



BANNERMAN
RESOURCES

2014 ANNUAL REPORT

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ABOUT BANNERMAN RESOURCES LIMITED

About Bannerman - Bannerman Resources Limited is an exploration and development company with uranium interests in Namibia, a southern African country which is 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 CGNPC’s Husab Project currently under construction 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 development of a large open pit uranium operation at Etango. More information is available on Bannerman’s website at www.bannermanresources.com.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholder,

Bannerman's ongoing focus on the globally significant and Definitive Feasibility Study ("DFS") complete Etango project presents shareholders with exceptional leverage to the uranium price. Bannerman is committed to minimising shareholder dilution while we continue to enhance Etango's early mover advantage by constructing our heap leach demonstration plant in the current year.

The uranium market is still feeling the adverse effects of the very substantial Great East Japan Earthquake and consequent tsunami which severely impacted the Fukushima Daiichi nuclear plant in March 2011. Over 3½ years later all of the 48 operable reactors in Japan remain idle, but applications to restart 20 reactors have been lodged with the Japanese government during the past year.

The continued overhang in uranium supply resulting from the redirection of supply previously destined for the 48 Japanese reactors and the greater efficiency of the underfed global enrichment plants has until very recently created downward pressure on the uranium spot price which declined to an eight year low of approximately US\$27.50 per lb U₃O₈ in mid-2014. The price has however subsequently steadily increased by approximately 18% following the preliminary approval by the Japanese Nuclear Regulatory Authority of the upgraded design and safety features of the Sendai Reactors 1 & 2. The restarting of the reactors is subject to the approval of the local authority concerned and is expected to set a precedent for the approval of the applications to restart a further 18 reactors.

Globally, there are currently 435 nuclear reactors operable, 72 under construction and 174 in the planning stage. A further 299 are proposed. It is noteworthy that currently there are more reactors under construction and planned than prior to the Fukushima event as well as that the Chinese nuclear program is accelerating with 20 reactors in operation, 29 under construction, 59 in the planning stage and a further 118 proposed. The Chinese program is supported by substantial investment in developing their nuclear technology.

The growth in the nuclear industry however coincides with a contraction in supply, driven by unprofitable production and lack of incentive to continue investment in project developments, at the current low uranium price. Production is supported by term contracts entered into at higher previous levels and hence as these are fulfilled further pressure on supply will eventuate. It is estimated that approximately half of global production is uneconomic at the current spot price level.

Also, because of the nature of uranium mining, feasibility studies and permitting typically take significantly longer than for other minerals. Therefore, these deferrals of future production will only serve to accentuate the coming supply deficit.

Not surprisingly activity in the term market, which historically trends 20% above the spot price, is starting to increase as utilities realise that the price will increase in anticipation of the inevitable tightening of, if not shortfall in, future supply. Numerous companies have stated that a uranium price in the region of US\$70 – 80 per lb U₃O₈ is required to incentivise the restart of mothballed operations or the development of new projects.

The integrity of the Bannerman balance sheet has been maintained during the year by extending the term of the existing RCF Fund IV convertible note to September 2016. Additionally, the funds to construct and operate the Etango demonstration plant were secured following strong shareholder support to enter into a convertible note facility with RCF Fund VI. The significance of this should not be underestimated, given the US\$2 billion funds now committed to RCF Fund VI and its longer term investment horizon. It is likely that Fund VI will still be in the early stages of its life cycle when the financing of the development of the Etango project is undertaken.

Our plan to demonstrate the acid heap leach concept encapsulated in the Etango DFS has been widely supported by all key stakeholders including shareholders, investors, the Namibian government and employees. The construction of the plant has commenced and it is expected to be commissioned by early 2015. The program scheduled for 2015 should confirm the design and operating assumptions incorporated in the DFS and thereby further de-risk the Etango project.

CHAIRMAN'S LETTER TO SHAREHOLDERS (CONTINUED)

Ongoing focus on reducing business overheads has resulted in the downsizing and relocation of our Perth office and the closure of our Windhoek office. Also, the completion of field exploration activities has led to the reduction in geological staff in Swakopmund. All activities will continue to be critically assessed to avoid unnecessary expenditure in the current unfavourable market.

Our business activities continue to be conducted without significant harm. Bannerman has operated without incurring a lost time injury since 2009. The health and safety of all persons operating at our various places of work continue to be of the highest priority to Bannerman's directors and management.

We have also continued to make a difference with our ongoing presence in Namibia through the fourth annual Early Learners Assistance program in the Erongo region and our support of the Adventure Travel World Summit held in Swakopmund. These projects reflect our commitment to supporting the key education and tourism objectives of the Namibian National Development Program.

