

During the September 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

- **Award of major contracts to construct and operate the Etango Heap Leach Demonstration Plant.**
- **Commencement of construction activities at the demonstration plant site post quarter-end.**
- **Uranium price increased by approximately 30%.**
- **Bannerman's cash balance as at 30 September 2014 was A\$4.7 million.**

On 22 September 2014 Bannerman announced award of the major contracts to construct and operate the Etango heap leach demonstration plant. Activities at the site commenced in early October and construction is scheduled for completion in early 2015. Award of the major contracts followed completion of a competitive tendering process, as well as receipt of the Environmental Clearance from the Ministry of Environment and Tourism. The capital cost is estimated at A\$1.4 million.

Operation of the plant for at least 12 months will enable demonstration of the heap leach design at a larger scale, as well as provide input data for detailed engineering of the processing plant. First results are expected in the June quarter, 2015.

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

"Bannerman's commitment to the Etango heap leach demonstration plant program, with the support of our major shareholder RCF via the investment from its Fund VI, will enhance our early mover advantage and ability to fast-track the development of the Etango project in a rising uranium price environment."

"It is noteworthy that the spot price of uranium has increased approximately 30% to a high of US\$36.50 per lb U₃O₈ in the past quarter, from an 8 year low of US\$28.25 per lb U₃O₈."

"The long awaited restart of Japanese reactors took a significant step forward on 27 October 2014 with the granting of approval by the local authority concerned for the restart of Sendai 1 & 2 reactors."

"There is general investor awareness that a looming supply shortfall will require a higher spot price to incentivise supply. There is less awareness that a key contributor to the impending supply deficit is the number of years it will take to bring new significant projects into production, due to the lengthy technical, permitting and construction timeframes involved."

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 October 2014

ETANGO PROJECT (Bannerman 80%)

Background

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

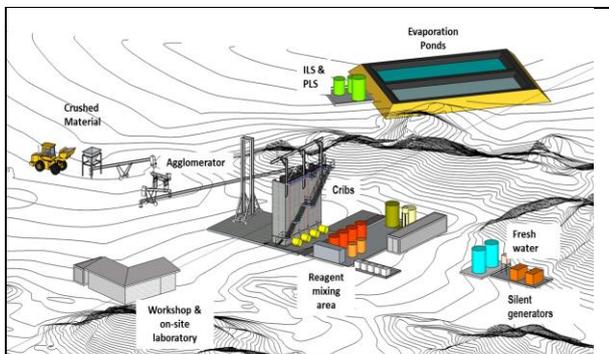
The progression to a heap leach demonstration program, as an integral step of the project's detailed engineering and financing phases, is specifically aimed at:

- demonstrating the design and projected performance reflected in the DFS;
- maintaining and building project knowledge,
- conducting meaningful in-country activities, and
- pursuing value engineering.

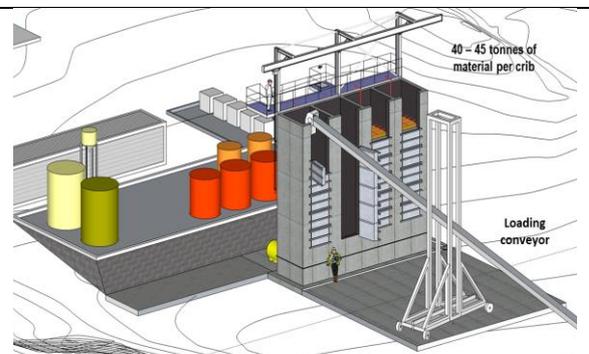
Heap Leach Demonstration Plant Program

On 22 September 2014 Bannerman announced the award of major contracts to construct and operate the Etango heap leach demonstration plant. Key features of the program were contained in the announcement dated 8 April 2014 which is available on the Bannerman website.

Heap Leach Demonstration Plant Layout



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



Activities at the site commenced in early October and construction is scheduled for completion in early 2015. Award of the major contracts followed completion of a competitive tendering process, as well as receipt of the Environmental Clearance from the Ministry of Environment and Tourism. The capital cost is estimated at A\$1.4 million.

