

CORPORATE GOVERNANCE

Statement on corporate governance at Bannerman

This statement reports on Bannerman's key governance framework, principles and practices as at 30 June 2011. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and good practice in corporate governance.

ASX principles of corporate governance

Bannerman, as a listed entity, must comply with the Corporations Act 2001 (Cth) ("**Corporations Act**"), the Australian Securities Exchange ("**ASX**") Listing Rules ("**ASX Listing Rules**"), other Australian securities laws, the Toronto Stock Exchange ("**TSX**") Listing Rules, other Canadian securities law and the Namibian Stock Exchange ("**NSX**") Listing Rules.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the Corporate Governance Principles and Recommendations ("**ASX Principles**") released by the ASX Corporate Governance Council. The ASX Principles require the Board to consider carefully the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles.

Compliance with ASX principles of good corporate governance

Details of the Company's compliance with the ASX Principles are set out below. A checklist, cross referencing the ASX Principles to the relevant section of this Statement and the Remuneration Report, is provided on pages 18 to 19 of this Report and published on the Company's website at www.bannermanresources.com.

1. The Board of directors

a) Board composition and expertise

The Board has an expansive range of relevant industry experience, operational, financial and other skills and expertise to meet its objectives.

The current Board composition includes five independent directors, one non-independent director and one executive director. Details on each director's backgrounds including experience, knowledge and skills and their status as an independent or non-independent director are set out on pages 2 to 6 of this Report.

The Board considers that the non-executive and executive directors collectively bring the range of skills, knowledge and experience necessary to direct the Company.

In assessing the composition of the Board, the directors have regard to the following policies:

- the Chairman should be non-executive;
- the role of the Chairman and Chief Executive Officer ("**CEO**") should not be filled by the same person;
- the CEO should be a full-time employee of the Company; and
- the Board should include a majority of independent non-executive directors.

b) Board role and responsibilities

The roles and responsibilities of the Board are formalised in the Board Charter. The Board Charter defines in detail the matters that are reserved for the Board and its committees, and those that the Board has delegated to management. The central role of the Board is to oversee and approve the Company's strategic direction, to select and appoint a CEO, to oversee the Company's management and business activities and to report to shareholders.

In addition to matters required by law to be approved by the Board, the following powers are reserved to the Board for decision:

- Strategy - providing strategic oversight and approving strategic plans and initiatives;
- Board performance and composition – evaluating the performance of non-executive directors, and determining the size and composition of the Board as well as recommending to shareholders the appointment and removal of directors;
- Leadership selection – evaluating the performance, and selection, of the CEO and those executives reporting directly to the CEO;
- Corporate responsibility – considering the social, safety, ethical and environmental impacts of Bannerman's activities, and setting policy and monitoring compliance with safety, corporate and social policies and practices;
- Financial performance – approving Bannerman's annual operating plans and budget, monitoring management, financial and operational performance;
- Financial reports to shareholders – approving annual and half-year reports and disclosures to the market that contain, or relate to, financial projections, statements as to future financial performance or changes to the policy or strategy of the Company;
- Risk management – providing oversight of risk management and setting risk management policy; and
- Establishing procedures – ensuring that the Board is in a position to exercise its power and to discharge its responsibilities as set out in the Board Charter.

The Board also recognises its responsibilities to Bannerman's employees, the communities and environments within which Bannerman operates and, where relevant, other stakeholders.

Responsibility for management of Bannerman's business activities is delegated to the CEO who is accountable to the Board.

The Board Charter is available in the corporate governance section of Bannerman's website.

c) Chairman

The Board elects one of the independent, non-executive directors to be Chairman. The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the promotion of relations between Board members and between Board and management that are open, cordial and conducive to productive co-operation.

Dr Smith was appointed as Non-Executive Chairman on 4 May 2010. Dr Smith is also a director of listed companies Atlas Iron Limited and Macmahon Holdings Limited. The Board considers that neither of these roles interfere with the discharge of his duties to the Company.

d) Director independence

The Board has approved a policy on independence of directors, a copy of which is available in the corporate governance section of Bannerman's website.

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The policy provides that the independence of a director will be assessed by determining whether the director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the director. Materiality is considered from the perspective of Bannerman, the persons or organisations with which the director has an affiliation and from the perspective of the director. Materiality thresholds are considered by the Board from time to time. The Board considers that:

- a material customer is a customer of Bannerman which accounts for more than 5% of Bannerman's consolidated gross revenue;
- a supplier is material if Bannerman accounts for more than 5% of the supplier's consolidated gross revenue;
- a substantial shareholder of Bannerman or of any Bannerman subsidiary is someone who holds 5% or more of the voting capital of the relevant entity; and
- service on the Board for a period exceeding ten years is a period which could, or could reasonably be perceived to, materially interfere with a director's ability to act in the best interests of the Company.

