

BANNERMAN ADVANCES ETANGO FEASIBILITY STUDY & PROVIDES INTERIM PROJECT UPDATE

Perth, Australia – Bannerman Resources Limited (ASX: BMN, TSX: BAN, NSX: BMN) ("**Bannerman**" or the "**Company**") provides the following update regarding the feasibility study on its Etango Uranium Project in Namibia, southwestern Africa.

Highlights

- Etango is one of the world's largest undeveloped uranium deposits comprising **Measured and Indicated resources of 149Mlbs U₃O₈** and **Inferred resources of 64Mlbs U₃O₈**, and is **highly leveraged** to rising uranium prices which have increased recently to **over US\$60/lb U₃O₈**.
- Based on the feasibility study estimates, the Etango Project is expected to produce an average of **5-7Mlbs U₃O₈ per year** over a **+20 year mine life** at an estimated average **life-of-mine cash cost of US\$42/lb U₃O₈**. Estimated operating costs incorporate savings identified in previous work and also reflect recent cost pressures in southern Africa and globally. Due to the relatively shallow nature of the pit design and uniform leaching characteristics of the deposit, the Project has a flat operating cost profile thereby supporting its long term viability.
- **A simple heap leaching** processing route has been selected as the **most appropriate, lowest risk and lowest cost** approach. The heap leach circuit uses proven design knowledge that is well established for large copper heap leach operations. Through extensive laboratory testwork in 2010, the Etango mineralisation has been shown to **leach rapidly and uniformly** across the deposit, with **low acid consumption** and **consistently high (+90%) uranium recoveries**. The absence of clay is an advantage for heap leach performance. A heap leach recovery rate of 85% has been used for plant design purposes.
- **Capital costs of US\$638 million**, before mining fleet and working capital but including a proportion of desalinated water infrastructure capital. The accuracy of capital and operating cost estimates has been greatly enhanced by sourcing competitive supplier quotes for a large majority of costed items.
- **Upside potential** associated with the recently discovered Hyena and Ondjamba satellite deposits, and from exploration drilling activities in the Etango licence area planned for early 2011. Focus areas include **Rössingberg, Cheetah and Ombepo**.

Bannerman CEO Len Jubber said: "The extensive work completed in 2010 has substantially de-risked the technical aspects of the Project and delivered a robust capital and operating cost estimate. Etango is a globally significant and low risk project with unparalleled leverage to the rising uranium price. Bannerman is well positioned to benefit from the clean nuclear power generation plans of numerous countries, particularly China and other Asian nations."

"In addition, our generative exploration work over the past six months has been very successful in identifying two new satellite deposits close to the Etango Project, while exciting drill targets have been identified immediately to the north of the Swakop River."

Project Update

Based on the results of the feasibility study update, life-of-mine production from the Measured and Indicated resources of the primary Etango deposit is estimated as 106 million pounds ("**MIbs**") of uranium oxide (U_3O_8) using heap leach processing.

The mining schedule in the feasibility study update provides for approximately 20 years of production at an average of 5-7MIbs U_3O_8 per annum. Bannerman expects substantial additional material to be included in the ultimate open pit mine design based on the recent addition of Inferred resources at the Ondjamba and Hyena satellite deposits.

	Heap Leaching
Total material processed (M tonnes)	292 Mt
Annual throughput (M tonnes ore)	15 Mt
Average head grade (ppm U_3O_8)	195
Stripping ratio (waste/ore)	3.7 : 1.0
Metallurgical recovery	85%
Life of mine production (MIbs U_3O_8)	106 MIbs
Annual production (MIbs U_3O_8)	5-7 MIbs
Mine life	20 years
Initial capital cost (real 2010 dollars), excluding mining fleet and working capital	US\$638 million
Life of mine operating cost (US\$/lb U_3O_8)	US\$42
Assumed uranium price (US\$/lb U_3O_8)	US\$70

Note: The information in this table is based on the assumptions and results of the Etango Project feasibility study update.