Preparation of the plant site



Drilling of test sample site



Operation of the plant for at least 12 months will enable demonstration of the heap leach design at a larger scale, as well as provide input data for detailed engineering of the processing plant. First results are expected in the June quarter, 2015.

Project Optimisation

Project optimisation work focussed on the review of mine planning aspects of the DFS, including taking into consideration the potential to increase the ore feed grade. This work will continue in the December quarter. A decision on updating the mineral resource and ore reserve models will be deferred until after completion of this work.

CORPORATE

Cash Position and Operating Expenditure

Bannerman's cash reserves as at 30 September 2014 totalled **A\$4.7 million** (30 June 2014: A\$5.1m). Net operating cash outflow during the quarter totalled A\$0.4 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 Resource Capital Fund VI L.P. ("**RCFVI**") is a beneficial and positive progression of its investment in Bannerman. RCFVI is expected to still be in the relatively 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 333,201,901 ordinary shares on issue.

During the quarter, Bannerman issued 2,342,074 shares to RCF in settlement of the June quarter RCFIV and RCFVI convertible note interest charges and 750,000 shares to an employee on vesting of their share rights under the Employee Incentive Plan ("**EIP**").

At 30 September 2014, Bannerman had on issue 14,943,183 performance share rights and 8,701,700 unlisted share options. During the quarter, Bannerman issued 170,000 performance share rights in accordance with the EIP. The performance share rights and options are subject to various performance targets and continuous employment periods.

Subsequent to the quarter end, Bannerman issued 3,456,451 ordinary shares to RCF in settlement of the respective RCFIV and RCFVI convertible note interest charges for the September quarter and advised that pursuant to the terms of the EIP, 938,883 unlisted employee performance rights have been forfeited and cancelled following non-satisfaction of the relevant performance criteria.

Schedule of Mining Tenements

The Bannerman Group currently holds EPL 3345 in Namibia. 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, in consideration for the termination of proceedings, Savanna was entitled to receive A\$3.5 million cash and 9.5 million fully paid ordinary shares in Bannerman. The first tranche payment of A\$3.0 million and 5.5 million shares was made in early 2009. The second and 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. The mining licence application was lodged in December 2009, and further supplementary information has since been lodged in support of the application. As at 30 September 2014, the probability and timing of the grant of the mining licence is uncertain. Given that the licence has not been granted, no shares were issued to Savanna during the quarter ended 30 September 2014 and therefore 4.0 million shares remain to be issued.

URANIUM MARKET

The uranium market continues to be characterized by limited longer term transactions and the UxC term price remained steady at US\$45 per lb U₃O₈ during the quarter. The UxC spot price increased approximately 30% to a high of US\$36.50 per lb U₃O₈ in late September from an eight year low of US\$28.25 per lb U₃O₈ in July. The increase was largely driven by concerns regarding economic sanctions on Russia and increased trading activity in the tight spot market.

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 however still creating downward pressure on the uranium price.

The much anticipated restart of reactors in Japan took a number of important steps forward during and post the quarter. Firstly on 15 July 2014 the Nuclear Regulatory Authority (“NRA”) granted preliminary approval of the upgraded design and safety features of the Sendai Reactors 1 & 2. On 27 October 2014, the local authority concerned voted overwhelmingly in favour of restarting the reactors. It is expected that the restarts will commence in early 2015 and that the successful completion of the first two applications will set a precedent for the other 18 applications already in the approvals pipeline.

Curtailed supply into the spot market continues to increase following the conclusion of the sale of 25% of Langer Heinrich to CNNC, while Rössing and in-situ-leach producers in the USA have restricted production to match their contracted sales.

Globally, there are currently 436 nuclear reactors operable and 71 under construction. In China, 21 reactors are currently in operation and construction of 27 reactors continues with numerous construction progress reports released during the quarter.