My sincere thanks to all of our employees, consultants and contractors who continue to work tirelessly on maintaining Bannerman's early mover advantage. I would also particularly like to thank Len Jubber and Werner Ewald, and my fellow directors for their ongoing direction and commitment over the past challenging year.

While the recovery in the uranium market is proving slower than generally anticipated, Bannerman remains strongly placed with the important advantages of a completed DFS and the ongoing support of Resource Capital Funds as a significant strategic financial investor.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Beavor', with a stylized, flowing script.

Ronnie Beavor
Chairman

BOARD OF DIRECTORS AND EXECUTIVES

BOARD OF DIRECTORS

Ronald (Ronnie) Beevor

B.A. (Hons)

Non-Executive Chairman

Term of Office

Director since 27 July 2009, Chairman since 21 November 2012

Independent: Yes

Skills, experience and expertise

Ronnie has more than 30 years of experience in investment banking, including being the Head of Investment Banking at NM Rothschild & Sons (Australia) Limited between 1997 and 2002. During his career Ronnie has had an extensive involvement in the natural resources industry, both in Australia and internationally. He is a former director of Oxiana Limited which successfully developed the Sepon gold-copper project in Laos as well as the Prominent Hill copper-gold project in South Australia, and is currently Senior Advisor to Standard Chartered Gryphon Partners.

Ronnie has an Honours Degree in Philosophy, Politics and Economics from Oxford University (UK) and qualified as a chartered accountant in London in 1972.

Special Responsibilities

Member of the Audit Committee

Member of the Remuneration, Nomination and Corporate Governance Committee

Current ASX listed directorships

Unity Mining Limited (appointed 1 November 2002)

Wolf Minerals Limited (appointed 20 September 2013)

Other current listed directorships

EMED Mining Public Limited (Chairman) (appointed 6 December 2004)

Former ASX listed directorships over the past three years

Ampella Mining Limited (5 July 2011 to 31 March 2014)

Bullabulling Gold Limited (2 July 2012 to 1 August 2014)

Rey Resources Limited (2 August 2010 to 28 November 2012)

Leonard (Len) Jubber

BEng (Civil), MBA

Chief Executive Officer (CEO) and Managing Director

Term of Office:

CEO and Managing Director since 17 November 2008

Independent: No

Skills, experience and expertise

Len has over 25 years of international experience in the minerals industry. Immediately prior to joining

Bannerman, Len was the Managing Director and Chief Executive Officer of Perilya Limited from May 2005 to March 2008. Len also worked for seven years with OceanaGold Limited, ultimately becoming Chief Operating Officer and an Executive Director of the company. Len started his mining career in Namibia with Rössing Uranium Limited, a subsidiary of Rio Tinto.

Special Responsibilities

Managing Director

Current ASX listed directorships

Nil

Former ASX listed directorships over the past three years

Nil

Ian Burvill

BEng (Mech), MBA, MIEAust, CPEng, M.AusIMM, GAICD

Non-Executive Director

Term of Office

Director since 14 June 2012

Independent No

Skills, experience and expertise

Ian is a Senior Vice President of private equity fund manager Resource Capital Funds ("RCF") and has over 28 years of mining industry experience, starting as a mechanical engineer in the design and construction of mineral process plants. In representing RCF, Ian has acted as a non-executive director of a number of mining companies including ASX listed companies Pan Australian Resources NL (now PanAust Limited), Highlands Pacific Limited and Murchison Metals Ltd. Ian has also worked as an Associate Director of Rothschild Australia Limited, providing project finance for mining projects.

Special Responsibilities

Member of the Audit Committee

Member of the Remuneration, Nomination and Corporate Governance Committee

Current ASX listed directorships

Nil

Other current listed directorships

Nil

Former ASX listed directorships over the past three years

Murchison Metals Ltd (1 March 2012 to 17 April 2012)

BOARD OF DIRECTORS AND EXECUTIVES (CONTINUED)

Clive Jones

B.App.Sc(Geol), M.AusIMM

Non-Executive Director

Term of Office

Director since 12 January 2007

Independent No

Skills, experience and expertise

Clive has more than 25 years of experience in mineral exploration, across a diverse range of commodities including gold, base metals, mineral sands, uranium and iron ore. Clive is the original vendor of the Company's Etango Project in Namibia, in which he retains a 20% interest shareholding in Bannerman Mining Resources (Namibia) (Pty) Ltd, the sole owner of the Etango Project.

