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QUARTERLY ACTIVITIES REPORT

For the Period Ended 30 June 2015

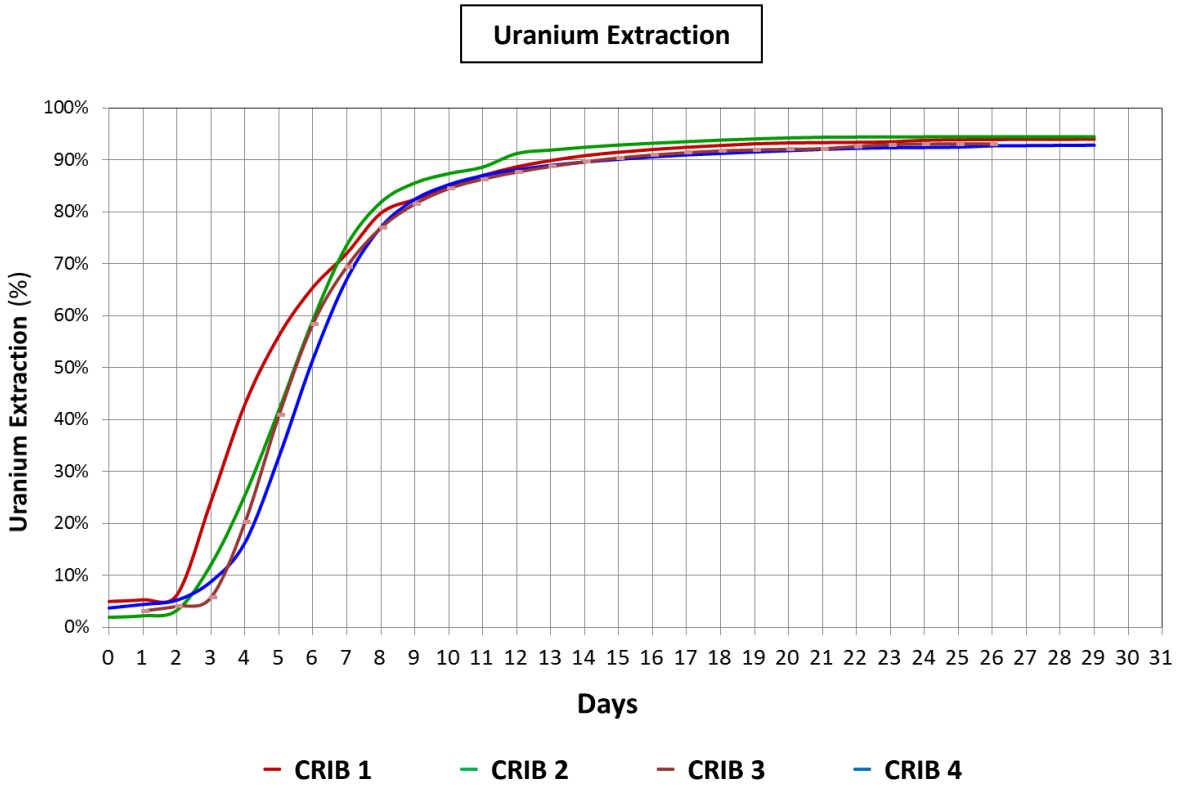
During the June 2015 quarter, Bannerman Resources Limited (ASX:BMN, TSX:BAN, NSX:BMN) achieved a significant milestone, notably the successful commissioning of the Etango Heap Leach Demonstration Plant and completion of Phase 1 of the Demonstration Plant Program.

HIGHLIGHTS

- **Phase 1 results strongly support the assumptions and projections incorporated in the Definitive Feasibility Study ("DFS").**
- **Post quarter end, commenced with Phase 2 of the Demonstration Plant Program.**
- **Successfully completed A$2 million capital raising.**
- **Cash balance as at 30 June 2015 was A$2.3 million.**

On 15 July 2015 Bannerman announced the following positive results from Phase 1 of the Etango Heap Leach Demonstration Plant Program:

- Fast, high and uniform leach extraction on a 121.6 tonne sample – within 20 days average total leach extraction of 94% for the four cribs (a type of testing not previously conducted) and 93% for the columns (similar to that achieved in previous laboratory testing).



