

ASX RELEASE

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Settlement of Savanna Litigation

Perth, Australia – 17 December 2008 – Bannerman Resources Ltd (ASX: BMN, TSX: BAN) ("Bannerman" or the "Company") advises that its subsidiary Bannerman Mining Resources (Namibia) Pty Ltd ("Bannerman Namibia") has entered into an agreement to settle the litigation against Bannerman and others brought by Savanna Marble CC ("Savanna") and certain associated parties (the "Savanna Parties").

Under the terms of the settlement agreement, Savanna has agreed to discontinue the review application in Notice of Motion A338 of 2007 in the High Court of Namibia. As previously announced to the market, Savanna had sought a declaration that the grant by the Minister of Mines and Energy of Namibia of the Company's Exclusive Prospective Licence ("EPL") 3345, on which the Etango Project is situated, was void.

This settlement removes a very real threat to the Company's timetable for the development of the Etango Project and any possibility of losing the licence.

Bannerman CEO Mr Len Jubber said that the Bannerman board of directors was unanimously of the view that settlement of the Savanna litigation represented a much better outcome for Bannerman than proceeding to trial.

"While we were very confident in our legal position, we could not ignore the reality that the delay in finalising the litigation was going to significantly complicate our ability to advance our development plans for the Etango Project and our other interests in Namibia."

"Apart from the time, effort and expense associated with the litigation we were also cognisant of the risk, no matter how small, of an adverse outcome from the proceedings"

"The settlement of this litigation removes a significant potential roadblock for us and will allow us to progress discussions with all stakeholders – including various arms of the Namibian government and potential investors and partners – free of the impediments that the litigation created."

Details of settlement agreement

Under the terms of the settlement agreement, in consideration for the termination of the proceedings, Savanna is entitled to receive up to A\$3.5 million cash and 9,500,000 fully paid ordinary shares in Bannerman.

A\$3 million cash will be paid to Savanna upon completion of the Deed and a further A\$0.5 million is contingent on the grant of the Mining Licence.

To ensure that the interests of Savanna and the company are more closely aligned, the shares to be issued to Savanna will be issued in two tranches. The first tranche of 5,500,000 shares will be issued on completion of the Deed with the balance of 4,000,000 shares (subject to Bannerman shareholder approval) being issued on the grant of a Mining Licence in relation to EPL 3345.

Bannerman will seek the approval of its shareholders to issue of the second tranche of shares under the terms of the settlement agreement at a General Meeting expected to be held in February 2009. If Bannerman shareholder approval for the issue of the second tranche of shares is not obtained by the date on which the Mining Licence is granted, then within 15 business days of the grant of the Mining Licence, Bannerman must pay to Savanna an equivalent value in cash based on the volume weighted average Bannerman share price over the 10 trading days prior to, and the 10 trading days immediately after, the date on which the Mining Licence is issued.

Under the terms of the settlement agreement, the Savanna Parties undertake to withdraw applications for the issue and amendment of Exclusive Prospecting Licences overlapping EPL 3345 and to refrain from bringing review actions in the future that would impact Bannerman's title. Savanna will have the right to continue with its existing dimension stone business and the parties will co-operate with respect to applications to the Mines Department in Namibia to ensure that this outcome is achieved.

Len Jubber
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