Non-Executive Director Clive Jones is not regarded as being independent, as he is one of the vendors of the Etango Project in which Bannerman acquired an 80% interest. Bannerman's interest in the Etango Project is held through its 80% shareholding in Bannerman Mining Resources (Namibia) (Pty) Ltd ("**BMRN**"), the holder of the Etango Project and Swakop River Project exclusive prospecting licences. Mr Jones has a 20% shareholding in BMRN, which he holds for himself and an associate. Mr Jones also holds a relevant interest in 15,206,940 shares in Bannerman, representing 6.5% of Bannerman's issued capital.

Mr Len Jubber is not regarded as independent due to his executive responsibilities as CEO.

Non-Executive Director Mason Hills is regarded as independent. Mr Hills is a partner of Resource Capital Funds ("**RCF**"). Resource Capital Fund IV L.P., which has a management agreement with RCF's parent company, holds a convertible note with a face value of A\$10 million together with 13,923,398 Bannerman shares representing 5.9% of the voting capital in Bannerman. Mr Hills is considered to be independent due to the fact that the investments in Bannerman are not controlled by Mr Hills.

e) Directors' retirement and re-election

Bannerman's Constitution states that at each annual general meeting one third, or nearest to one third (excluding the Managing Director and any director appointed to fill a casual vacancy), and any other director who has held office for three or more years (excluding the Managing Director) since their last election must retire.

Any director appointed to fill a casual vacancy since the date of the previous annual general meeting must submit themselves to shareholders for election at the next annual general meeting. Directors who retire as required may offer themselves for re-election by shareholders. Re-appointment of directors retiring by rotation or filling a casual vacancy is not automatic.

In accordance with the Company's Constitution, Mr Hills will seek election, and Mr Jones and Mr Beever will seek re-election, as non-executive directors at the Annual General Meeting to be held in November 2011. Mr Hills was appointed as a director following the retirement of Mr James McClements in May 2011.

f) Board succession planning

The Board, in conjunction with the Remuneration, Nomination and Corporate Governance Committee, reviews the size and composition of the Board and the mix of existing and desired competencies across members from time to time.

g) Board performance evaluation

The Board undertakes ongoing self-assessment and review of the performance of the Board, committees and individual directors at least every two years. The Chairman of the Board is responsible for determining the process for evaluating Board performance.

The performance of the Board was reviewed in early 2011.

h) Nominations and appointment of new directors

Recommendations for nomination of new directors are considered by the Remuneration, Nomination and Corporate Governance Committee and approved by the Board as a whole.

i) Professional advice

Directors may, in carrying out their Company-related duties, seek external professional advice. If external professional advice is sought, a director is entitled to reimbursement of all reasonable costs where such a request for advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by at least two Board members.

j) Conflicts of interest

Directors are required to disclose any actual or potential conflict or material personal interests on appointment as a director and are required to keep these disclosures up to date.

In the event that there is, or may be, a conflict between the personal or other interests of a director, then the director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter. When the matter comes before the Board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision making process.

The Board has developed a formal protocol for dealing with the provision of confidential information to Mr Jones regarding potential development partner transactions, and to third parties interested in acquiring Mr Jones' 20% shareholding in BMRN. The protocol assists the Board and management in dealing with conflicts of interest that may arise between Bannerman, BMRN and Mr Jones. In accordance with this protocol, the Board has the discretion to permit Mr Jones to participate in discussions, but not vote, in relation to potential development financing transactions which may affect his 20% shareholding in BMRN, on the basis that Mr Jones fully informs the Board regarding all material matters related to his 20% shareholding in BMRN. Mr Jones does not participate in discussions or vote in respect to any matters relating to potential transactions involving Bannerman and Mr Jones' 20% shareholding in BMRN and matters pertaining to the operation of the May 2005 Share Sale Agreement.

k) Terms of appointment, induction training and continuing education

All new directors are provided with a formal letter of appointment setting out the key terms and conditions of the appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work.

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A formal induction is provided to all new directors. It includes comprehensive meetings with the CEO, key executives and management, and information on key corporate and Board policies and visits to the Company's Etango Project in Namibia.

All directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate.

l) Directors' remuneration

Details of remuneration paid to directors are set out in the Remuneration Report.

m) Board meetings

The CEO sets the agenda for each meeting in conjunction with the Chairman and the Company Secretary. Any director may request additional matters be added to the agenda. Members of senior management attend meetings of the Board by invitation and sessions are also held for non-executive directors to meet without management present.

Directors are entitled to request additional information where they consider the information is necessary to support informed decision making.

n) Company Secretary

The Company Secretary is Mr Glen Smith, who is a qualified company secretary and member of Chartered Secretaries Australia (CSA). Mr Smith was appointed in January 2010 and is responsible for the secretarial function including providing advice to directors and executives on corporate governance and regulatory matters, recording minutes of directors' and committee meetings, administering Bannerman's corporate governance framework and giving effect to the Board's decisions. All directors have access to advice from the Company Secretary.

2. Board committees

a) Board committees and membership

The Board currently has three standing committees to assist in the discharge of its responsibilities. These are the:

- Audit Committee;
- Remuneration, Nomination and Corporate Governance Committee; and
- Health, Safety, Environment and Community (HSEC) Committee.

The charters of all Board committees, detailing the roles and duties of each, are available in the corporate governance section of Bannerman's website. All Board committee charters are reviewed at least annually. At the date of this report, the membership of each Board committee is as follows:

Audit Committee	Remuneration, Nomination and Corporate Governance Committee	HSEC Committee
Ronnie Beevor (Chair)	Clive Jones (Chair)	David Tucker (Chair)
Geoff Stanley	Ronnie Beevor	Clive Jones
David Tucker	Mason Hills	David Smith

Committee members are chosen for the skills, experience and other qualities they bring to the committees. The executive management attends, by invitation, Board committee meetings.

All papers considered by the standing committees are available on request to directors who are not on that committee.

Following each committee meeting, generally at the next Board meeting, the Board is given a verbal update by the Chairman of each committee. In addition, minutes of all committee meetings are provided to all directors.

The Company Secretary provides secretariat services for each committee.

Other committees may be convened to address major transactions or other matters calling for special attention, as required.

b) Audit Committee

The role of the Audit Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, internal control structure, financial risk management procedures and external audit function. In doing so, it is the Committee's responsibility to maintain free and open communication between the Committee and the external auditors and the management of Bannerman.

The Audit Committee is required to have a minimum of three members composed of independent non-executive directors.

The external auditors, CEO, Chief Financial Officer ("CFO") and Group Financial Controller attend Committee meetings by invitation. The Committee meets at least four times per year.

c) Remuneration, Nomination and Corporate Governance Committee

The role of the Remuneration, Nomination and Corporate Governance Committee is to assist the Board by reviewing and approving Bannerman's remuneration policies and practices, the appointment of non-executive directors to the Board and oversight of the Company's Corporate Governance system. The Committee's responsibilities include:

- assessment of the necessary and desirable competencies of Board members;
- review of Board succession plans;
- review of the Company's remuneration framework, which is used to attract, retain and motivate employees to achieve operational excellence and create value for shareholders;
- review of the remuneration packages and incentive schemes for the CEO and senior executives to establish rewards, which are fair and responsible, having regard to the Company's strategic goals, individual performance and general remuneration conditions;
- review of the performance and succession planning for the CEO and senior executives; and
- review of Bannerman's corporate governance policies and practices.

The CEO and CFO attend Committee meetings by invitation. The Committee meets at least two times per year.

d) HSEC Committee

The role of the Health, Safety, Environment and Community ("HSEC") Committee ("HSEC Committee") is to assist the Board to meet its responsibilities in relation to the Company's health, safety and environmental practices. Bannerman's HSEC strategy focuses on providing visible

leadership, encouraging responsible behaviours and empowering individuals with responsibility for health, safety and the environment.

The CEO and Project Director attend the HSEC Committee meetings by invitation. The HSEC Committee meets at least two times per year.

e) Board and Committee Meetings during the year ended 30 June 2011

Table 1. Directors in Office and attendance at Board and Board Committee Meetings during 2010/2011

	Board meetings		Board committee meetings					
			Audit Committee		Remuneration, Nomination & Corp. Governance Committee		HSEC Committee	
	A	B	A	B	A	B	A	B
David Smith	12	13	-	-	-	-	3	3
Geoff Stanley	12	13	4	5	-	-	-	-
Len Jubber	13	13	1*	5	5*	5	3*	3
Ronnie Beevor	11	13	5	5	4	5	-	-
Clive Jones	13	13	-	-	5	5	3	3
James McClements ¹	10	12	-	-	3	3	-	-
David Tucker	13	13	5	5	-	-	3	3
Mason Hills ²	11	13	-	-	3*	5	-	-

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the relevant committee during the year.