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- Low sulphuric acid consumption – on average less than 16kg/tonne (compared with DFS projection of 18kg/tonne).
- Geotechnical stability - visual observations during the unloading of the cribs confirmed the uniform percolation through the material, integrity of the agglomerate and geotechnical stability of the heap.
- The similar performance of the four larger scale (30 tonne sample) cribs to the eight (200kg sample) columns may be an indication of potential upside related to the projection of the previous column testing results to the full scale heap leach pad performance in the DFS.

Bannerman's Chief Executive Officer, Len Jubber, said:

"The Company has made significant progress during the quarter with the successful commissioning of the Heap Leach Demonstration Plant and the announcement of the exciting results from Phase 1 which strongly support the assumptions and projections incorporated in the DFS. Post quarter end we commenced Phase 2 which aims to replicate the results in Phase 1."

"Further, the project optimisation work on the resource modelling and mine planning aspects of the DFS is progressing well and it is anticipated that updated mineral resource and ore reserves estimates will be released by the end of the December 2015 quarter."

"The Etango Project continues to progress and remains one of the very few globally significant uranium projects that can realistically be brought into production in the medium term. The Heap Leach Demonstration Plant program further de-risks the Etango development path and will assist Bannerman to attract JV / funding partners."

Len Jubber
Chief Executive Officer
29 July 2015

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About Bannerman - *Bannerman Resources Limited is an ASX, TSX and NSX listed 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 near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and CGNPC's Husab uranium mine currently under construction. A definitive feasibility study has confirmed the technical, environmental and financial (at consensus long term uranium prices) viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. In 2015, Bannerman is conducting a large scale heap leach demonstration program to provide further assurance to financing parties, generate process information for the detailed engineering design phase and build and enhance internal capability. More information is available on Bannerman's website at www.bannermanresources.com.*

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ETANGO PROJECT (Bannerman 80%)

Definitive Feasibility Study (completed in 2012)

Bannerman completed a Definitive Feasibility Study ("**DFS**") and Environmental and Social Impact Assessment ("**ESIA**") on the Etango project in 2012. The respective studies, as announced to the market on 10 April 2012, confirmed the technical, economic and environmental viability of the project at historical term uranium prices. In 2012 Bannerman also received environmental approval for the Etango Project.

Heap Leach Demonstration Plant Program

The 18 – 24 month heap leach demonstration plant program, which commenced in April 2015, is an integral step of the project's detailed engineering and financing phases.

It is specifically aimed at demonstrating the design and projected performance reflected in the DFS, further enhancing the project knowledge and pursuing value engineering. The results to date have already gone a significant way towards achieving these objectives.

On 15 July 2015, Bannerman reported on the key observations, results and preliminary conclusions from Phase 1 of the Etango Heap Leach Demonstration Plant Program:

1. Demonstrating the design and projected performance reflected in the DFS
   - Fast and high average leach extraction of 94% for the cribs and 93% for the columns, within 20 days. The column results were similar to that obtained in previous laboratory testing but the crib results were better than anticipated (refer second bullet point under heading "3. Pursuing value engineering" below).
   - Average sulphuric acid consumption approximately 16kg/tonne (compared with DFS projection of 18kg/tonne).
   - Visual observations during the unloading of the cribs confirmed uniform percolation through the material, integrity of the agglomerate and geotechnical stability of the heap.
   - Testing confirms the simple chemistry and efficient leaching nature of the granite host rock and uranium mineralisation.
2. Further enhancing project knowledge
   - Designed, permitted, constructed and successfully commissioned large scale demonstration plant.
   - Gaining operating experience including safe handling of sulphuric acid, etc.
   - Building an understanding of the process control and metallurgical accounting issues associated with the specific characteristics of the Etango deposit and design flowsheet.
   - Dramatically increased the metallurgical database through testing of 120 tonnes of ore in 4 separate crib tests and 1.6 tonnes of material in 8 column tests.
3. Pursuing value engineering
   - Rapid and uniform percolation without signs of flooding, coupled with rapid and high leach extraction at a larger scale point towards the potential to further optimise the heap leach configuration.
   - Surprisingly no noticeable reduction in leach extraction performance was observed between the larger scale cribs and the smaller columns. This poses the question as to the appropriate scale up factors to be used in the detailed engineering of the heap leach operation. Further work is required to address this matter.

