

Bannerman Announces Share Placement & Refinancing of Convertible Note

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PERTH, AUSTRALIA -- ([Marketwire](#) - Dec. 14, 2011) - [Bannerman Resources Limited](#) (TSX:BAN) (ASX:BMN) (NAMIBIAN:BMN) ("Bannerman" or the "Company") is pleased to advise that it has today received commitments for a share placement of A\$8.2 million and reached agreement to refinance its outstanding convertible note. Bannerman will also offer a follow-on share purchase plan to eligible shareholders at the share placement price for total proceeds of up to A\$4 million.

Bannerman CEO, Len Jubber, said: "We welcome the strong interest of new institutional investors and the continued support of existing major shareholders. This puts the Company in a solid financial position as we move to complete the Definitive Feasibility Study on the Etango Uranium Project in early 2012 and continue our engagement with potential development partners. The capital raising in these globally uncertain financial times highlights the strategic significance of Etango which will shortly be one of the very few large and independently-owned uranium projects with a completed Definitive Feasibility Study. Bannerman is excited to pursue the final stage of the feasibility assessment of Etango for the benefit of all stakeholders, in particular the Government and people of Namibia".

Share Placement

Following a bookbuild process, Bannerman has received subscription commitments from a range of existing and new institutional shareholders for approximately 36.5 million ordinary shares at an issue price of A\$0.225 per share for total proceeds of approximately A\$8.2 million. The bidding process was managed by GMP Securities Australia and supported by Argonaut Securities, CIBC and Haywood Securities. Allotment of the shares is scheduled for 23 December 2011. The share placement is being undertaken pursuant to approval obtained from Bannerman's shareholders at the annual general meeting held on 17 November 2011.

Bannerman's major institutional shareholder and the holder of the Company's outstanding A\$10 million convertible note, Resource Capital Funds ("RCF"), has subscribed for A\$2 million of the share placement, the proceeds of which will be used to reduce the convertible note as part of a two year extension of the note on the terms set out below.

Trading in Bannerman's shares was temporarily halted on the Australian Securities Exchange ("ASX") and the Toronto Stock Exchange ("TSX") pending this announcement in relation to the share placement. Trading in Bannerman's shares is expected to resume on the TSX at the opening of trading in Canada on Wednesday, 14 December 2011 and on the ASX at the opening of trading in Australia on Thursday, 15 December 2011.

Proceeds from the share placement and share purchase plan (refer below) will be used to fund completion of the Definitive Feasibility Study on Bannerman's 80%-owned flagship Etango Uranium Project in Namibia by the end of March 2012, associated confirmatory pilot plant testwork, regional exploration and drilling activities, the A\$2 million reduction in the existing convertible note and general working capital requirements.

Share Purchase Plan (SPP)

Bannerman will implement a SPP under Australian law to provide eligible qualifying shareholders with the opportunity to subscribe for up to A\$15,000 worth of new Bannerman shares at the same price as the share placement, to raise a maximum of A\$4 million, subject to regulatory approvals. Qualifying eligible shareholders who were on the register as at 5:00pm Perth time on 13 December 2011 will be entitled to participate in the SPP. Further details of the SPP will be announced soon.

Convertible Note Refinancing

Bannerman has reached agreement with RCF for a reduction in the amount of the outstanding convertible note from A\$10 million to A\$8 million (as described above) and to roll it over into a new convertible note under the terms and conditions described below and as set out in the Attachment to this release.

Subject to execution of formal documentation and the receipt of regulatory and shareholder approvals by 31 March 2012, the new note will commence on the existing note's maturity date of 31 March 2012 and extend to 31 March 2014. The conversion price of the new note is A\$0.28125 per share, being a 25% premium to the share placement price, and the unchanged 8%pa coupon interest is payable quarterly through the issue of new Bannerman shares or in cash in certain circumstances.

Bannerman will pay an extension fee to RCF of A\$0.4 million through the issue of approximately 1.43 million Bannerman shares (based on the 5-day volume weighted average price of Bannerman's shares on the ASX prior to the date of this announcement).

Bannerman expects to convene a shareholders' meeting in the March 2012 quarter to seek approval of the new convertible note.

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.

This announcement does not constitute an offer of securities for sale in the United States or to "US persons" (as defined in Regulation S under the US Securities Act of 1933, as amended (the "Securities Act")) ("U.S. Person") and may not be sent or disseminated in, directly or indirectly, the United States or to any U.S. Person or any person acting for the account or benefit of any U.S. Person in any place. Bannerman shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered, sold or otherwise transferred in the United States or to or for the account or benefit of any U.S. Person except in compliance with the registration requirements of the Securities Act and any other applicable state securities laws or in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable state securities laws.

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.

Certain disclosures in this release, including management's assessment of Bannerman Resources Limited'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 Bannerman'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 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.

ATTACHMENT

Key commercial terms of the New Convertible Note

Facility

The New Convertible Note will comprise a facility with a total commitment of A\$8,000,000 (New Facility) to

replace the existing A\$10,000,000 convertible note facility (Existing Facility). The New Facility is to be implemented by way of either a new convertible note facility agreement or an amendment to or rollover of the facility agreement dated November 28, 2008, as amended, relating to the Existing Facility (Existing Facility Agreement).

Use of funds

The funds received by Bannerman under the New Convertible Note will be used to fund completion of the Definitive Feasibility Study on Bannerman's 80%-owned flagship Etango Uranium Project in Namibia, associated confirmatory pilot plant testwork, regional exploration and drilling activities and general working capital requirements.

Commencement

31 March 2012, being the existing maturity date for the Existing Facility (Commencement Date).

Maturity Date

31 March 2014 or such later date as Bannerman and RCF may otherwise agree (Maturity Date).

Conditions Precedent

The following conditions must be satisfied by the Commencement Date in order to give effect to the New Facility.

