

During the December 2010 quarter, Bannerman Resources Limited (ASX: BMN; TSX: BAN; NSX: BMN) ("Bannerman" or the "Company") produced a comprehensive update to the feasibility study on its 80%-owned Etango Project in Namibia, one of the world's largest undeveloped uranium projects, and successfully completed a A\$15 million equity capital raising primarily to a range of key existing and new institutional investors. Bannerman is now well positioned to aggressively pursue development of Etango, one of the world's largest undeveloped uranium projects, and to grow its mineral resource base through exploration activities on its highly prospective landholdings in the vicinity of the Etango Project. Given the scale of the Project, Bannerman offers shareholders substantial investment exposure to the rapidly improving fundamentals of the uranium industry.

### HIGHLIGHTS

- **Resource expansion - Measured and Indicated** resources increased 5% to **149Mlbs U<sub>3</sub>O<sub>8</sub>** and **Inferred** resources increased more than 200% to **64Mlbs U<sub>3</sub>O<sub>8</sub>**.
- **Etango Project feasibility** – The study update indicates average annual production of **5-7Mlbs U<sub>3</sub>O<sub>8</sub> per year** over a **+20 year mine life** at an estimated average **life-of-mine cash cost of US\$42/lb**:
  - **A simple heap leaching** processing flowsheet has been selected, featuring **rapid and uniform leaching** across the deposit, **low acid consumption** and **consistently high (+90%) laboratory uranium recoveries**.
  - **Capital costs of US\$638 million**, before mining fleet and working capital but including a US\$60 million accuracy provision and an allowance for the proportional cost of constructing a water desalination plant and associated piping infrastructure.
- **Exploration upside** - Exploration drilling activities in the northern area of the Etango licence area are planned for the March 2011 quarter. Focus areas include Rössingberg, Cheetah and Ombepo where radon cup and subsequent ground radiometric surveys last year identified key target anomalies.
- **Funding secured** – Completion of the A\$15 million share placement financing increasing cash reserves at quarter end to A\$22.7 million (30 September 2010: A\$12.1 million). This financing allows the Company to aggressively pursue development of the Etango Project.
- **Uranium Market** – The uranium spot price continues its recent upward trend and is now at US\$70/lb U<sub>3</sub>O<sub>8</sub> compared with US\$47.50/lb U<sub>3</sub>O<sub>8</sub> at the end of the September 2010 quarter.
- **Key objectives for 2011** – Bannerman's key business objectives for 2011 are to complete a definitive feasibility study on the Etango Project, to test a range of Bannerman's prospective regional exploration targets, to secure a development partner and to obtain the grant of the Etango mining licence.

Bannerman's CEO, Len Jubber, said: "Bannerman is extremely well positioned to pursue development of the Etango Project, with the focus in early 2011 on increasing the existing 60% utilisation of the mineral resource base, examining various throughput and materials handling opportunities to reduce operating costs, and the commencement of drilling on promising exploration targets near to the existing project location".

Len Jubber, Chief Executive Officer  
28 January 2010

## Etango Project (Bannerman 80%)

### Background

The Etango Project is one of the world's largest undeveloped uranium deposits and is located in a premier uranium mining jurisdiction in Namibia, southern Africa. Etango has the strategic economic advantage of its close proximity to road, rail and electricity networks, one of southern Africa's largest commercial ports, water infrastructure, and to established support industries and labour forces in the region. These factors, combined with the significant scale of expected annual production, long project life and low technical risk, define an attractive project well positioned in a world where nuclear energy and the demand for uranium is projected to grow significantly.

During the December 2010 quarter, the Company announced a significant expansion to the mineral resource estimate for the Etango Project and completed an update of the feasibility study.

The Company's objective is to complete the Etango Project Definitive Feasibility Study ("DFS") by early 2012, and to move to a project development decision as soon as possible thereafter.

### Feasibility Study - Interim Update

Life-of-mine production from the Measured and Indicated resources of the primary Etango deposit is presently estimated as 106 million pounds ("Mlbs") of uranium oxide ( $U_3O_8$ ) using heap leach processing.

The mining schedule provides for at least 20 years of production at an average of 5-7Mlbs  $U_3O_8$  per annum, as tabulated below. Substantial additional material is expected 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 (million tonnes)	292 Mt
Annual throughput (million 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 (Mlbs $U_3O_8$ )	106 Mlbs
Annual production (Mlbs $U_3O_8$ )	5-7 Mlbs
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.