A comprehensive description of the Heap Leach Demonstration Plant Program and the Phase 1 results are included on the Company's website.

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The following photographs highlight the substantial nature of the plant and demonstration program underway.

Blasted Alaskite Ore

Crib Loading

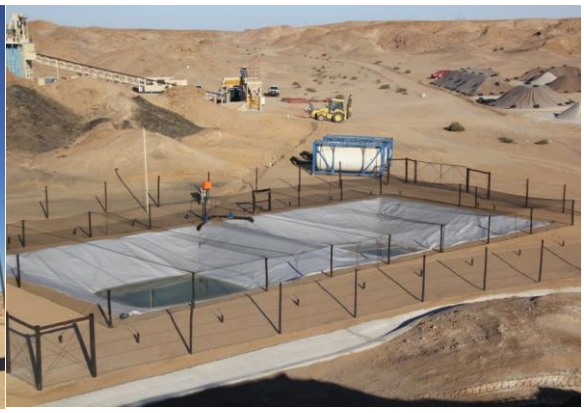
3,000t Crushed Ore Sample

Reagent Storage & Mixing

Agglomeration

Irrigation

Crib Loading



Pregnant Liquor Solution (PLS)

Project Optimisation

In addition to the positive results from Phase 1, the project optimisation work on the resource modeling and the mine planning aspects of the DFS is progressing well. It is anticipated that updated mineral resource and ore reserve estimates will be released by the end of the December 2015 quarter.

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URANIUM MARKET

Key news flow during and post the quarter covered significant events in China, USA, Japan and India.

In China, the launching of State Power Investment Corporation **("SPIC")** following the successful merger of China Power Investment Corporation and State Nuclear Power Technology Corporation created the third major state owned enterprise focussing on nuclear energy. The other two are China National Nuclear Corporation **("CNNC")** and China General Nuclear Power Corporation **("CGNPC")**. The Chairman of SPIC stated at the launch "SPIC, CNNC and CGNPC will enjoy strategic cooperation and healthy competition". All three companies have a presence in Namibia.

The US Energy Information Administration (EIA) stated in its 2014 Uranium Marketing Report that the unfilled uranium requirements of US utilities continues to rise and based on a survey is expected to be 10.4Mlbs (21%) in 2017, 33.5Mlbs (68%) in 2020 and 47.3Mlbs (90%) in 2024. The USA imports approximately 90% of its uranium.

The loading of fuel into the Sendai reactors in Japan commenced in July and the two reactors are expected to restart operations in August and October 2015 respectively. Further in April, the Japanese cabinet reaffirmed the role of nuclear in the future energy mix with the Strategic Energy Plan incorporating 20 – 22% nuclear energy by 2030.This equates favourably with approximately 25% prior to the Fukushima incident.

In July an Indian government official stated that a proposal had been sent to Cabinet to stockpile 5,000 tonnes of uranium with the cap likely to increase in coming years. This follows recent announcements regarding uranium offtake related agreements with Canada, Australia and Kazakhstan.

Another significant future supply shock occurred in May, when Energy Resources of Australia announced that the company would not proceed with the Ranger underground mine feasibility study in the current uranium price environment. Majority shareholder Rio Tinto subsequently announced that they would not support the development of the underground expansion.

Globally, there are currently 437 operable nuclear reactors and 66 under construction. China, currently the largest constructor of new reactors, continues to ramp up its nuclear energy program in line with its stated goal of increasing electricity generated from nuclear plants from 23 GW currently to 58 GW by 2020 and 150 GW by 2030. In terms of reactors, China have 26 reactors in operation, 24 under construction and 180 on order, planned or proposed.