The above results represent the latest outputs of the feasibility study work on the Etango Project, and reflect various technical and financial assumptions and conclusions made by the Company and its external experts. While the results may change based on future work programs, they currently represent the material information being reviewed by Bannerman in assessing future development of the Etango Project. The Etango Project is currently at the feasibility assessment stage and any future development decision will necessarily be based on the final feasibility study results. Economic estimates in this feasibility study update are prepared to a stated tolerance of -10%/+25%. Economic results reflect 100% of the Etango Project ignoring ownership and financing structure, and are based on real 2010 US dollars.

Mineral Resource

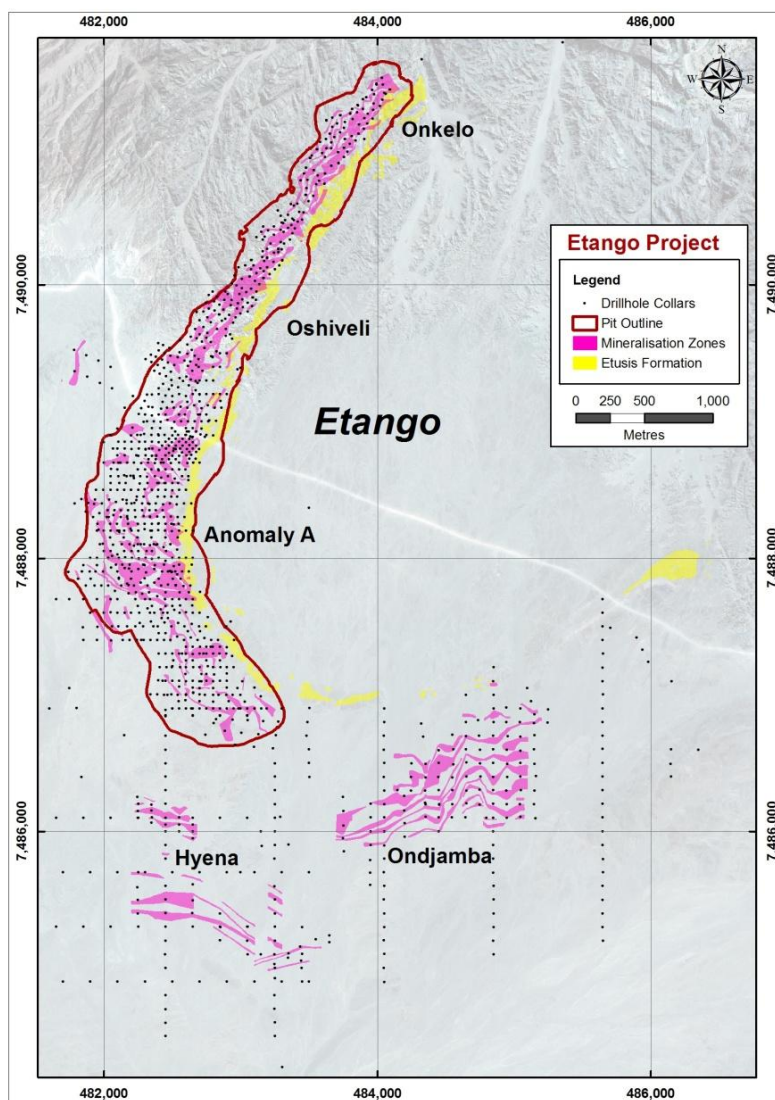
As disclosed by Bannerman in its release dated 28 October 2010 and titled "*Bannerman Significantly Expands Etango Project Uranium Resource*", the Etango Project mineral resource estimate now comprises total Measured and Indicated resources of 149MIbs U_3O_8 , plus additional Inferred resources of 64MIbs U_3O_8 , as tabulated on the following page. This feasibility study update incorporates only the Measured and Indicated resources of the Etango deposit.

Drilling in 2010 delineated two new satellite deposits within 1km of the primary Etango deposit, with an estimated combined Inferred resource of 44MIbs U_3O_8 that is included in the Project's recent resource update. Bannerman considers that there is good potential to identify other satellite deposits which could further add value to the Project.

