QUARTERLY ACTIVITIES REPORT

For the Quarter Ended 31 March 2014

During the March 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

- **Application in February for environmental clearance of the pilot plant program signals key next step in the development of the Etango Project.**
- **Post quarter end Bannerman reached agreement with its major shareholder Resource Capital Funds to fund the Etango pilot plant program.**
- **Two noteworthy pro nuclear developments post quarter end - the Japanese cabinet approved a new energy policy which incorporates nuclear as "an important baseload energy source" and the European Commission adopted new rules aimed to replace subsidies for renewable energy with market based schemes.**
- **The cash balance was A$1.86 million as at 31 March 2014.**

On 8 April 2014 Bannerman announced that Resource Capital Fund VI L.P **("RCFVI")** had agreed to provide a A$4 million convertible note facility to support the construction and operation of a pilot plant at the Etango Project. It is subject to, amongst other conditions, the approval of Bannerman Shareholders.

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 proposed 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 pilot plant is considered a cost effective way of further de-risking the Etango project by confirming the definitive feasibility study assumptions, demonstrating the viability of the heap leaching concept to potential development partners and financiers and progressing towards the detailed engineering stage. These outcomes should maintain the Etango project's early mover advantage in a strengthening uranium price environment.

Post quarter end the Japanese cabinet approved a new energy policy that includes a recommendation to restart their nuclear reactors. To date, restart applications have been lodged for 17 of the 48 idle reactors. The first restarts could be as early as the second half of 2014. In another important development, the European Union has published new rules which will from mid-2014 replace subsidies for renewable energy sources with market based schemes. The aim of the new rules is to address the "market distortions that may result from subsidies granted to renewable energy sources".

There is growing awareness that, as positive developments continue to occur on the demand side, the looming supply shortfall will require a doubling of the uranium price to at least US$70/lb U_3O_8 to incentivize new supply.

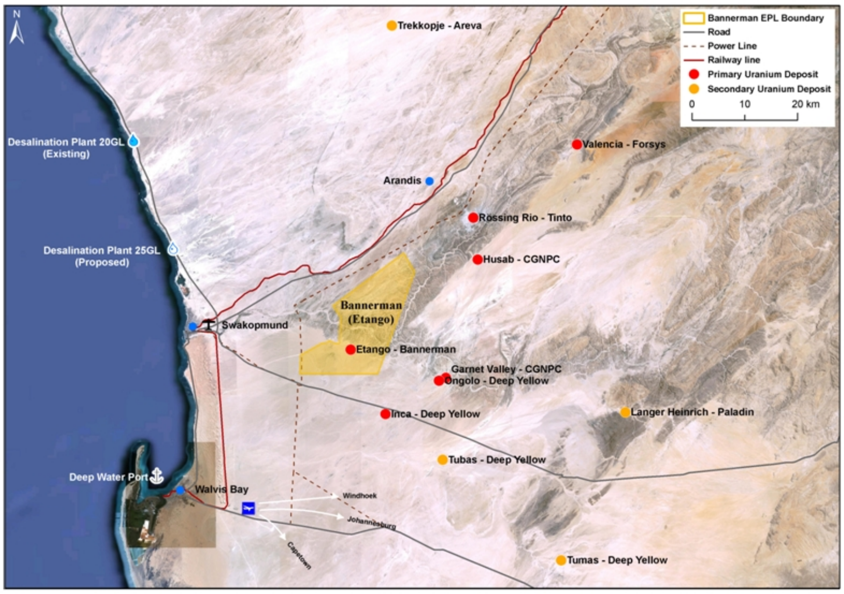
Bannerman's advanced Etango Project remains one of the very few globally significant uranium projects that can realistically be brought into production in the medium term.

Len Jubber
Chief Executive Officer
29 April 2014

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.