Estimates were prepared to a stated tolerance of -10%/+25%, are based on real 2010 US dollars and reflect 100% of the Etango Project ignoring ownership and financing structure.

### a. Mineral Resource Estimate

The mineral resource estimate for the Etango Project, reported at a cut-off grade of 100 parts per million ("ppm") U<sub>3</sub>O<sub>8</sub>, was expanded during the quarter and now comprises Measured and Indicated resources of 336.2 million tonnes ("Mt") at 201ppm for 148.7Mlbs of contained U<sub>3</sub>O<sub>8</sub>, plus Inferred resources of 164.6Mt at 176ppm for 63.9Mlbs of contained U<sub>3</sub>O<sub>8</sub>, as tabulated below.

#### Etango Project Mineral Resource Estimate (October 2010)

Reported at a cut-off grade of 100ppm U<sub>3</sub>O<sub>8</sub>

Deposit	Measured Resources				Indicated Resources				Inferred Resources			
	Tonnes	Grade	Contained U <sub>3</sub> O <sub>8</sub>		Tonnes	Grade	Contained U <sub>3</sub> O <sub>8</sub>		Tonnes	Grade	Contained U <sub>3</sub> O <sub>8</sub>	
	(Mt)	(ppm U <sub>3</sub> O <sub>8</sub> )	(Tonnes)	(Mlbs)	(Mt)	(ppm U <sub>3</sub> O <sub>8</sub> )	(Tonnes)	(Mlbs)	(Mt)	(ppm U <sub>3</sub> O <sub>8</sub> )	(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
<b>Total</b>	<b>62.7</b>	<b>205</b>	<b>12,900</b>	<b>28.3</b>	<b>273.5</b>	<b>200</b>	<b>54,600</b>	<b>120.4</b>	<b>164.6</b>	<b>176</b>	<b>29,000</b>	<b>63.9</b>

**Note:** Figures may not add due to rounding; Ordinary Kriged estimate based upon 3m cut composites; bulk density of 2.64t/m<sup>3</sup>; and panel dimensions of 25mNS by 25mEW by 10mRL. Figures reflect 100% of the Etango Project.

The estimated processed tonnage in the feasibility study to date, drawn only from Measured and Indicated resources, totals 292Mt at an average head grade of 195ppm U<sub>3</sub>O<sub>8</sub>. This represents approximately 87% of the current total Measured and Indicated resource of the Etango deposit, but less than 60% of the total resource tonnage.

### b. Mining

Owner mining was 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 the surface.

The average life-of-mine strip ratio for the operation is relatively low at 3.7 tonnes of waste per tonne of ore, reducing to 3.5 tonnes of waste per tonne of ore once in-pit Inferred resources are included. 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 six month period of stockpile building prior to plant commissioning.

The recently identified satellite deposits, Ondjamba and Hyena, along with Inferred resource material within the existing Etango deposit, offer the potential for mining flexibility and mine life extensions.