Mining

Owner mining has been assumed for mine planning and costing purposes. The proposed mining method is a conventional hard rock open pit operation, with drilling, blasting, loading and truck hauling. The ultimate pit dimensions for the Etango deposit pit are approximately 6km long by 1km wide, with a maximum depth of approximately 400 metres below surface. Approximately 70% of the Etango resource lies within 200 metres of surface.

Plan of the Etango Project Area



Etango Project Mineral Resource Estimate (October 2010)

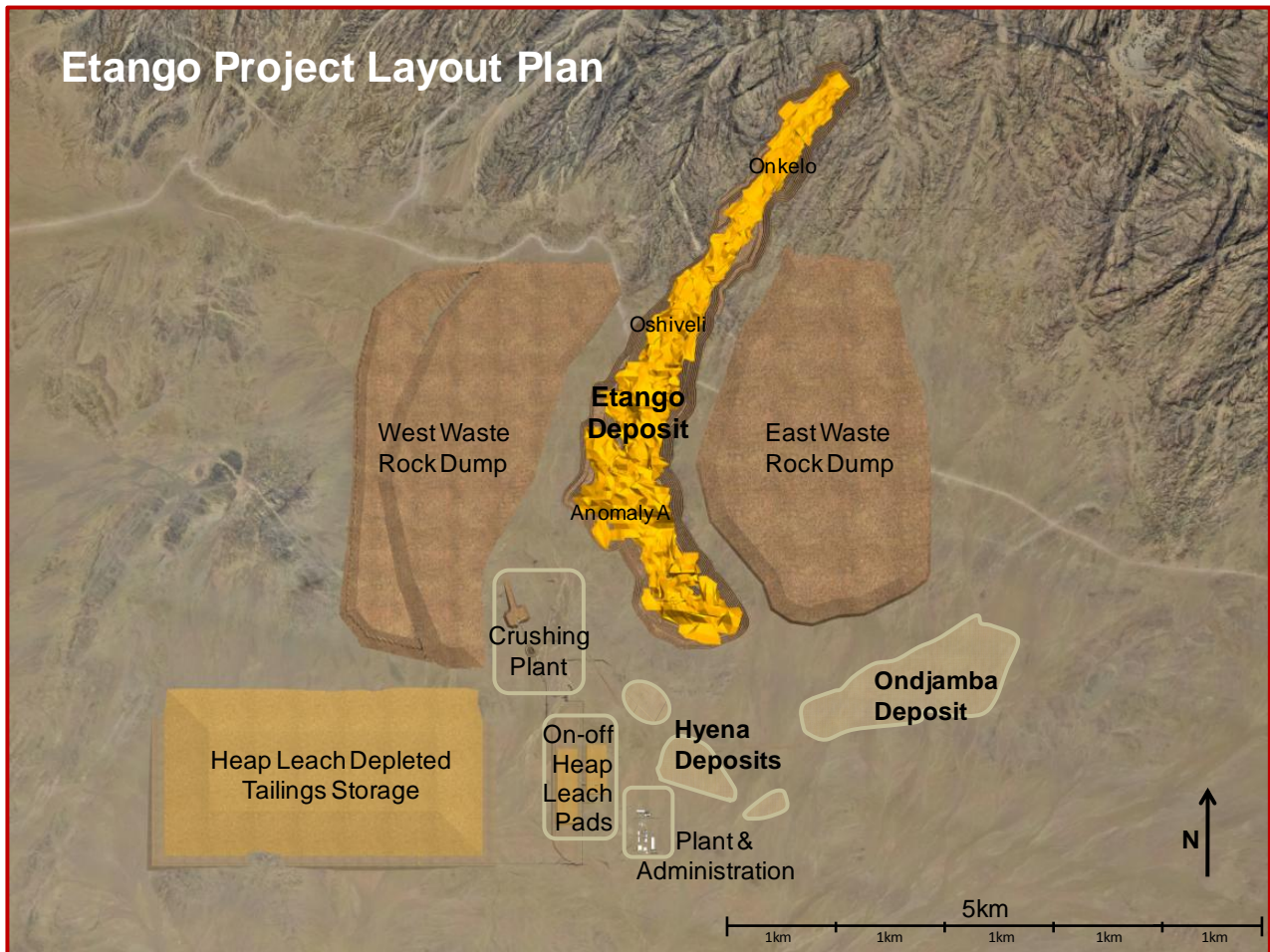
Reported at a cut-off grade of 100ppm U_3O_8