Special Responsibilities

Chairman of the Remuneration, Nomination and Corporate Governance Committee

Member of the Health, Safety, Environment and Community Committee

Current ASX listed directorships

Cazaly Resources Limited (Joint Managing Director) (appointed 15 September 2003)

Corazon Mining Limited (Chairman) (appointed 10 February 2005)

Unity Mining Limited (Chairman) (appointed 10 January 2013)

Former ASX listed directorships over the past three years

Cortona Resources Limited (12 January 2006 to 10 January 2013)

David Tucker

BSc.Geol (Hons), MSc(Mining and Exploration Geology), M.AusIMM, FAICD

Non-Executive Director

Term of Office

Director since 18 March 2008

Independent Yes

Skills, experience and expertise

David has more than 40 years of experience in mining and exploration, including 20 years working as an exploration geologist, the first 10 years of which were in the uranium sector with United Uranium NL, Noranda Australia, the Australian Atomic Energy Commission and Esso Australia Limited. David was formerly responsible for business development, public affairs and investor relations at Homestake Gold of Australia, Director of Corporate Affairs at Barrick Australia Pacific and a director of Homestake's

Australian subsidiaries, Barrick Mining Company (Australia) and Barrick Gold of Australia.

Special Responsibilities

Chairman of the Health, Safety, Environment and Community Committee

Chairman of the Audit Committee

Current ASX listed directorships

Nil

Former ASX listed directorships over the past three years

Nil

COMPANY SECRETARY AND GROUP FINANCIAL CONTROLLER

Leigh-Ayn Absolom

BCom, BAcc, ACIS, CA(SA)

Term of Office

Company Secretary since 28 March 2013

Skills, experience and expertise

Leigh-Ayn is a qualified Chartered Accountant with public practice and mining industry experience. She has a Commerce degree from the University of Witwatersrand (Johannesburg, South Africa) and qualified as a Chartered Accountant (South Africa) whilst with Deloitte in 2003. Leigh-Ayn worked as the Group Financial Accountant with ASX-listed iron ore development company, Murchison Metals Ltd from 2006 to 2010. Prior to this, she was an Audit Manager with Deloitte Perth and Johannesburg.

EXECUTIVE

Werner Ewald

BSc (Elect), MBA (Stellenbosch)

General Manager, Bannerman Mining Resources (Namibia) (Pty) Ltd

Term of Office

Since 24 June 2010

Skills, experience and expertise

Werner joined Bannerman in June 2010 as the Etango Project Co-ordinator following 22 years with Rio Tinto which included 20 years at the Rössing Uranium Mine in Namibia and 2 years at the Tarong Coal Mine in Queensland, Australia. He held numerous operational roles at Rössing including Engineering Manager, Mine Operations Manager and Business Improvement Manager. Prior to Rio Tinto he worked with the De Beers Group at their underground operations near Kimberly, South Africa and the Namdeb alluvial operations in Namibia.

CORPORATE GOVERNANCE STATEMENT

STATEMENT ON CORPORATE GOVERNANCE AT BANNERMAN

This statement reports on Bannerman's key governance framework, principles and practices as at 30 June 2014. 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 laws 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 16 to 17 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 a range of relevant industry experience, operational, financial and other skills and expertise to meet its objectives.

The current Board composition includes two independent directors, two non-independent directors and one executive director. Details on each director's background including experience, skills and expertise and their status as an independent or non-independent director are set out on pages 3 to 4 of this Report.

Directors are expected to bring independent views and judgement to the Board's deliberations. Only two of the five Directors are considered by the Board to be independent, and as such the Company does not comply with Recommendation 2.1 of the Corporate Governance Council, which recommends that a majority of Board members should be independent. However, the Board considers that both its structure and composition are appropriate given the size of the Group and that the interests of shareholders are well met.

The Board considers that the executive and non-executive directors collectively bring the range of experience, skills and expertise 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 and independent;
- 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;
- the Board should include a majority of independent non-executive directors; and
- the Board should represent a broad range of experience, skills and expertise considered of benefit to the Company.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 – determining the selection and evaluating the performance 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, environmental and social policies and practices;
- Financial performance – approving Bannerman's annual operating plans and budgets, and 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.

Mr Ronnie Beevor was appointed as non-executive Chairman in November 2012. Mr Beevor is also a director of ASX listed companies Bullabulling Gold Limited, Unity Mining Limited and Wolf Minerals Limited, and AIM listed EMED Mining Public Limited. The Board considers that none 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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% subsidiary Bannerman Mining Resources (Namibia) (Pty) Ltd ("**BMRN**"), the holder of the Etango 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 4.61% of Bannerman's issued capital.

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

Non-executive director Ian Burvill is not regarded as independent. Mr Burvill is a Senior Vice President of the RCF Group of companies, two of the managed funds of which has provided convertible notes to Bannerman with a face value of \$8 million and \$4 million respectively. RCF also holds 49,462,064 Bannerman shares representing 15.00% of the voting capital in Bannerman

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 or as an additional director), 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 or as an additional director 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 retiring directors is not automatic.