CORPORATE

Project Financing

The continued support of Resource Capital Funds ("**RCF**") as a strategic cornerstone investor in Bannerman, from the initial investment by Resource Capital Fund IV L.P. ("**RCFIV**") in 2008 to the continuing investment by Resource Capital Fund VI L.P. ("**RCFVI**") is a beneficial and positive progression of RCF's confidence in Bannerman.

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

The results from Phase 1 of the program strongly support the heap leach assumptions and projections incorporated in the DFS, and hence therefore also the bankability of the project. The program scheduled for the coming quarters will focus on similarly demonstrating the solvent extraction component of the flow sheet as well as on value engineering opportunities identified to date.

Cash Position and Operating Expenditure

Bannerman successfully completed a A$2 million capital raising at an issue price of A$0.052 (C$0.049) per share via a Share Purchase Plan and Shortfall Placements. Net operating cash outflow during the quarter totalled A$1.3 million.

Bannerman's cash reserves as at 30 June 2015 totalled A$2.3 million (31 March 2015: A$1.7m).

Issued Securities

At the date of this report, Bannerman has 387,700,833 ordinary shares on issue.

During the quarter, Bannerman issued 4,734,246 shares to RCF in settlement of the March 2015 quarter RCFIV and RCFVI convertible note interest charges.

The Company issued 29,182,635 shares to participants in the Share Purchase Plan and the Shortfall Placements, to existing shareholders RCFVI and City Natural Resources High Yield Trust Plc, following commitments of A$1.58 million. The remaining 9,278,845 shares (A$482,500) placement were issued to three directors, namely Ronnie Beevor, Len Jubber and David Tucker, upon gaining the approval of the Company's Shareholders at the Extraordinary General Meeting held on 30 June 2015.

Subsequent to the quarter end, Bannerman issued 4,786,849 ordinary shares to RCF in settlement of the respective RCFIV and RCFVI convertible note interest charges for the June 2015 quarter.

At 30 June 2015, Bannerman had on issue 20,075,211 performance and share rights and 9,963,600 unlisted share options following the issue of 1,391,213 performance and share rights to employees and service providers in accordance the terms of or on terms similar with the Employee Incentive Plan. The performance and share rights and options are subject to various performance targets and continuous employment periods.

Schedule of Mining Tenements

The Bannerman Group currently holds Exclusive Prospecting Licence 3345 ("EPL") in Namibia. An application to renew the EPL, which expired on 26 April 2015, was lodged on 26 January 2015 and is expected to be renewed in due course.

The delayed renewal is not deemed to be an issue as Regulation 71 (3) (a) from the Minerals (Prospecting and Mining) Act (Act 33 of 1992) states *"an exclusive prospecting license shall not expire during a period during which an application for the renewal of such license is being considered, until such application is refused or the application is withdrawn or has lapsed, whichever occurs first……"* still applies.

No interests in mining tenements or any beneficial interests in farm-in or farm-out agreements were acquired or disposed of during the quarter.

Contingencies

On 17 December 2008, the Company entered into a settlement agreement with Savanna Marble CC ("Savanna") relating to Savanna's legal challenge to the Company's rights to the Etango Project Exclusive Prospecting Licence.

Under the terms of the Savanna settlement agreement, the final tranche payment of A$500,000 and 4.0 million ordinary shares is due to Savanna upon receipt of the Etango Project Mining Licence. An application was lodged in December 2009 and as at 30 June 2015 the probability and timing of the grant of the Mining Licence is uncertain.

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.

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 in April 2012. Mr Warries is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Warries was employed by Coffey Mining as an independent consultant to the Company at the time of the studies and public release of the results. As Mr Warries is now no longer employed by Coffey Mining, Coffey Mining has reviewed this report and consent to the inclusion, form and content of the relevant information herein from the original reports for which Mr Warries' consent has previously been given. Mr Warries 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 a Qualified Person as defined by Canadian National Instrument 43-101.

The information in this report that relates to 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 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.