- i) Legal documentation satisfactory to RCF.
- ii) Payment of all fees and expenses, as contemplated by the term sheet entered into between RCF and Bannerman.
- iii) Approval by Bannerman's shareholders under ASX Listing Rule 7.1.
- iv) Any other necessary regulatory or shareholder approvals.
- v) No material adverse change in Bannerman's financial condition or operations.

Others of a standard nature may be mutually agreed.

Extension Fee

As consideration for RCF agreeing to the New Facility, Bannerman has agreed to, amongst other things, pay to RCF an extension fee of A\$400,000, to be satisfied by the issue to RCF of ordinary shares in Bannerman (Shares) on the date of this announcement at an issue price equal to the 5-day VWAP of a Share on the date of this announcement.

Interest

The interest will be at a fixed coupon rate of 8% per annum and is paid quarterly in arrears in Shares using the 5-day VWAP applicable on the last day of each quarterly interest period.

Bannerman repayment of the New Convertible Note

On the Maturity Date, if RCF has not elected to convert the New Convertible Note into equity (see paragraph below for further details), Bannerman will repay to RCF in cash the Principal Outstanding, accrued interest and any amounts outstanding under the New Convertible Note.

RCF conversion of Principal Outstanding

RCF will be entitled at any time prior to the Maturity Date to convert all or part of the Principal Outstanding into Shares at the conversion price of A\$0.28125 per share (Conversion Price), being a 25% premium on the share price achieved under the share placement referred to in this announcement.

Bannerman voluntary prepayment

Bannerman may elect to prepay all of the Principal Outstanding (plus any outstanding interest) at any time up to 60 days prior to the Maturity Date.

If Bannerman elects to make that prepayment, then it is also required to issue to RCF the number of options that is equal to the Principal Outstanding divided by the Conversion Price (Prepayment Options).

The Prepayment Options will have an exercise price equal to the Conversion Price, an expiry date of the Maturity Date and otherwise be issued on the terms set out in the Existing Facility Agreement.

Security

The New Convertible Note will be secured by a fixed and floating charge over the Company's assets and a share mortgage over the Company's shares in Bannerman Namibia.

Amendment to the Conversion Price

In the event of any reorganisation (including consolidation, sub-division, reduction, cancellation or return) of Bannerman's issued capital, then the provisions of the New Convertible Note will be reorganised in the same manner as options are adjusted under the ASX Listing Rules on a reorganisation of capital.

Change of control

It will be a review event if:

- (a) a person obtains a relevant interest in 50% or more of Bannerman's securities or Bannerman; or
- (b) Bannerman Namibia ceases to have an ownership interest of at least 50% in the Etango Project without RCF's prior consent.

Upon the happening of a review event, Bannerman and RCF will consult each other as to the effect of that event, upon which RCF may elect to:

- (a) convert all amounts outstanding into Shares; or
- (b) on 120 days' notice, require the repayment of all amounts outstanding under the New Convertible Note.

Bannerman's undertakings

Under the terms of the New Convertible Note, Bannerman will give customary representations, warranties, undertakings and indemnities. In addition, it will also give warranties and undertakings in respect of:

- (a) the maintenance of:
 - (i) not less than a 50% interest in the Etango Project (either indirectly or through its holding in Bannerman Namibia); and
 - (ii) the tenements of the Etango Project;
- (b) ensuring that any Shares issued under the terms of the New Convertible Note (either as a new issue or on the exercise of options) are freely tradeable on ASX;
- (c) the maintenance of a minimum cash holding of A\$1.25 million; and
- (d) by all reasonable means, endeavouring to obtain the Etango Project mining licence prior to the Maturity Date.

Break Fee

If, prior to satisfaction of the Conditions Precedent:

- (a) Bannerman announces a corporate transaction such as a scheme of arrangement, takeover or asset sale that has the effect that Bannerman's shareholders may receive a price per Share (Transaction Price) greater than the Conversion Price on completion of that transaction; and
- (b) Bannerman repays the New Facility prior to its conversion,

Bannerman must pay to RCF a fee equal to the difference between the Transaction Price and the Conversion Price multiplied by the number of Shares calculated by dividing the Principal Outstanding by the Conversion Price. Payment of the fee is to occur within 2 business days of completion of the relevant

corporate transaction.

Default

If Bannerman defaults under the New Convertible Note and the default continues, then Bannerman would require RCF's prior consent in order to exercise its rights to convert the Principal Outstanding and/or interest to Shares.

In addition, upon the occurrence of an event of default, all amounts owing under the New Convertible Note would become immediately due and payable.

Under the terms of the New Convertible Note, there will be certain customary events of default, including:

- (a) failure by Bannerman to pay or repay any amounts outstanding under the New Convertible Note and Bannerman not remedying that failure within 2 business days of the due date;
- (b) breach of the New Convertible Note, including where specified security documents or consents (each a Finance Document) or a representation, warranty or statement is or proves to be incorrect in a material respect, and the breach is not rectified within 7 days;
- (c) Bannerman or Bannerman Namibia implement a merger, demerger or scheme of arrangement without RCF's approval;
- (d) the Etango Project is abandoned or placed on care and maintenance;
- (e) any event or series of events, whether related or not, occurs which has or is likely to have a material adverse effect on Bannerman;
- (f) Bannerman's securities are suspended from trading on ASX for an aggregate period in excess of 5 days over any rolling 12 month period; and
- (g) any material part of the Etango Project or the relevant tenements is nationalised, confiscated or requisitioned.

Approvals

The terms of the New Convertible Note will generally require Bannerman to ensure that it has all required shareholder approvals (if any) before it issues any Shares or Options under the New Convertible Note.

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