In accordance with the Company's Constitution, Mr Burvill and Mr Tucker will seek re-election as non-executive directors at the Annual General Meeting to be held in November 2014.

f) Board Succession Planning

The Board, in conjunction with its 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

g) Board Performance Evaluation

The Board undertakes ongoing self-assessment and periodic reviews of the performance of the Board, committees and individual directors. The Chairman of the Board is responsible for determining the process for evaluating Board performance. Historical performance evaluations have consisted of various questionnaires which are completed by each director and then reviewed, tabulated and analysed by the Chairman of the Remuneration, Nomination and Corporate Governance Committee. The analysis is then summarised at the next Board meeting by the Chairman of the Board. The performance of the Board was last reviewed in November 2012.

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 or matters pertaining to the operation of the May 2005 Share Sale Agreement.

The Board has also developed a formal protocol for dealing with the provision of confidential information to Mr Burvill regarding the convertible notes with RCF. The protocol assists the Board and management in dealing with conflicts of interest that may arise between Bannerman and Mr Burvill. In accordance with this protocol, Mr Burvill does not participate in discussions or vote in respect to any matters relating to potential transactions involving Bannerman and RCF.

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

A formal induction is provided to all new directors. It includes comprehensive meetings with the CEO, key executives and management, 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 the remuneration paid to directors is 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 and directors of subsidiaries 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, Ms Leigh-Ayn Absolom is a qualified company secretary and member of Chartered Secretaries Australia. Ms Absolom was appointed as Company Secretary in March 2013, 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 regularly.

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
David Tucker (Chair)	Clive Jones (Chair)	David Tucker (Chair)
Ronnie Beevor	Ronnie Beevor	Clive Jones
Ian Burvill	Ian Burvill	

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 provided with a verbal update by the Chairman of each committee and a copy of minutes of all committee meetings.

The Company Secretary provides secretarial 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 Audit Committee's responsibility to maintain free and open communication with the external auditors and the management of Bannerman.

The Audit Committee is required to have a minimum of three non-executive directors, the majority of whom are to be independent.

The external auditors, CEO and Group Financial Controller attend Audit 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 ("**Remuneration 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 Remuneration 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 operate effectively in accordance with Company practices 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 Remuneration Committee has three members that are all non-executive directors. Whilst the Remuneration Committee is chaired by Mr Jones, a non-independent director, and does not have a majority of independent directors, the Board has formed the view that this is appropriate given the number of Board committees and the spread of workload amongst the Board members.

The CEO and Group Financial Controller attend Remuneration Committee meetings by invitation. The Remuneration Committee meets at least two times per year.

d) HSEC Committee

The role of the HSEC Committee is to assist the Board to meet its responsibilities in relation to the Company's health, safety, environmental practices and community development. Bannerman's HSEC strategy focuses on providing visible leadership, encouraging responsible behaviours and empowering individuals with responsibility for health, safety and the environment.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The CEO and the General Manager Namibia 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 2014

Table 1. Directors in Office and attendance at Board and Board Committee Meetings during 2013/2014

	Board meetings		Board committee meetings					
			Audit Committee		Remuneration, Nomination & Corp. Governance Committee		HSEC Committee	
	A	B			A	B	A	B
Ronnie Beevor	8	8	4	4	3	3	2*	2
Len Jubber	8	8	4*	4	3*	3	2*	2
Ian Burvill	7	8	4	4	3	3	-	-
Clive Jones	8	8	-	-	3	3	2	2
David Tucker	8	8	4	4	-	-	2	2

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.

***** 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 of its financial position;
- 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 reinvolverment 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.

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

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 actual costs 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 Group Financial Controller (in the capacity of the 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 Group Financial Controller (in the capacity of 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 developed a Health and Safety 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 project sites 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 in this respect 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.

Each of the Company's Health and Safety, Environmental and Social policies are available in the environment and community section of Bannerman's website.

b) Code of Conduct

Bannerman has developed a Board Code of Conduct which describes the standards of ethical behaviour that directors are required to maintain.

Compliance with the Board Code of Conduct 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 Board Code of Conduct describes Bannerman's requirements on matters such as confidentiality, conflicts of interest, compliance with laws and regulations, and the protection and proper use of Bannerman's information and assets.

A copy of the Board 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, and RCF and Bannerman are dealt with by the Board in accordance with the established protocols as described earlier.

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 and 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) Bribery and Corruption Policy

Bannerman's Bribery and Corruption Policy is binding on all directors and employees. This policy sets out the responsibilities of Bannerman personnel in observing and upholding the Company's position on bribery and corruption, promotes the use of legitimate business practices and provides information and guidance on how to recognise and deal with instances of bribery and corruption.