Deposit	Measured Resources				Indicated Resources				Inferred Resources			
	Tonnes	Grade	Contained U_3O_8		Tonnes	Grade	Contained U_3O_8		Tonnes	Grade	Contained U_3O_8	
	(Mt)	(ppm U_3O_8)	(Tonnes)	(Mlbs)	(Mt)	(ppm U_3O_8)	(Tonnes)	(Mlbs)	(Mt)	(ppm U_3O_8)	(Tonnes)	(Mlbs)
Etango	62.7	205	12,900	28.3	273.5	200	54,600	120.4	45.7	202	9,200	20.3
Ondjamba	-	-	-	-	-	-	-	-	85.1	166	14,200	31.3
Hyena	-	-	-	-	-	-	-	-	33.6	166	5,600	12.3
Total	62.7	205	12,900	28.3	273.5	200	54,600	120.4	164.6	176	29,000	63.9

Note: Figures may not add due to rounding; Ordinary Kriged estimate based upon 3m cut composites; bulk density of 2.64t/m³; and panel dimensions of 25mNS by 25mEW by 10mRL.

The estimated processed tonnage, drawn only from Measured and Indicated resources, totals 292Mt at an average grade of 195ppm U_3O_8 . This represents approximately 87% of the current total Measured and Indicated resource of the Etango deposit. As previously noted, the recently identified satellite deposits, Ondjamba and Hyena, offer the potential for mining flexibility and mine life extensions.

The average life-of-mine strip ratio for the operation is relatively low at 3.7 tonnes of waste per tonne of ore. In addition to the Measured and Indicated material, there is also a small amount of Inferred resource material within the pit design which would ultimately be expected to come into the mine plan. The inclusion of this material reduces the average life-of-mine strip ratio to 3.5 tonnes of waste per tonne of ore. As the Etango deposit is close to surface, mining of mineralised material in the initial pit areas can start almost immediately and the capital cost estimates incorporate only a 6 month period of stockpile building prior to plant commissioning.