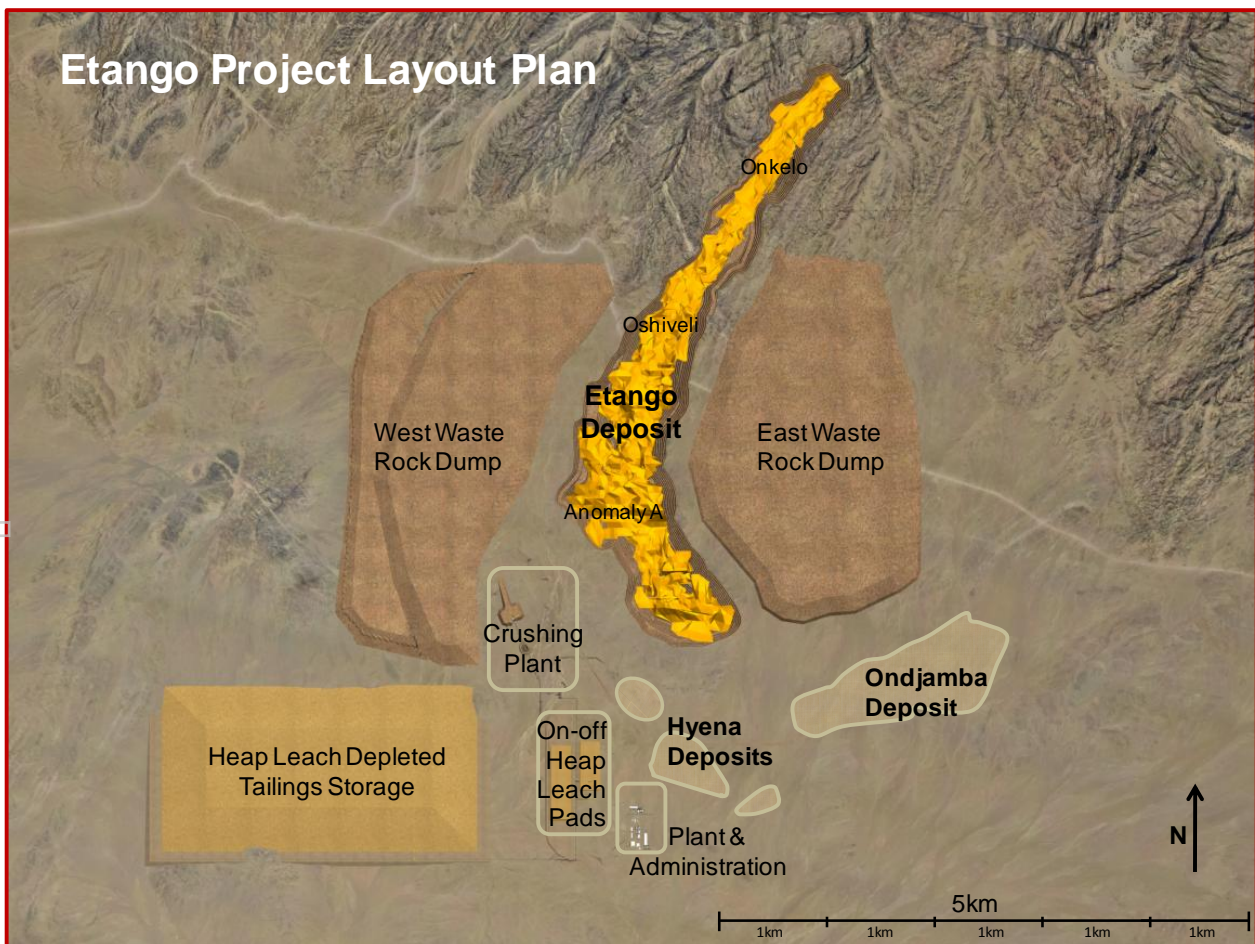
### c. Metallurgy and Processing

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 ( $\text{UO}_2$ ) 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 and associated constraints are expected to be insignificant.

The Company has achieved consistent recoveries of ~90% and low acid consumption of 10-15kg/tonne over a 17 day period in column tests up to seven 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.





## Work Program for 2011

With the selection of a simple heap leaching processing flowsheet, the focus of the feasibility study is presently to prepare a detailed scope of work for the DFS stage of the Project's development. During the first quarter of 2011, a full interpretation of the work completed to date incorporating formal project review and improvement studies will be undertaken with the assistance of external project management specialists. The focus of these studies will be on various processing throughput and materials handling opportunities to reduce operating and capital costs.

Metallurgical development work will continue to be undertaken in Perth to further confirm and refine the understanding of acid consumption across the deposit. Column testwork will also be commenced in Namibia for variability studies as well as providing support for a large scale field test program planned to commence in the middle of the year. The objective of the large scale test program is to initiate a small trial mining exercise, to facilitate leaching of bulk (40 tonne) samples, and to obtain additional operating and wear data from the high pressure grinding rolls.

The Company plans to appoint the DFS engineer at the end of March 2011.

## Mining Licence

Bannerman lodged a mining licence application for the Etango Project with the Namibian Ministry of Mines and Energy in late 2009, with the application based on the Company's December 2009 preliminary feasibility study. Bannerman continues to liaise closely with the Namibian Government regarding the grant of the Mining Licence.

As reported previously, Bannerman has received notification of formal environmental clearance from the Namibian Ministry of Environment and Tourism for development of the Etango Project as described in the Environmental and Social Impact Assessment ("ESIA"). An updated ESIA and amended environmental clearance and mining licence applications, incorporating the enlarged resource and site layout refinements, will be submitted to the relevant Namibian authorities in the June 2011 quarter.

## Regional Exploration

In addition to resource definition and extension drilling activities within the Etango Project, Bannerman is also actively engaged in regional exploration activities in Namibia and Botswana. All of Bannerman's exploration properties lie in close proximity to known uranium mines, deposits and anomalies including Rössing, Langer Heinrich and others in Namibia and Letlhakane and Foley in Botswana.