¹ Mr McClements retired as a Non-Executive Director on 26 May 2011

² Mr Hills attended Board meetings in his capacity as alternate director prior to his appointment as Non-Executive Director on 26 May 2011. Mr Hills joined the Remuneration, Nomination and Corporate Governance Committee in May 2011, however was also invited to attend a meeting of this committee in September 2010.

* Indicates that a Director attended some or all meetings by invitation whilst not being a member of a specific committee.

3. External Auditor relationship and independence

a) Approach to audit and governance

The Board is committed to the basic requirements that:

- Bannerman's financial reports represent a true and fair view;
- Bannerman's accounting practices are comprehensive, relevant and comply with applicable accounting standards and policies; and
- the external auditor is independent and serves shareholders' interests.

b) External auditor relationship

Bannerman's independent external auditor is Ernst & Young. Ernst & Young was appointed by shareholders at the 2007 Annual General Meeting in accordance with the Corporations Act.

The Board has adopted an External Auditor Policy which requires rotation of the audit partner at least every five years, prohibits the reinvolvement of a previous audit partner in the audit service for two years following their rotation, and provides that a former partner of the audit firm, or member of the audit team, may only be recruited into a position as a director or senior employee of Bannerman after the expiry of at least two years.

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c) Attendance of auditor at the Annual General Meeting

Bannerman's external auditor attends the annual general meeting and is available to answer questions from shareholders regarding:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by Bannerman in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

4. Risk management and internal control

a) Approach to risk management

The Board and senior executives are responsible for overseeing the implementation of the Company's Risk Management Policy.

The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems.

b) Risk Management Roles and Responsibilities

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with those risks and opportunities.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include:

- The Board receives regular updates on key risks associated with the development of the Company's Etango Project;
- The implementation of Board-approved annual operating budgets and plans which are monitored against the actual cost and progress;
- The Audit Committee reporting on specific finance risks; and
- Ensuring the executive management team is responsible for developing policies, processes and procedures to identify risks and mitigation strategies in Bannerman's activities.

The Company's Risk Management Policy is available in the corporate governance section of Bannerman's website.

c) CEO and CFO assurance on corporate reporting

The Board receives monthly management reports on the financial condition and operational results of Bannerman and its controlled entities.

The CEO and CFO provide, at the end of each quarterly period, a formal statement confirming that the Company's financial reports present a true and fair view, in all material respects, and the group's financial condition and operational results have been prepared in accordance with the relevant accounting standards.

The Board has received assurance from the CEO and the CFO that the declaration provided in accordance with s295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

5. Promoting ethical and responsible behaviour

a) Health, safety, environment and community

The Board has approved Health and Safety, Environment and Social Policies Policy consistent with Bannerman's commitment to standards of occupational health and safety management at its Etango Project in Namibia. The health, safety and wellbeing of Bannerman's people, contractors, suppliers, visitors and host communities are a key value for the Company.

Bannerman's safety management system includes standards to guide all aspects of safety management at Bannerman's operation in Namibia. Bannerman's philosophy is that all personnel share the responsibility for a safe workplace. Bannerman's safety performance is closely and carefully monitored by the Board.

Bannerman has developed an Environmental Policy that aims to facilitate an appropriate standard of environmental care and to ensure that the Company is in compliance with all environmental legislation.

Bannerman actively engages in a range of community and small and medium enterprise initiatives in consultation with local communities in Namibia and has developed a Social Policy. Bannerman has invested in Namibia since 2005 and in this time has contributed substantially to the communities in which it operates.

The Company's Health and Safety Policy, Environmental Policy and Social Policy are available in the sustainability section of Bannerman's website.

b) Codes of conduct

The Board has approved Codes of Conduct for Directors and Employees which describe the standards of ethical behaviour that directors and employees are required to maintain.

Compliance with the Code of Conduct for Directors and Code of Conduct for Employees will also assist Bannerman in effectively managing its operating risks and meeting its legal and compliance obligations, as well as enhancing Bannerman's corporate reputation.

The Codes of Conduct describe Bannerman's requirements on matters such as confidentiality, conflicts of interest, sound employment practices, compliance with laws and regulations, the protection and proper use of Bannerman's assets and the responsibilities and accountabilities of individuals for reporting and investigating reports of unethical practices.