Processing

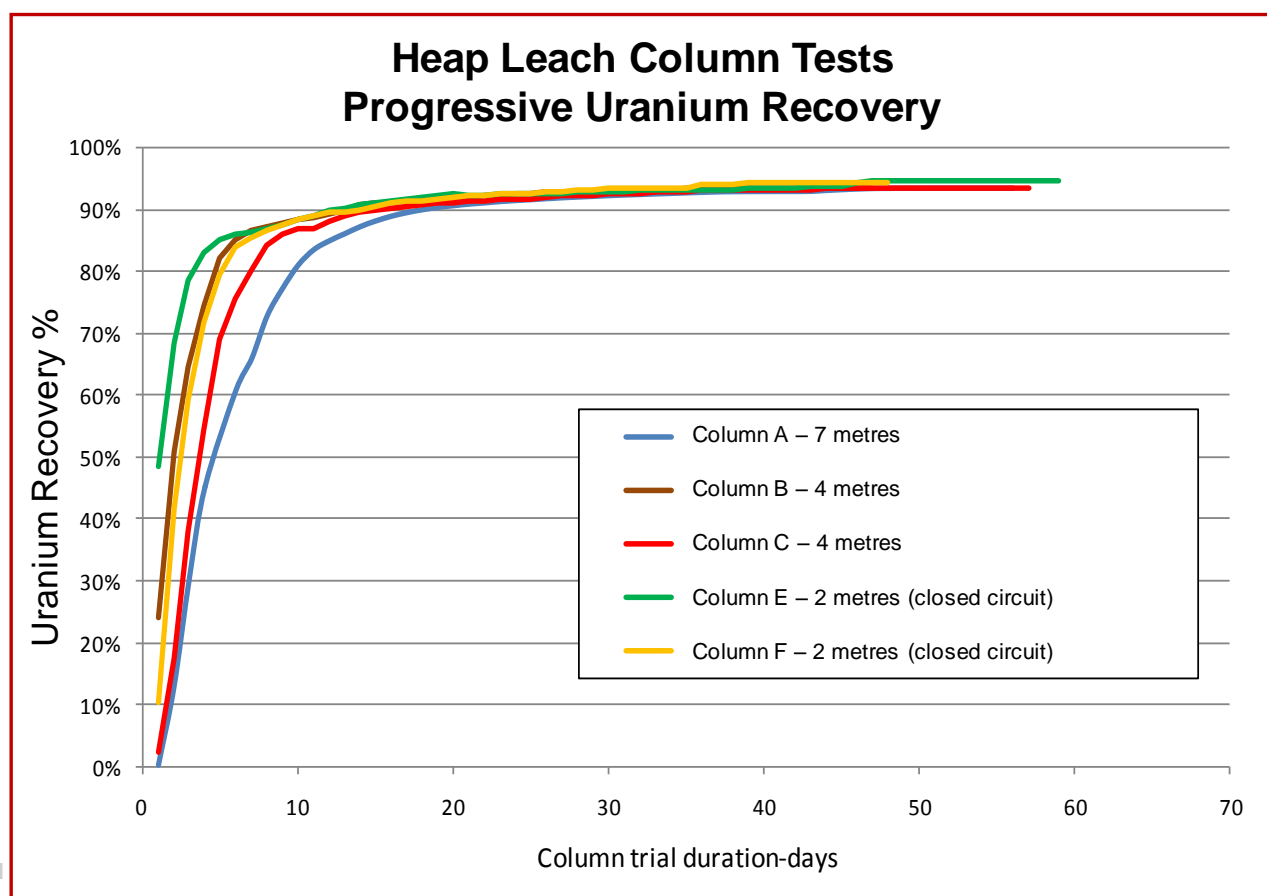
Through extensive mineralogical studies and metallurgical testwork in 2010, Bannerman gained considerable understanding about the mineralogy of the Etango deposit:

- Over 90% of the mineralisation is contained within the alaskite host rock;
- The geological sequence excludes the high acid consuming carbonate (marble) formations prevalent in other areas of the region;
- The predominantly uraninite (UO_2) mineralisation is located at crystal interfaces and as inclusions with other minerals; and
- No clay is evident in the deposit.

As a result, the deposit leaches very rapidly, consistently and at relatively low acid consumption levels across a range of crushing and grinding sizes. The uniformity of the Etango deposit, along with its consistent leaching characteristics and recovery rates, means that ore blending requirements and associated constraints are expected to be insignificant.

Work in 2010 demonstrated the technical and economic advantages of the application of the heap leaching processing option. This option uses less sulphuric acid, water and electricity than tank leach processing.

Bannerman's proposed 15Mt per annum heap leaching process will incorporate a three stage crushing circuit, with the third stage comprising high pressure grinding rolls. Crushed material will be agglomerated (without the use of cement) and stockpiled onto an on-off heap leach pad using the type of stacking and reclaiming equipment currently employed at a number of large copper heap leach operations in South America. The heaped ore will then be percolated with dilute sulphuric acid to leach the uranium minerals into solution. This solution will be collected for further processing in standard solvent extraction, precipitation and calcination circuits before the U_3O_8 is packaged in drums for containerized export through the nearby Walvis Bay deepwater port.



The Company has achieved consistent recoveries of ~90% and low acid consumption of 10-15kg/tonne over a 15 day period in column tests up to 7 metres in height. To allow for scale-up factors and other losses, the feasibility study update has assumed a design metallurgical recovery of 85% on a large scale heap leach pad over a 52 day on/off cycle. An increase/decrease of 1% in the assumed metallurgical recovery rate has the effect of decreasing/increasing operating costs by approximately US\$0.50/lb U_3O_8 .

