QUARTERLY ACTIVITIES REPORT

For the Period Ended 30 September 2015

Bannerman Resources Limited (ASX:BMN | TSX:BAN | NSX:BMN) made significant progress during and post the September quarter towards enhancing its early mover advantage in a rising uranium price environment.

The successful completion of Phase 1 of the Heap Leach Demonstration Plant Program which complements the 2012 Definitive Feasibility Study, establishes Etango as one of the most advanced undeveloped uranium projects. In turn the balance sheet and project ownership discussions announced on 28 October 2015 present the opportunity to create a debt free and 100% Etango ownership platform.

HIGHLIGHTS

- **Advanced discussions to achieve 100% Etango project ownership, balance sheet restructure and A$4 million of new funding.**
- **Heap Leach Demonstration Plant**
  - **Phase 1 results strongly support the assumptions and projections incorporated in the Definitive Feasibility Study ("DFS").**
  - **Completed Phase 2 with results currently being externally reviewed.**
  - **Commenced Phase 3.**
- **DFS Optimisation Study progressing well and due for release in December 2015 Quarter.**

On 28 October 2015, the Company announced that it is in discussions with the Company's major shareholders, Resource Capital Fund IV L.P. and Resource Capital Fund VI L.P. ("**RCF IV"** and **"RCF VI"** respectively and "**RCF**" collectively), and with Mr Clive Jones, a director and shareholder of the Company, in relation to proposed transactions that would deliver a significant project ownership and balance sheet restructure.

The proposed transactions contemplate:

- acquisition of the minority interest (20%) in the Etango Project from the current owners (represented by Mr Clive Jones) for payment of approximately 123.4 million new Bannerman shares (which will represent approximately 17.7% of the enlarged issued share capital of the Company) and A$1 million in cash;
- conversion of A$8 million of the convertible notes held by RCF into Bannerman shares at the given conversion price of A$0.075 per share;
- sale of a 1.5% royalty over the Etango Project to RCF for A$6 million, comprising A$2 million in cash and extinguishment of the residual convertible notes held by RCF (A$4 million); and
- an equity placement of approximately 63.3 million new Bannerman shares to RCF VI at A$0.0474 per share to raise A$3 million in cash.

The proposed transactions would be subject to the approval of Bannerman shareholders. While the discussions are at an advanced stage with each of RCF IV, RCF VI and Mr Clive Jones in regards to the proposed transactions, these are ongoing and incomplete. There is no certainty that any agreement will be reached on the proposed transactions, or that any agreement on the proposed transactions will reflect the indicative terms outlined above.

For personal use only

For personal use only

On 15 July 2015 Bannerman announced the following positive results from Phase 1 of the Etango Heap Leach Demonstration Plant Program that strongly supports the Definitive Feasibility Study:

- 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).
- Low sulphuric acid consumption – on average less than 16kg/tonne (compared with DFS projection of 18kg/tonne).
- Material properties - visual observations during the unloading of the cribs confirmed uniform percolation through the material and the integrity of the agglomerated material.
- The similar performance of the four larger scale (30 tonne sample) cribs to the eight (200kg sample) columns is encouraging, indicating that the scale up factors applied during the DFS should be reviewed.

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

"Bannerman has made significant progress in advancing the bankability of the Etango project and creating a corporate structure to facilitate financing the project."

"The prospect of a debt free well-funded company, owning 100% of a globally significant project capable of development in a near term rising uranium price, will differentiate Bannerman from its peers."

Len Jubber
Chief Executive Officer
30 October 2015

For further information please contact:

Len Jubber
Chief Executive Officer
Perth, Western Australia
Tel: +61 (8) 9381 1436
admin@bannermanresources.com.au

Robert Dalton
Financial Controller & Company Secretary
Perth, Western Australia
Tel: +61 (8) 9381 1436
admin@bannermanresources.com.au

Spyros Karellas
Investor Relations
Toronto, Ontario, Canada
Tel: +1 416 433 5696
spyros@pinnaclecapitalmarkets.ca

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.*

For personal use only

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 a key component 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.