A copy of the Company's Bribery and Corruption Policy is available in the Corporate Governance section of Bannerman's website.

e) Securities Trading Policy

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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. In the case of the Chairman, he/she must receive approval from the Chairman of the Audit Committee prior to dealing. 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 range of communication approaches are employed including direct communications with investors and presentations to shareholders at the Company's AGM. Publication of all relevant Company information, including the Company's annual report, can be found in the investors section of Bannerman's website at www.bannermanresources.com. Shareholders are also given the opportunity to receive information in print or electronic format.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 encourage 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 immediately following release;
- offering an E-news subscription service; 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

Bannerman recognises and values the contribution of people with differences in background, experience and perspectives. The Company is committed to promoting an organisational culture which embraces diversity when determining the composition of employees, senior management and the Board. Bannerman's Diversity Policy takes into account the size, industry and operations of the Company.

The objectives of Bannerman's diversity practices include:

- Establishment of equitable frameworks and policies, processes and practices which limit potential unconscious bias;
- Creation of a workplace characterised by inclusive practices and behaviours for the benefit of all staff and stakeholders, and which is free from discriminatory behaviours and business practices;
- Employment and career development opportunities based on capability and performance;
- Provision of appropriate flexible work practices and policies to support employees; and
- Attraction and retention of a diverse range of talented people to further Bannerman's corporate goals.

As at the date of this report, the proportion of males and females across the organisation is as follows:

Roles	Female		Male	
	Number	%	Number	%
Non-Executive Directors	0	0%	4	100%
Management	1	33%	2	67%
Other ⁽ⁱ⁾	4	57%	3	43%
TOTAL	5	36%	9	64%

(i) Included in 'Other' is Ms Monica Kalondo, who is a non-executive director of BMRN, a subsidiary of the Group.

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

ASX PRINCIPLES COMPLIANCE STATEMENT

	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations	Reference	Compliance
Principle 1	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	1b	✓
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Remuneration report	✓
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	1b Remuneration report	✓
Principle 2	Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	1a, 1d	✗
2.2	The chair should be an independent director.	1c	✓
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	1a, 1c	✓
2.4	The Board should establish a nomination committee.	1h, 2a, 2c	✓
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	1g	✓
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	1a, 1d, 1e, 1f 1g 1h, 1i, 2a, 2e Directors' Report	✓
Principle 3	Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the company's integrity; and - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	5b, 5c	✓
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and the progress in achieving them.	8	✓
3.3	Disclose in each annual report the measureable objectives for achieving gender diversity set by the Board in accordance with the Diversity policy and progress towards achieving them.	8	✓
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	8	✓
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	5b, 8	✓
Principle 4	Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	2a, 2b	✓
4.2	The audit committee should be structured so that it: - consists of only non-executive directors; - consists of a majority of independent directors;	2a, 2b 2a, 2b	✓

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

	- is chaired by an independent chair, who is not chair of the Board; and - has at least three members.	2a 2a, 2b	
4.3	The audit committee should have a formal charter.	2a	✓
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	2a, 2e, 3b Directors' Report	✓
Principle 5 Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	6, 6a	✓
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	6a	✓
Principle 6 Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	6b	✓
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	6b	✓
Principle 7 Recognise and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	4a, 4b	✓
7.2	The board should require management to design and implement the risk management and internal control systems to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	4b	✓
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A 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.	4c	✓
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	4b, 4c	✓
Principle 8 Remunerate fairly and responsibly			
8.1	The board should establish a remuneration committee.	2a, 2c Remuneration Report	✓
8.2	The remuneration committee should be structured so that it: - consists of a majority of independent directors; - is chaired by an independent director; and - has at least three members.	2a, 2c	Partial compliance ✗ ✗ ✓
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Remuneration Report	✓
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	2a, 2e, 5d Remuneration Report	✓

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

The directors present their report on the consolidated entity comprising Bannerman Resources Limited ("**Bannerman**" or the "**Company**") and its controlled entities (the "**Group**") for the year ended 30 June 2014 ("**the financial year**"). Bannerman is a company limited by shares that is incorporated and domiciled in Australia.

BOARD OF DIRECTORS

The directors of Bannerman in office during the financial year and up to the date of this report were:

Name	Position	Independent	Appointed
Ronnie Beevor	Non-Executive Chairman	Yes	27 July 2009
Len Jubber	Chief Executive Officer	No	17 November 2008
Ian Burvill	Non-Executive Director	No	14 June 2012
Clive Jones	Non-Executive Director	No	12 January 2007
David Tucker	Non-Executive Director	Yes	18 March 2008

Details of the directors' independence are set out in the Corporate Governance Statement on page 6-7 of this report.