Comprehensive metallurgical testing has shown tank leaching to be similarly consistently fast and with uranium recoveries well above 90% across a range of grind sizes. Whilst the heap leach circuit is preferred for a number of reasons, the addition of a separate tank circuit in future years remains a plausible option if additional and higher grade satellite deposits are discovered.

Infrastructure and Utilities

The Etango Project is located approximately 40km by road from the town of Swakopmund. Power and water are proposed to be supplied from the well established national infrastructure. The feasibility study estimates incorporate provision of high-voltage power lines and reticulation systems, desalinated water supply with pumping and storage facilities, and access roads.

The Namibian state-owned power utility has confirmed its ability to provide power to the Etango Project site. Power requirements for the total mining and heap leach operation are estimated at approximately 31MW.

The Namibian state-owned water utility is expanding capacity in the Erongo region to meet increasing demand from mining and other industries. Bannerman, along with other members of the Erongo Mining Water Users' Group, is examining the technical and financing aspects of the installation of a second desalination plant on the coast to the north of Swakopmund. Opportunities also exist to secure water from third party operators in the region. The water requirement for the Etango Project is estimated at approximately 2.6 million cubic metres (2.6GL) per annum using the heap leach processing route.

Bulk consumables are proposed to be transported to the site via the existing railway network to a location approximately 25km from the site, after which they will be transported to the site via existing and new access roads.

Capital Expenditure

Capital expenditure estimates for the Etango Project heap leach operation include all on-site items for the processing plant, heap leach pads and stacker and reclaim equipment, storage facilities for depleted heap leach material, administration and service facilities, consumables storage, mining infrastructure and pre-production waste rock stripping activities, as well as access and site roads. Off-site items in the capital costing include water pipelines, high-voltage power lines and related equipment.

Initial Capital Cost Estimate	Heap Leaching (US\$ million)
Mining (including pre-stripping, excluding initial mining fleet)	33
Processing plant and associated heap leach pad construction	203
Infrastructure and utilities	191
Indirect & other costs	55
Owner & EPCM costs	96
Accuracy provision	60
Total initial capital expenditure	638
Initial mining fleet	64

The capital cost estimates are based on owner mining and exclude working capital and financing charges but include all mining establishment, waste pre-stripping and EPCM (engineering, procurement, construction and management) costs. Accuracy provisions have been separately assessed for individual Project components and equate to an average allowance of approximately 14%.

Estimated sustaining capital over the life of the operation comprises US\$272 million in mining fleet additions, US\$76 million in general sustaining capital allowances, and US\$33 million in rehabilitation and closure costs.

Operating Expenditure

Operating costs average US\$42/lb U₃O₈ for the life-of-mine. Given the relatively shallow nature of the open pit mine and the uniform leaching characteristics of the deposit, the Project has a flat operating cost profile, thereby supporting the long term viability of the Etango operation.

Operating costs are defined as direct operating costs including mining, processing, on-site and off-site infrastructure and utilities, and general and administrative costs, as follows:

Operating Cost Estimate	Heap Leaching	
	(US\$/tonne processed)	(US\$/lb U ₃ O ₈)
Mining	8.24	22.60
Processing	6.28	17.23
General & administrative	0.94	2.58
Total	15.46	42.41

Revenues, Royalties and Marketing

Sales of uranium oxide to end-users are predominantly undertaken on a term contract basis with sales prices based on pre-set formulae linked to the prevailing reported term and spot prices. For financial modelling purposes, all production from the Etango Project is assumed sold at a long term contract price of US\$70/lb U₃O₈, with sensitivities run at various alternative prices. The current U₃O₈ spot price is US\$60/lb and current long-term contract pricing is understood to be in the range of US\$62-70/lb U₃O₈. General industry research supports the Company's belief that uranium prices are poised for further growth over the coming few years as the clean nuclear power ambitions of various countries, particularly those in Asia, are realised.