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

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 heap and the integrity of the agglomerated material.
   - 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, coupled with rapid and high leach extraction at a larger scale point towards the potential to further optimise the heap leach configuration.
   - The DFS design considered the final extraction from the heap as 87%. The number was obtained applying scale up factors which are derived from the industry experience of heap leaching with other commodities. In this respect the slight difference between the columns and cribs results, is encouraging, indicating that the scale up factor applied during the DFS should be reviewed.

Phase 2 was commenced in July and focussed on reproducing the results obtained during Phase 1. The leach extraction performance of the two cribs and 4 columns was in line with Phase 1 and will be released post completion of the external review.

Phase 3 which aims to simulate the full scale heap operation by way of closed circuit operation of three cribs was commenced in September and is expected to be completed by the end of the December 2015 quarter.

A comprehensive description of the Heap Leach Demonstration Plant Program and the Phase 1 results are included on the Company's website. The following photographs highlight the substantial nature of the plant and demonstration program underway.

Blasted Alaskite Ore

Crib Loading

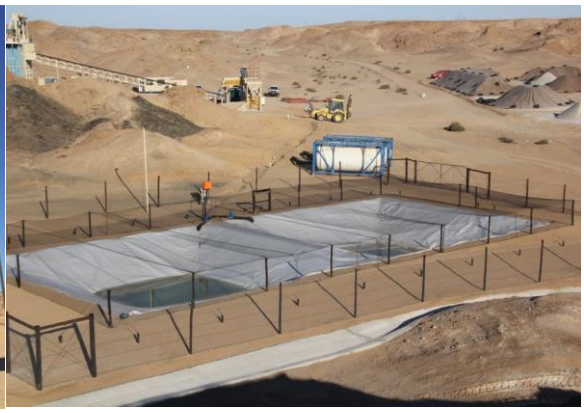
3,000t Crushed Ore Sample

Reagent Storage & Mixing

Agglomeration

Irrigation

Crib Loading



Pregnant Liquor Solution (PLS)

For personal use only

For personal use only

DFS Optimisation Study

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

URANIUM MARKET

Key news flow during and post the quarter related to significant events in China, Japan and the UK.

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 September the National Development Reform Council in China approved 31 inland sites in the nuclear reactor development program. In terms of reactors, China has 26 reactors in operation, 25 under construction, 43 on order or planned and 136 proposed.

Furthermore, in October 2015, China General Nuclear Power Corporation ("**CGNPC**") signed a Strategic Investment Agreement for joint investment, with EDF, the French national power utility, in two nuclear power reactors at Hinkley Point C, UK.

The restarting of Sendai reactors #1 in September and #2 in October are important milestones in the planned return to nuclear energy comprising approximately 20% of total energy generation in Japan.

Globally, according to the World Nuclear Association, there are currently 436 operable nuclear reactors and 67 under construction, 166 on order or planned and 322 proposed.

CORPORATE

Project Financing

The results from Phase 1 of the program strongly support the heap leach assumptions and projections incorporated in the DFS, and as expected, therefore, to enhance 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.

Upon successful conclusion, the advanced discussions on eliminating the existing A$12 million debt, acquiring 100% ownership of the Etango Project and a capital raising, would enhance the ability to attract further cornerstone investors and development partners. The proposed transactions would be subject to shareholder approval.

Cash Position and Operating Expenditure

Bannerman's cash reserves as at 30 September 2015 totalled A$1.0 million (30 June 2015: A$2.3m). Net operating cash outflow during the quarter totalled A$1.28 million. The proposed transactions, referred to on page 1, would result in net A$4 million of new funding.

Issued Securities

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

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

At 30 September 2015, Bannerman had on issue 20,075,211 share rights and 9,963,600 unlisted share options. The share rights and share options are subject to various performance targets and continuous employment periods.