For further information please contact:

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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 Warriess, a full time employee of Coffey Mining Pty Ltd. Mr Warriess 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 Warriess 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.

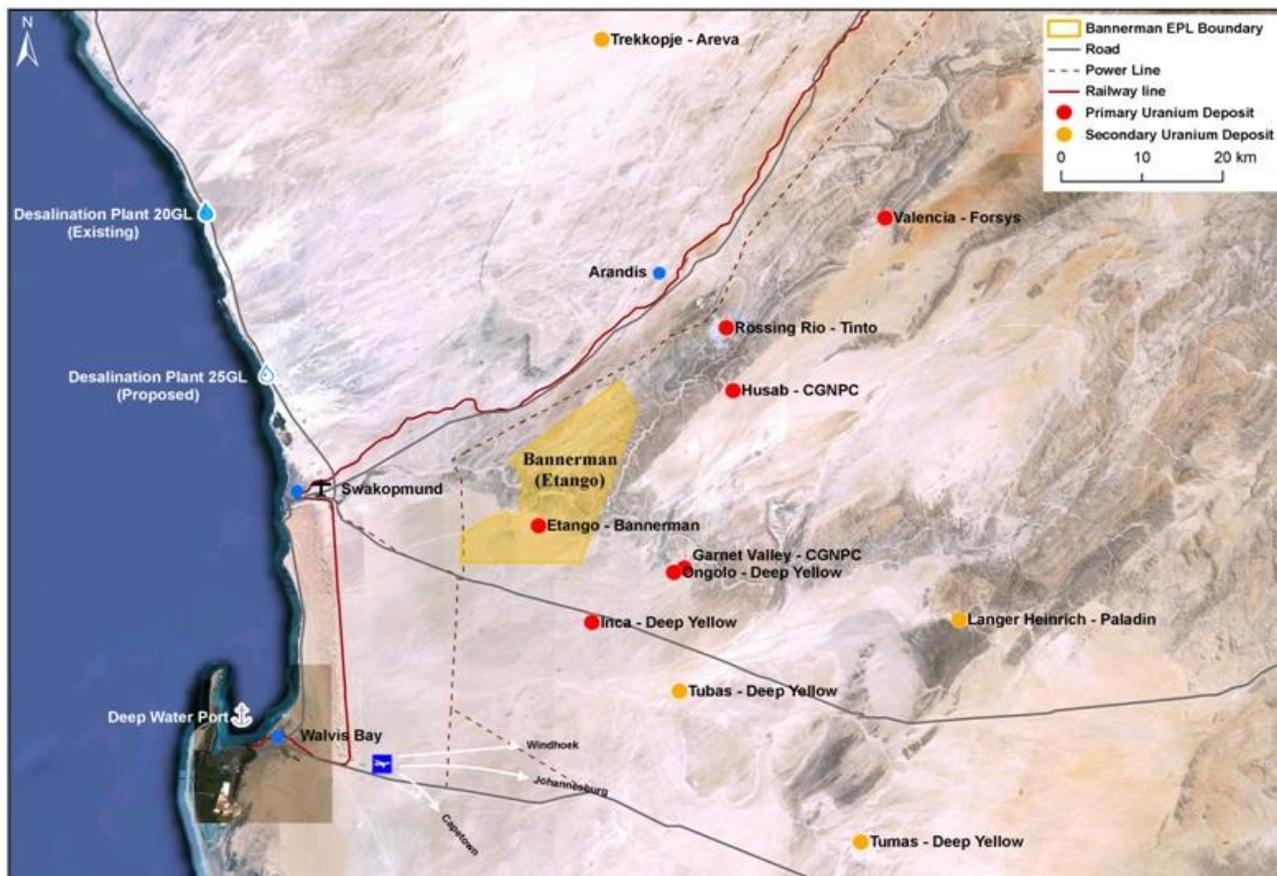
The information in this report that relates to Mineral Resources or Ore Reserves was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported. All material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

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 279.6 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.