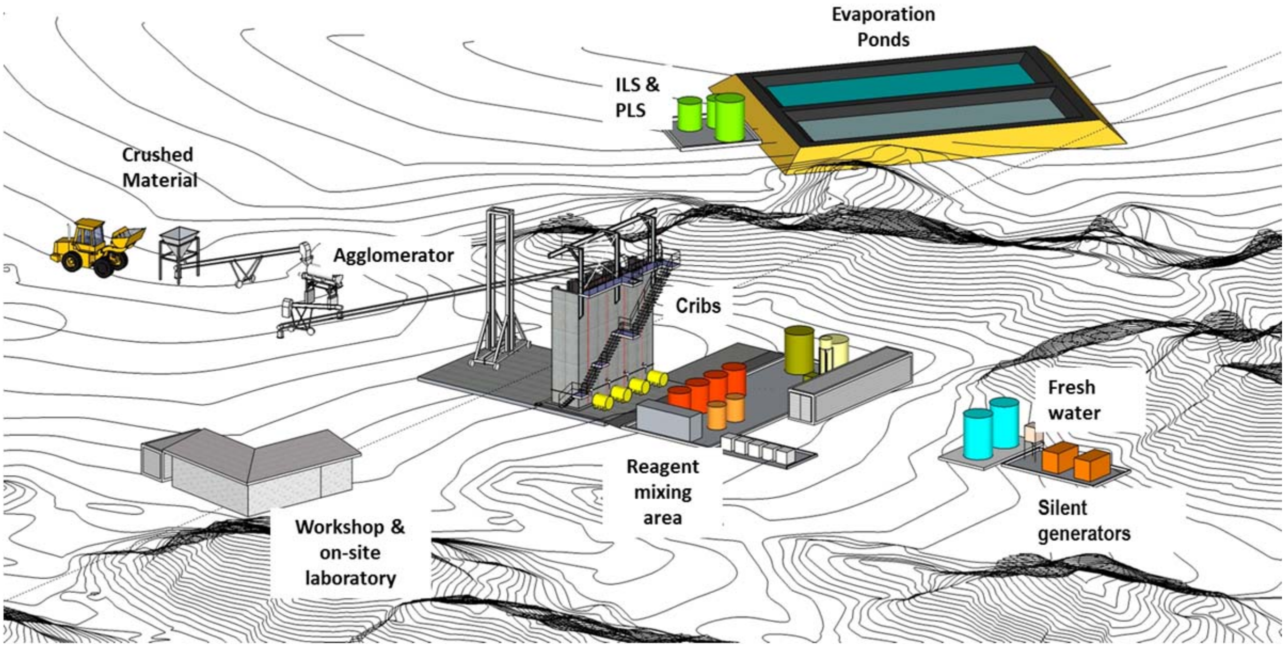
Mining Licence

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.

Pilot Plant

The pilot plant will be located at the Etango Project site and the capital cost is estimated at approximately A$1.2 million. It is expected that the plant will be commissioned during the 2014 December quarter and thereafter be operated for at least 12 months at a cost of approximately A$50,000 per month. The key features of the proposed pilot program were contained in the announcement dated 8 April 2014 which is available on the Bannerman website.

Pilot Plant Layout



Bannerman lodged an environmental clearance application for the pilot 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 will be completed in 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 31 March 2014 totalled **A$1.86 million** (31 December 2013: A$2.6m). Net operating cash outflow during the quarter totalled A$0.7 million.

Bannerman has continued to focus on reducing its overhead cost base. As a result, during the quarter the Perth office was relocated to a smaller premise and is now located at Unit 1, 2 Centro Avenue, Subiaco, Perth.

The focus on tight budgetary control and the recent extension of the existing convertible note maturity date to September 2016, coupled with the proposed new convertible note will position Bannerman well to maintain its early mover advantage.

Project Financing

Bannerman continues to investigate a financing model that will enable fast tracking a commitment to the project development in a rising uranium price environment. As highlighted previously, financing of projects typically requires the completion of a pilot plant testing program to confirm the scale up of the laboratory testing completed in a DFS.

The opportunity to progress the pilot plant program, stemming from prior completion of the DFS and the support of RCF, is a potential competitive advantage with respect to favourably positioning the Etango Project.

The continued support of RCF as a strategic cornerstone investor in Bannerman, through the existing investment of RCFIV and the proposed 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.

Issued Securities

At the date of this report, Bannerman has 324,938,790 ordinary shares on issue.

During the quarter Bannerman issued 3,226,301 shares to RCF in settlement of the December quarter convertible note interest charge.

At 31 March 2014, Bannerman had on issue 16,142,055 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 1,434,620 shares to RCF in settlement of the March quarter convertible note interest charge and 618,872 shares to employees on vesting of their share rights under the Employee Incentive Plan.

Existing RCFIV Convertible Note

The amended terms of the convertible note facility on issue to Resource Capital Fund IV L.P. ("**RCFIV**") with a face value of A$8 million 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 2 ½ year extension resulting in a new maturity date of 30 September 2016.

Proposed RCFVI Convertible Note

Post quarter end Bannerman announced reaching agreement with its major shareholder Resource Capital Funds on a new A$4 million convertible note facility with RCFVI. The agreement is subject to, amongst other conditions, shareholder approval.

The key terms of the proposed note are:

- a conversion price defined by 150% of the 60 day VWAP prior to the drawdown of the funds, but limited to between A$0.06 and A$ 0.095 per share,
- an interest rate of 8% per annum with interest payable quarterly in cash or 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, and
- a maturity date of 30 September 2016.

Bannerman shareholders will be asked to approve the Convertible Note Facility at a General Meeting to be held in June 2014. Meeting documentation will be dispatched to shareholders in due course.

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 in early April. The Ux spot price similarly declined to S$33.75/lb U_3O_8 by quarter end.

Globally, there are currently 435 nuclear reactors operable and 72 under construction. This equates to nine more reactors under construction than in the period immediately prior to the Fukushima accident in March 2011. In China, 21 reactors are currently in operation and the construction of 28 reactors continues with numerous construction progress reports released during the quarter.

On 9 April 2014 the European Commission published new rules on public support for environmental protection and energy. The new rules replace subsidies for renewable energy sources with market based schemes. The aim of the new rules, to enter into force on 1 July 2014 including a pilot phase in 2015/16, is to address the "market distortions that may result from subsidies granted to renewable energy sources". The Commission explains that "the remarkable growth of renewable energy over recent years, partly induced by public support, has helped make progress on environmental objectives but has also caused serious market distortions and increasing costs to consumers".

On 11 April 2014 the Japanese government announced its new energy plan citing nuclear energy as "an important baseload power source", thereby reinstating its importance in the Japanese energy mix. The policy includes a recommendation to restart the nuclear reactors and the independent Nuclear Regulatory Authority (NRA) has agreed to expedite the review of the Sendai #1 and #2 reactors, paving the way for the first restarts, potentially as early as the latter half of 2014. To date, restart applications have been lodged for 17 of the 48 idle reactors.

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 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 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.