COMPANY SECRETARY

The company secretary of Bannerman in office during the financial year and up to the date of this report was Ms Leigh-Ayn Absalom. She was appointed on 28 March 2013.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Particulars on the skills, experience, expertise and responsibilities of each director and the company secretary at the date of this report, including all directorships of other companies listed on the Australian Securities Exchange, held or previously held by a director at any time in the past three years, are set out on pages 3 to 4 of this report.

BOARD MEETING ATTENDANCE

Particulars of the number of meetings of the Board of directors of Bannerman and each Board committee of directors held and attended by each director during the 12 months ended 30 June 2014 are set out in Table 1 below.

Table 1. Directors in Office and attendance at Board and Board Committee Meetings during 2013/2014

	Board meetings		Board committee meetings					
			Audit Committee		Remuneration, Nomination & Corp. Governance Committee		HSEC Committee	
	A	B	A	B	A	B	A	B
Ronnie Beevor	8	8	4	4	3	3	2*	2
Len Jubber	8	8	4*	4	3*	3	2*	2
Ian Burvill	7	8	4	4	3	3	-	-
Clive Jones	8	8	-	-	3	3	2	2
David Tucker	8	8	4	4	-	-	2	2

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.

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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' INTERESTS IN SECURITIES IN BANNERMAN

As at the date of this report, the relevant interests of each director in the ordinary shares and options in Bannerman, as notified to the Australian Securities Exchange in accordance with s205G(1) of the Corporations Act 2001, are as follows:

	Fully paid ordinary shares		Options		Performance Rights	
	Beneficial, private company or trust	Own name	Beneficial, private company or trust	Own name	Beneficial, private company or trust	Own name
Ronnie Beevor	111,159	719,100	-	2,252,000	-	-
Len Jubber	1,296,033	-	-	1,500,000	-	7,962,336
Ian Burvill ⁽¹⁾	-	-	2,203,800	-	-	-
Clive Jones	15,206,940	-	2,203,800	-	-	-
David Tucker	695,699	-	-	-	520,800	-

(1) These options are held by Resource Capital Funds Management Pty Ltd, and are noted against the relevant RCF representative director.

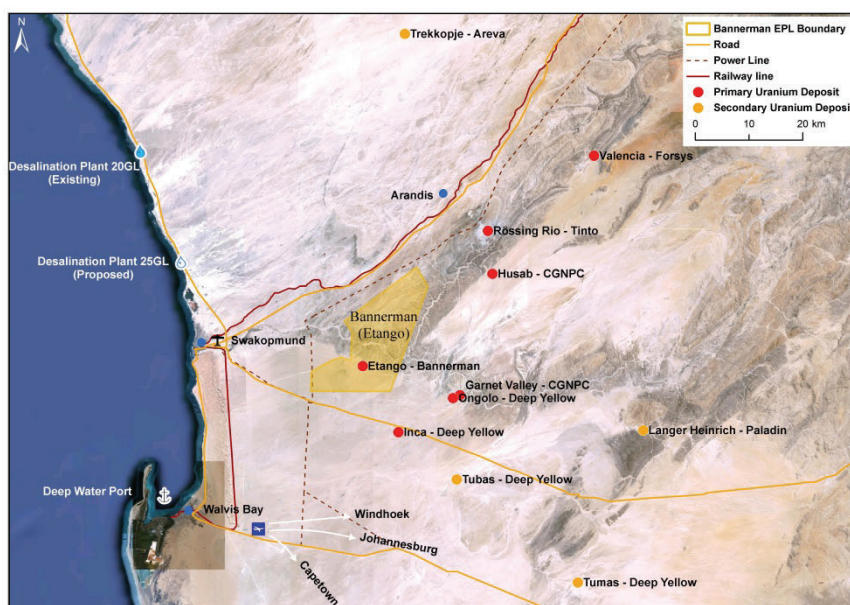
PRINCIPAL ACTIVITIES

Bannerman Resources Limited is an exploration and development company with uranium interests in Namibia, a southern African country which is 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 CGNPC's Husab Project currently under construction and to the north west of Paladin Energy's Langer-Heinrich mine. Etango is one of the world's largest undeveloped uranium deposits. Bannerman is focused on the development of a large open pit uranium operation at Etango.

OPERATING AND FINANCIAL REVIEW

ETANGO URANIUM PROJECT (BANNERMAN 80%)

The Etango Project is one of the world's largest undeveloped uranium deposits, located in the Erongo uranium mining region of Namibia which hosts the Rössing and Langer-Heinrich mines and the Husab Project which is currently under construction by the Chinese state owned enterprise, China General Nuclear Power Company (CGNPC). Etango is 73km by road from Walvis Bay, one of southern Africa's busiest deep-water ports through which uranium has been exported for over 35 years. Road, rail, electricity and water networks are all located nearby.



DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Definitive Feasibility Study

Key outcomes from the DFS, as announced to the market on 10 April 2012, are as follows:

- 2004 JORC Code and NI 43-101 compliant Ore Reserves totalling 279.6 million tonnes at an average grade of 194ppm U_3O_8 for 119.3 Mlbs of contained U_3O_8 ;

Etango Ore Reserve Estimate (100ppm cutoff)	Tonnes (Mt)	Grade (ppm)	Contained U_3O_8 (Mlb)
Proved	64.2	194	27.5
Probable	215.3	193	91.8
Total	279.6	194	119.3

- Production of 7-9 Mlbs U_3O_8 per year for the first five years and 6-8 Mlbs U_3O_8 per year thereafter, based on an average processing throughput of 20 Mt per annum and an average recovery rate of 86.9%, which would rank Etango as a global top 10 uranium only mine;
- Cash operating costs of US\$41/lb U_3O_8 in the first 5 years and US\$46/lb U_3O_8 over the life of mine;
- At a uranium price of US\$75/lb U_3O_8 , the Etango Project generates operating cashflow of US\$2.7 billion before capital and tax, and free cashflow of US\$923 million after capital and tax, based on 104Mlbs U_3O_8 life of mine production;
- Pre-production capital cost of US\$870 million; and
- Minimum mine life of 16 years, with further extensions possible through the inclusion of measured and indicated resources below the designed pit, and the conversion of existing inferred resources.

All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS (as previously announced on 10 April 2012 and reported on 30 January 2014 in compliance with Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.

Mining Licence

The Ministry of Environment and Tourism granted formal environmental approval for development of the Etango Project to Bannerman in the September 2012 quarter. Bannerman also lodged the DFS with the Ministry of Mines and Energy in the same quarter, in support of the existing Etango Mining Licence application.

Heap Leach Demonstration Plant Program

The heap leach demonstration plant is being constructed to confirm the DFS processing assumptions. It should further de-risk the Etango Uranium Project and help to preserve Bannerman's capacity to be an early mover to development in a rising uranium price environment. The Etango Project is a strategically important uranium asset located in the politically stable and uranium mining friendly jurisdiction of Namibia.

The heap leach demonstration plant will be located at the Etango Project site and is expected to be constructed by early 2015 and thereafter be operated for at least 12 months. The key features of the program were contained in the public announcement dated 8 April 2014 which is available on the Bannerman website.

Bannerman lodged an environmental clearance application for the heap leach demonstration plant program with the Ministry of Environment and Tourism on 18 February 2014. The activities associated with the program are located within the existing project area and therefore does not create any ground disturbance outside of the area which has already received an environmental clearance for the overall project development.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Project Optimisation

In 2013, the Company commenced an internal review of the project development model (as depicted in the DFS), initially focussed primarily on the geological and resource models. The approach to the resource model which was completed in October 2010 was based on the 12 metre bench mining configuration adopted in the PFS. However in the DFS the bench mining configuration was changed to 4 metres to improve the ore mining selectivity.

The internal review of the geological and resource models was largely completed by the end of the June 2014 quarter. Work to date has highlighted the potential to increase the ore feed grade to the processing plant. The project optimisation work progressed on to the review of the mine planning aspects of the DFS, including taking into consideration the potential to increase the ore feed grade. This work will continue until at least the end of the September 2014 quarter. A decision on updating the mineral resource and ore reserve models will be deferred to post completion of this work.

CORPORATE

Existing RCF IV Convertible Note

On 6 September 2013, the Company announced that it had reached agreement with RCF IV for the extension of the convertible note from its maturity date of 31 March 2014 to 30 September 2016. The amended terms of the \$8 million convertible note facility on issue to RCF IV, following shareholders approving the refinancing amounts, came into effect on the 1 April 2014. The key terms of the amended note are a conversion price of \$0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), an unchanged interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the quarter end or cash in certain circumstances, and a maturity date of 30 September 2016.

New RCF VI Convertible Note

On 8 April 2014, Bannerman announced that it had reached an agreement with its major shareholder Resource Capital Funds on a new \$4 million convertible note facility with RCF VI. The agreement was subject to, amongst other conditions, shareholder approval. Bannerman shareholders overwhelmingly approved entering into the new \$4 million Convertible Note Facility with RCF VI at the Extraordinary General Meeting held on 19 June 2014.

The key commercial terms of the new \$4 million RCF VI convertible note facility are the same as that for the existing RCF IV convertible note facility.

