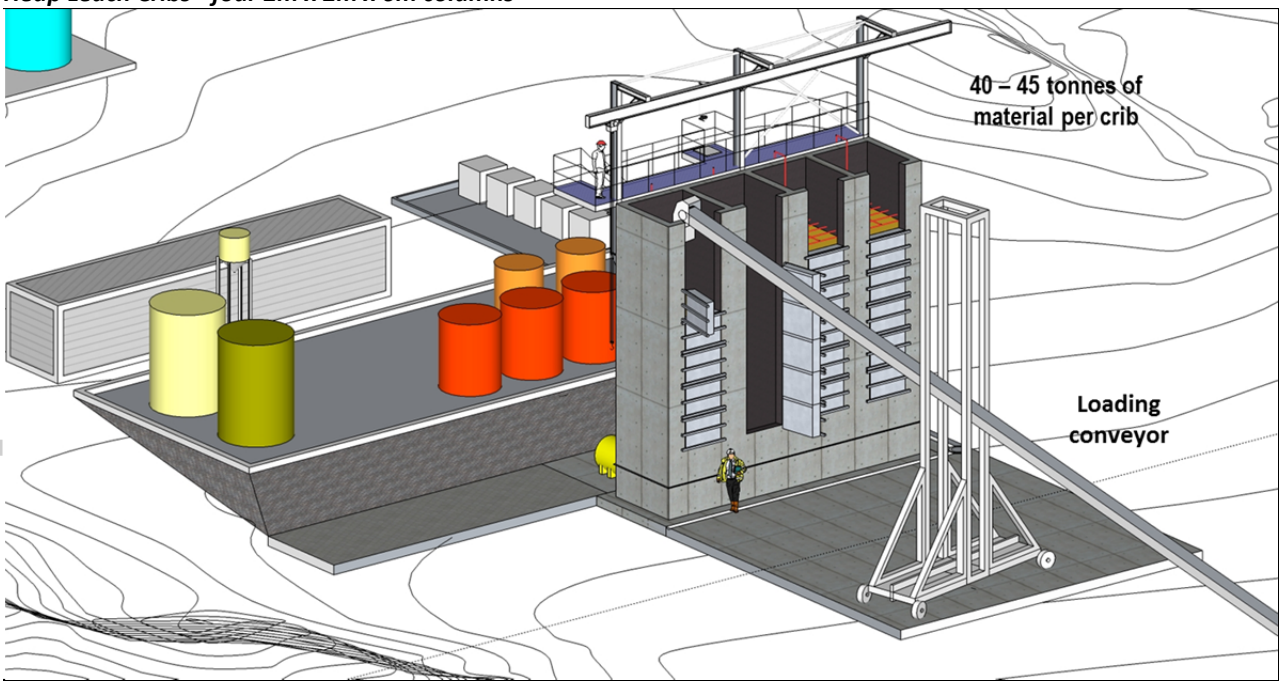
All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS (as previously announced on 10 April 2012 and reported on 30 January 2014 in compliance with Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.

APPENDIX

Heap Leach Demonstration Plant Layout



Heap Leach Cribs - four 2m x 2m x 6m columns



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