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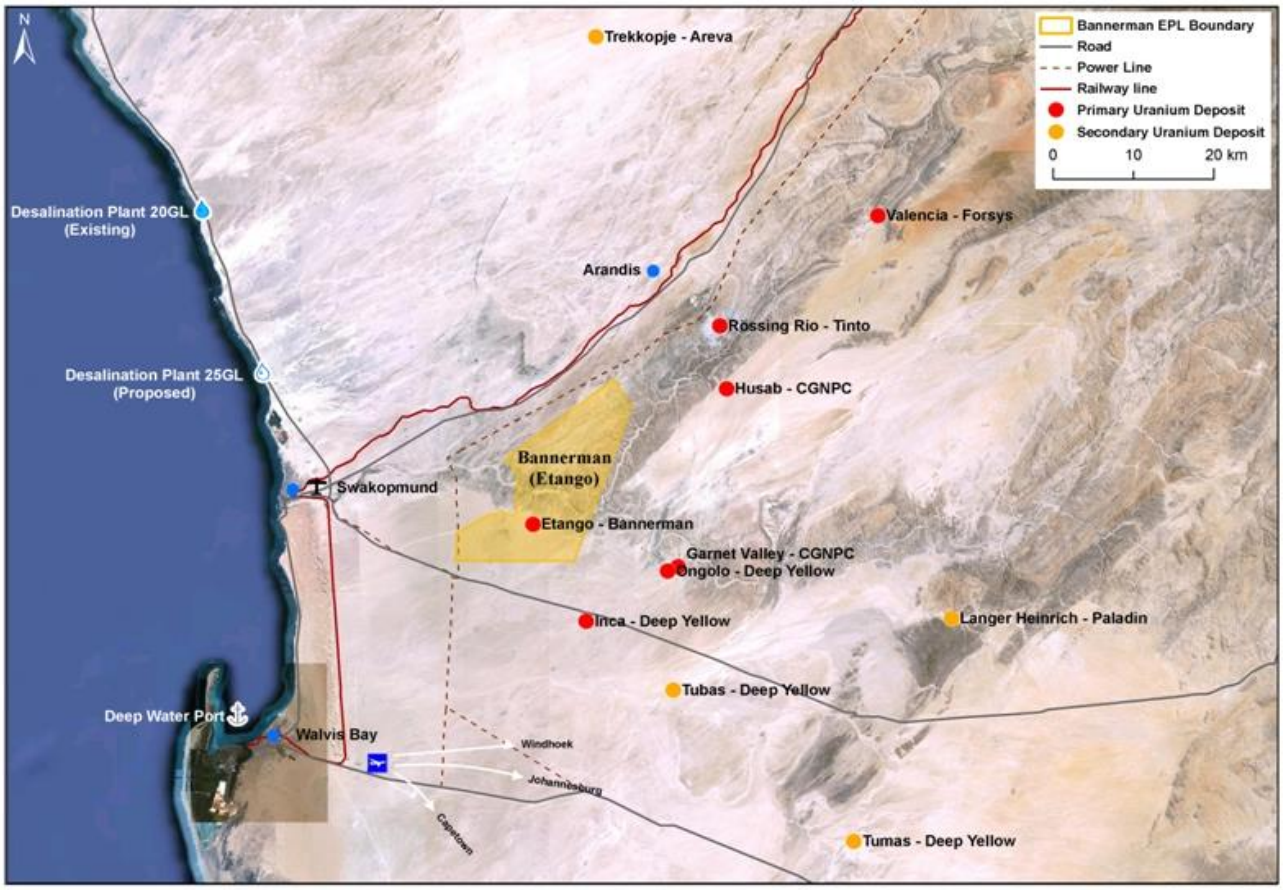
APPENDIX

BACKGROUND ON ETANGO PROJECT (Bannerman 80%)

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.



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 (at 100ppm cut-off) totalling 279.6Mt at an average grade of 194ppm U_3O_8 for 119.3 Mlbs of contained U_3O_8;
- Production of 7-9Mlbs U_3O_8 per year for the first five years and 6-8Mlbs 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 US$75/lb U_3O_8, the Etango Project generates operating cash flow of US$2.7 billion before capital and tax, and free cash flow 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.