



23 December 2010

Mr Cameron Bill
Adviser, Listings Perth
ASX Compliance Pty Ltd
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Cameron

Bannerman Resources Limited ("Bannerman" or the "Company") – Appendix 3Y (Change of Director's Interest Notice)

We refer to your letter dated 21 December 2010.

An Appendix 3Y notice in respect of Mr Clive Jones was lodged with the ASX on 21 December 2010 and referred not only to the shareholder-approved allocation of options issued under the Non-Executive Director Share Option Plan on 20 December 2010, but also to the expiration of 500,000 Director options held by Mr Jones on 30 November 2010. The notification of the expired options was made outside of the timeframe required under Listing Rule 3.19A.2. The Company does note however that it did release a statement to the market on 1 December 2010 informing of the expiration of this class of Director options. Bannerman also highlights that this event did not involve the acquisition or disposal of securities and relates only to the expiration of options held by Mr Jones.

Bannerman acknowledges the obligation to lodge an Appendix 3Y upon the change of a director's interests. The Company's internal controls have been upgraded to prevent a recurrence.

We respond to the particular questions raised by your letter adopting your numbering as follows:

1. Given that the expiration of options was not an on-market acquisition or disposal of interests, the event did not trigger a cross check against the Company's compliance procedures;
2. Each director has signed an agreement with the Company under which they are obliged to notify Bannerman of acquisitions and disposals of their securityholdings to enable the Company to meet its disclosure obligations under listing rule 3.19A; and
3. The Company has updated its relevant compliance checklist to prevent a recurrence.

Yours sincerely

A handwritten signature in black ink, appearing to be "Glen Smith".

Glen Smith
Company Secretary

www.bannermanresources.com

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21 December 2010

Mr Glen Smith
Bannerman Resources Limited
Level 1 Suite 18 513 Hay Street
SUBIACO WA 6008

By email: gsmith@bannermanresources.com.au

Dear Glen

Bannerman Resources Limited (the "Company") Appendix 3Y – Change of Director's Interest Notice

We refer to the following:

1. The Appendix 3Y lodged by the Company with ASX on 21 December 2010 for Mr Clive Jones.
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
 - On the date that the entity is admitted to the official list.
 - On the date that a director is appointed.The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.
3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

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4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listing rules 3.19A and 3.19B.

As the Appendix 3Y indicated that a change in Mr Jones' notifiable interest occurred on 30 November 2010, it appears that the Appendix 3Y should have been lodged with ASX by 7 December 2010. As the Appendix 3Y was lodged on 21 December 2010, it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the director concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. A.E.D.T.) on Friday, 24 December 2010.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,



Cameron Bill
Adviser, Listings (Perth)