The Namibian Government royalty on uranium mining is 3% of gross revenue, and additional allowances have also been made for off-site shipping, marketing and other sales-related costs. These amounts have been deducted from gross sales revenue and are not included in operating cost estimate.

Permitting

Bannerman applied for an environmental clearance and a mining licence for the Etango Project at the end of 2009. In April 2010, the Namibian Ministry of Environment and Tourism issued Bannerman with an environmental clearance based on the Environmental and Social Impact Assessment ("ESIA") completed in 2009. An updated ESIA and amended environmental clearance and mining licence applications, incorporating the enlarged resource and site layout refinements, will be prepared in the March 2011 quarter and submitted to the relevant Namibian authorities in the June 2011 quarter.

Opportunities

Various opportunities exist to further optimise the Etango Project and economic returns, including:

- Heap leach optimisation, including targeted reductions in reagent use;
- Inclusion of the Ondjamba and Hyena satellite deposits in the mining inventory; and
- Optimisation of materials handling aspects within the mining and heap leach operations.

Investigation of these opportunities will commence in mid January 2011 by way of a comprehensive value engineering review, with the assistance of external specialists, of the feasibility study work completed to date.

Project Schedule

Further laboratory heap leach testing will be conducted in Western Australia and Namibia respectively to assist in optimising the particle size, agglomeration conditions, acid addition rates and pad dimensions during the engineering phase of the feasibility study. In addition, larger scale heap leach column testwork is expected to commence in Namibia during the June 2011 quarter. Subject to Bannerman securing a suitable development partner, the Company's objective will be to complete the feasibility study by early 2012, and to move to a project development decision as soon as possible thereafter.

Project Development Partner

Careful consideration of project funding options available to Bannerman and receipt of various expressions of interest has led to a decision to seek a development partner at the Project level. Given Bannerman's confidence in the Project's technical aspects, it has appointed London-based specialist financial advisors, Cutfield Freeman & Co, to lead the partner search process.

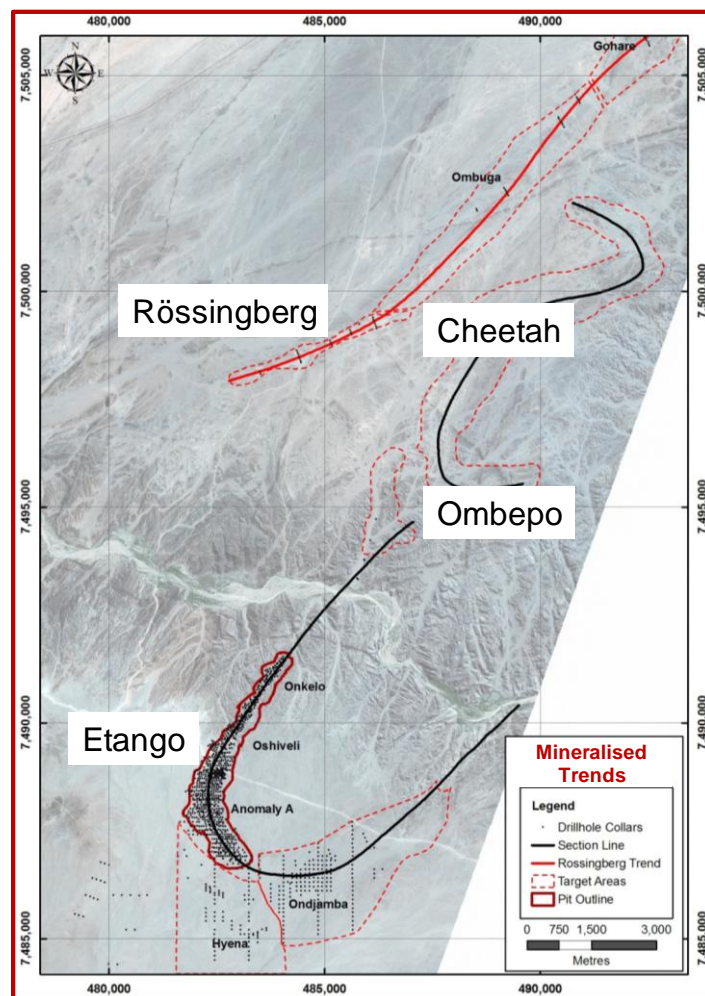
A number of parties have already visited site and conducted due diligence on the feasibility study work completed to date. Bannerman will pursue a sensible and value-accretive development partner transaction at the project level that will facilitate both the provision of project debt and equity financing. The quality of the feasibility study work has been acknowledged by parties who have reviewed the information. Further updates regarding a potential development partner will be made in the first half of 2011, as appropriate.