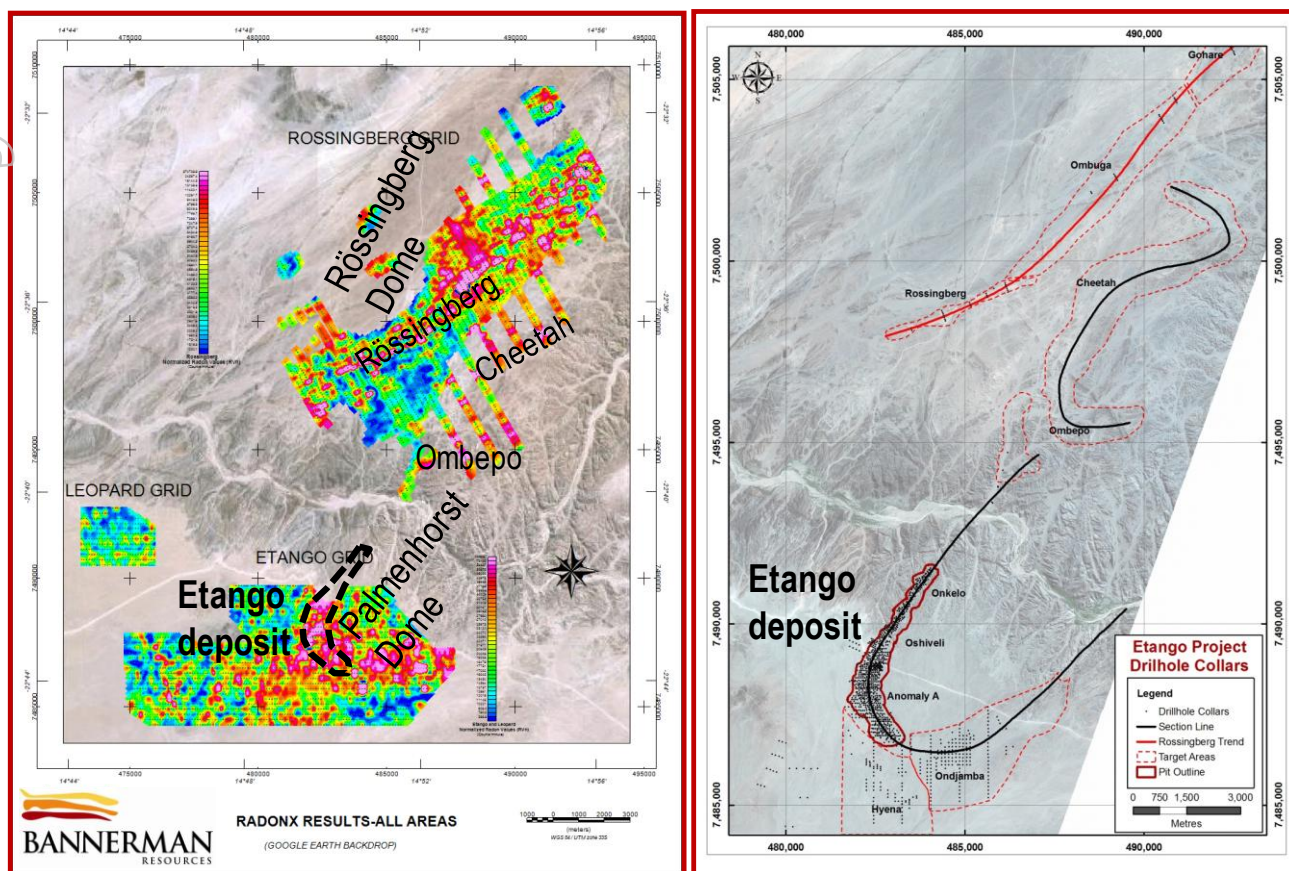
## Etango Licence (Bannerman 80%)

The Etango licence (EPL 3345) covers an area of approximately 500km<sup>2</sup> and contains numerous known uranium occurrences.

During 2010, a radon cup (RadonX<sup>TM</sup>) survey over targeted areas adjacent to the Etango deposit resulted in the discovery of a further 44Mlbs of U<sub>3</sub>O<sub>8</sub> 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 RadonX<sup>TM</sup> survey, in conjunction with ground radiometric surveys and geological mapping, north of the Swakop River has identified two further mineralised trends, named Ombepo and Cheetah, in addition to

the previously identified Rössingberg trend, as shown in the plans below. Surface grab samples along these new trends have shown encouraging results. Drilling to test these areas will commence in the March 2011 quarter.