Annual General Meeting

The Annual General Meeting is scheduled to be held at 9am on 11 November 2015 at Level 2, 1 Altona Street, West Perth.

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 approved 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$0.5 million 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 September 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 by Mr Leon Fouché. Mr Fouché is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Fouché is a full-time employee of the Company. Mr Fouché 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. Mr Fouché 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 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.

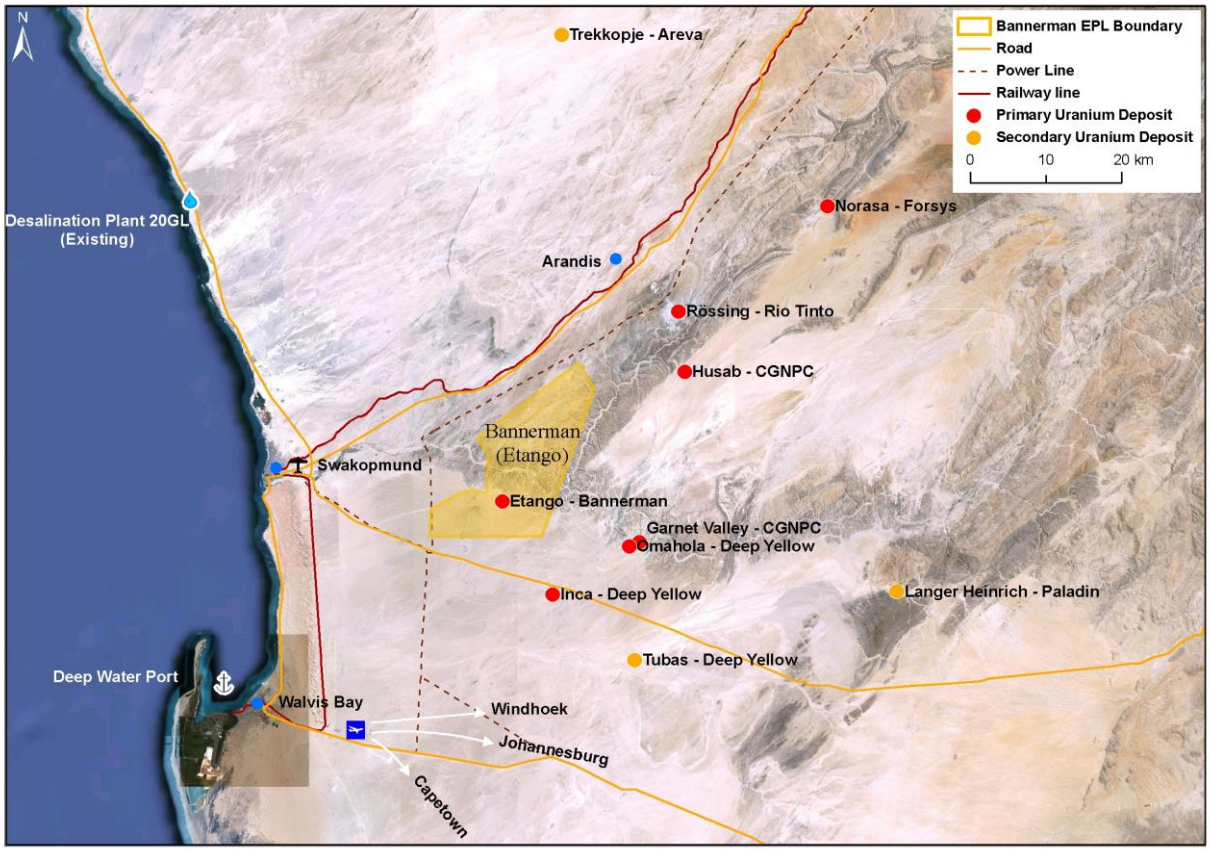
For personal use only

For personal use only

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.