Regional Exploration

The primary focus of Bannerman's exploration and drilling activities has to date been within the Etango deposit area south of the Swakop River.

A RadonXTM survey over targeted areas adjacent to the Etango deposit resulted in the discovery of a further 44Mlbs of U₃O₈ at the Ondjamba and Hyena satellite deposits approximately 1km from the main Etango deposit and within 500 metres of the planned processing plant location. The opportunity exists for the discovery of further satellite deposits in and around the Project area.

A similar RadonXTM survey, in conjunction with ground radiometric surveys and geological mapping, north of the Swakop River has identified two further mineralised trends, namely Ombepo and Cheetah, in addition to the previously identified Rössingberg trend. Surface grab samples along these new trends have shown encouraging results. Drilling to test these areas will commence in January 2011.



About Bannerman - Bannerman Resources Limited is an emerging uranium development company with interests in two properties in Namibia, a southern African country considered to be 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 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 feasibility assessment and development of a large open pit uranium operation at Etango. More information is available on Bannerman's website at www.bannermanresources.com.

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Technical Disclosures

Certain disclosures in this release, including management's assessment of Bannerman Resources Ltd'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. The following are important factors that could cause the Company's actual results to differ materially from those expressed or implied by such forward looking statements: fluctuations in uranium prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; general market conditions; the uncertainty of future profitability; and the uncertainty of access to additional capital. Full descriptions of these risks can be found in the Company'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 Resources Ltd 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 Company has not completed feasibility studies on its projects. Accordingly, there is no certainty that such projects will be economically successful. Mineral resources that are not ore reserves do not have demonstrated economic viability.

Bannerman Resources Limited has previously filed a number of releases and reports which document various aspects of its mineral properties. These releases and reports include: (1) National Instrument 43-101 Technical Document dated 31 August 2009 and titled "*Etango Uranium Project, Namibia, July 2009 Resource Update*"; (2) National Instrument 43-101 Technical Document dated 18 September 2008 and titled "*Etango Project Anomaly A – August 2008 Resource Update*"; (3) Annual Information Form for the year ended 30 June 2010 dated 21 September 2010, and (4) news release dated 28 October 2010 and titled "*Bannerman Significantly Expands Etango Project Uranium Resource*".

The information in this release relating to the geology and exploration results of the projects owned by Bannerman Resources Ltd is based on information compiled by Mr Kieron Munro, Head of Geology of Bannerman and a full time consultant to the Company. Mr Munro is a Member of the Australian Institute of Geoscientists, a Recognised Professional Organisation by the Australasian Joint Ore Reserves Committee, who 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as a Qualified Person for purposes of Canadian National Instrument 43-101. Mr Munro consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The information in this release relating to the Mineral Resources of the Etango Project is based on a resource estimate completed by Mr Neil Inwood, and the information in this report relating to the Mineral Resources of the Ondjamba and Hyena deposits is based on a resource estimate completed by Mr Neil Inwood and Mr Steve Le Brun. Both Mr Inwood and Mr Le Brun are full time employees of Coffey Mining Pty Ltd. Each of Messrs. Inwood and Le Brun are Members of The Australasian Institute of Mining and Metallurgy and have 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and are independent consultants to Bannerman and Qualified Persons as defined by Canadian National Instrument 43-101. Messrs. Inwood and Le Brun consent to the inclusion in this release of the matters based on their information in the form and context in which it appears.