Plans showing the location of the Etango deposit and the prospective northern exploration areas at Rössingberg, Cheetah and Ombepo, along with the overlaid RadonX™ 2010 survey results which require follow-up drilling. The line of strike across all deposits totals over 28km, of which only 8km has been effectively drilled.

### Swakop River Project (Bannerman 80%)

The Swakop River licence (EPL 3346) covers an area of approximately 800km<sup>2</sup> and contains paleo-channel targets with uranium mineralisation in calcretised sediments. These calcretised sediments are similar to those hosting uranium mineralisation at the adjacent Langer Heinrich operation. Bannerman has previously completed a geophysics survey along ten lines within the Elspe Channel. These lines successfully delineated a number of drainage channels and an earlier branch of the Swakop River, under an extensive alluvial fan of sand gravel and boulders adjacent to the Langer Heinrich Mountain.

Initial drilling during the quarter was undertaken in the Gawib area of the Elspe Channel. The results indicated minor uraniferous anomalism and work is now focused on the assessment of other identified prospective targets in the area.

### Botswana Project (Bannerman 100%)

Bannerman owns three Prospecting Licences (131/2005 to 133/2005) covering an area of 1,100km<sup>2</sup> for uranium, precious metals, base metals and platinum group minerals in Botswana. These licences are referred to as the Serule South, Serule North and Dukwe Licences and are located in the Foley and Sua Pan regions in Botswana. Work during the quarter was focused on reviews of previous exploration activities, and planning for 2011. A RadonX™ survey is scheduled to be conducted in 2011 upon renewal of the titles.

## Corporate

### Cash Position

The Company's cash balance as at 31 December 2010 was A\$22.7 million (30 September 2010: A\$12.1 million).

### A\$15 million Share Placement Financing

As announced on 20 December 2010, the Company completed a A\$15 million share placement financing by issuing 30 million ordinary shares at an issue price of A\$0.50 per share primarily to existing and new institutional shareholders. Bannerman is now well funded to advance the Etango Project feasibility study and exploration programs on its prospective regional landholdings in 2011.

### Development and Off-take Partner Opportunities

Bannerman's financing plan for the Etango Project comprises a mixture of project debt and equity financing, in combination with finance and off-take buying commitments from suitable end-users and/or strategic development partners. Bannerman has appointed London-based specialist financial advisory group, Cutfield Freeman & Co, to lead the partner search process. A number of parties have visited site and conducted due diligence on the feasibility study work completed to date. Bannerman is aiming to pursue a sensible and value-accretive development partner transaction at the project level to facilitate its financing plan. The quality of the feasibility study work has been acknowledged by parties who have reviewed the information.

### Annual General Meeting

The Company's 2010 Annual General Meeting was held on Tuesday 23 November 2010. As announced on that day, all resolutions put to shareholders were duly carried on a show of hands.

### Issued Securities

The Company's issued share capital increased by 30 million ordinary shares following completion of the share placement financing referred to above. In addition, 2,725,000 vendor options were exercised and 2,250,000 Director's options lapsed unexercised. In accordance with approvals provided by shareholders at the 2009 and 2010 Annual General Meetings, during the quarter the Company issued 1,082,350 options under the Non-Executive Director Share Option Plan and advised the pending issue in early 2011 of 2,885,300 performance rights under the Employee Incentive Plan. The Company also issued 43,000 options as part of the remuneration package of a subsidiary director.

As at 31 December 2010, the Company had 234,435,934 shares and 18,477,450 unlisted options on issue, with the options having a weighted average exercise price of A\$2.12 per share.

### Uranium Market

The uranium market firmed considerably in the quarter with the uranium spot price increasing from US\$47.50/lb U<sub>3</sub>O<sub>8</sub> to US\$62/lb U<sub>3</sub>O<sub>8</sub>, and the long term contract price increasing from US\$62/lb U<sub>3</sub>O<sub>8</sub> to US\$67/lb U<sub>3</sub>O<sub>8</sub>. Following the end of the quarter, the spot price has increased further to US\$70/lb U<sub>3</sub>O<sub>8</sub>, equating to a 67% increase from the start of the current financial year (i.e. from 1 July 2010). Bannerman continues to build relationships with nuclear power utilities and other prospective buyers of uranium from the Etango Project.

**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 the Company's website at [www.bannermanresources.com](http://www.bannermanresources.com).

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### Technical Disclosures

Certain disclosures in this report, 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](http://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.

The information in this report 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 report of the matters based on his information in the form and context in which it appears.

The information in this report 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 report of the matters based on their information in the form and context in which it appears.