A copy of each Code of Conduct is available in the corporate governance section of Bannerman's website.

Conflicts of interest that may arise from potential transactions between the minority interest holders in BMRN and Bannerman are dealt with by the Board in accordance with the established protocol.

c) Ethical behaviour

With the relatively small employee base at this stage of the Company's development, management is charged with the responsibility of ensuring all employees are committed to maintaining an open working environment in which employees are able to report instances of unsafe work practices, unethical, unlawful or undesirable conduct without fear of intimidation or reprisal. Given the nature and size of the Company, employees have regular opportunity for direct interaction with the Board.

d) Securities trading policy

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Bannerman's Securities Trading Policy is binding on all directors and employees. This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for or who are associated with Bannerman, and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The policy stipulates that the only appropriate time for a director or employee to deal in the Company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market. A director wishing to deal in the Company's securities may only do so after first having received approval from the Chairman. All staff wishing to deal must obtain approval from the CEO. Confirmation of any dealing must also be given by the director or employee to the Company Secretary within two business days after the dealing.

Directors and senior executives' dealings in the Company's securities are also subject to specified blackout periods, which are set out in the Company's Securities Trading Policy or as otherwise determined by the Board from time to time.

A copy of the Company's Securities Trading Policy is available in the corporate governance section of Bannerman's website.

6. Shareholders and corporate responsibility

Bannerman aims to produce positive outcomes for all stakeholders in managing its business and to maximise financial, social and environmental value from its activities.

In practice, this means having a commitment to transparency, fair dealing, responsible treatment of employees and customers and positive links into the community.

Sustainable and responsible business practices within Bannerman are viewed as an important long term driver of performance and shareholder value. Through such practices, Bannerman seeks to reduce operational and reputation risk and enhance operational efficiency while contributing to a more sustainable society.

Bannerman accepts that the responsibilities on the Board and management, which flow from this approach, go beyond strict legal and financial obligations. In particular, the Bannerman Board seeks to take a practical and broad view of directors' fiduciary duties, in line with stakeholders' expectations.

a) Continuous disclosure

Bannerman is committed to maintaining a level of disclosure that meets relevant standards and provides all investors with timely and equal access to information.

Bannerman's Continuous Disclosure Policy reinforces Bannerman's commitment to ASX, TSX and NSX continuous disclosure requirements and outlines management's accountabilities and the processes to be followed for ensuring compliance. The policy also describes Bannerman's guiding principles for market communications.

A copy of the Continuous Disclosure Policy is available in the corporate governance section of Bannerman's website.

b) Investor communications and participation

Bannerman is committed to providing all shareholders and prospective investors comprehensive, timely and equal access to information about its activities so that they can make informed decisions.

A wide range of communication approaches are employed including direct communications with investors and presentations to shareholders at the Company's AGM. Publication of all relevant

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Company information, including the Company's annual report, is in the Investor Information section of Bannerman's website at www.bannermanresources.com. Shareholders are also given the opportunity to receive information in print or electronic format.

Bannerman's Shareholder Communication Policy provides that the Company will communicate effectively with its shareholders, give shareholders ready access to balanced and understandable information about Bannerman and encourages shareholder participation at shareholder meetings. The way it does this includes:

- ensuring that financial reports are prepared in accordance with applicable laws;
- ensuring the disclosure of full and timely information about Bannerman's activities in accordance with the continuous disclosure principles of the ASX Listing Rules and the Corporations Act 2001. This includes reporting on a quarterly basis the activities and prospects of the Company;
- the Chairman and CEO reporting to shareholders at the Company's AGM;
- placing all market announcements (including quarterly reports, financial reports and investor presentations) on Bannerman's website as soon as practicable following release; and
- ensuring that reports, notices of meetings and other shareholder communications are prepared in a clear and concise manner.

A copy of the Shareholder Communications Policy is available in the corporate governance section of Bannerman's website.

7. Remuneration framework

Details of Bannerman's remuneration framework are included in the Remuneration Report.

8. Diversity

On 30 June 2010, the ASX Corporate Governance Council introduced a number of new recommendations in respect of diversity. These changes apply for financial years commencing on or after 1 January 2011, being the financial year ending 30 June 2012 for Bannerman.

In the current year, the Company will establish a Diversity Policy and framework for reporting its Diversity initiatives and measurement of objectives. The Company will report on the progress in achieving these objectives in its 2012 Annual Report.