Project Financing

The continued support of RCF as a strategic cornerstone investor in Bannerman, through the existing investment of RCF IV and the new investment by RCF VI is a beneficial and positive progression of its investment in Bannerman. RCF VI is expected to still be in the early stages of its life cycle when the financing of the future development of the Etango project is required.

The opportunity to progress the heap leach demonstration plant program, stemming from prior completion of the DFS, is a potential competitive advantage with respect to favourably positioning the Etango Project for fast track development in a rising uranium price environment.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

CONSOLIDATED RESULTS

The consolidated net loss after tax for the 12 months ending 30 June 2014 was \$2,421,000 (2013: \$5,688,000).

Corporate, administration, personnel and other expenses for the reporting period were \$3,778,000 (2013: \$6,163,000), including employee and director share-based payment expense reversal of \$592,000 (2013 expense: \$358,000). Refer to the Remuneration Report and Note 20 of the financial report for further details on share-based payments.

Income for the reporting period included interest income of \$67,000 (2013: \$190,000). During the year, the Company received research and development incentive funds of \$416,000 (2013: \$360,000).

Capitalised exploration and evaluation expenditure was \$54,899,000 as at 30 June 2014 (2013: \$59,713,000 million) reflecting the capitalisation of costs relating to the Etango Project feasibility study, resource definition drilling and assaying, and other exploration costs, net of foreign currency translation movements. Total additions for the year amounted to \$630,000 (2013: \$1,624,000). A foreign exchange translation adjustment of \$5,444,000 (2013: \$3,015,000), resulting in a reduction in carrying value, was also recorded for the year. This adjustment reflects the strengthening of the \$ against the Namibian \$ over the year.

Cash Position

Cash and cash equivalents were \$5,112,000 as at 30 June 2014 (2013: \$3,816,000).

Cash outflow from operating activities during the year amounted to \$1,902,000 (2013: \$4,166,000).

Cash outflow from investing activities during the year amounted to \$620,000 (2013: \$1,616,000), related primarily to the exploration and feasibility activities.

Cash inflow from financing activities during the year amounted to \$3,831,000 (2013: nil), related to the drawdown of the RCF VI convertible note less transaction costs.

Issued Capital

Issued capital at the end of the financial year amounted to \$116,730,000 (2013: \$115,810,000). The increase of \$920,000 (2013 increase: \$640,000) related to the issue of 10,547,000 shares in satisfaction of interest relating to the Company's existing RCF IV convertible note, 2,540,000 shares in satisfaction of the extension fee payable for the existing RCF IV convertible note and 1,714,000 shares in satisfaction of the establishment fee payable for the new RCF VI convertible note as approved by shareholders on 19 June 2014.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than items already noted elsewhere in this report, there were no additional significant changes in the state of affairs of the Group during the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Group are set out in the "Etango Uranium Project" on page 19 of this report.

Disclosure of any further information has not been included in this report, because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Group.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material or unusual nature which, in the opinion of the directors has, or may, significantly affect the operations or financial position of the Group, the results of those operations, or the state of affairs of the Group, in future periods.

OPTIONS / PERFORMANCE RIGHTS

Options / Performance Rights on Issue

Details of options and performance rights in Bannerman as at the date of this report are set out below:

Security Type	Number	Exercise price	Expiry date
Options	1,500,000	\$0.678	17 November 2014
Options	902,500	\$0.36	17 November 2014
Options	1,795,200	\$0.12	21 November 2015
Options	4,504,000	\$0.072	22 November 2016
Performance Rights	1,631,722	n/a	17 November 2014
Performance Rights	842,987	n/a	21 November 2014
Performance Rights	520,800	n/a	22 November 2014
Performance Rights	161,200	n/a	22 November 2014
Performance Rights	1,000,000	n/a	31 January 2015
Performance Rights	3,502,674	n/a	21 November 2015
Performance Rights	1,476,500	n/a	22 November 2015
Performance Rights	5,637,300	n/a	22 November 2016

Options and Performance Rights issued

During the financial year 4,504,000 options and 10,045,800 performance rights were issued.

No option or performance rights holder has any right under the options or rights to participate in any other share issue of the Company or any other entity.

Options exercised

During or since the end of the financial year, no options (2013: nil) were exercised.

Performance Rights vested

During or since the end of the financial year performance rights 3,208,764 (2013: 3,610,427) vested.

Options and Performance Rights forfeited or cancelled

During or since the end of the financial year, 750,000 (2013: 4,606,500) options and 1,355,117 (2013: 2,467,839) performance rights were forfeited or cancelled.

Options expired or lapsed

During or since the end of the financial year, 2,184,250 options (2013: 4,936,700) have expired or lapsed.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

ENVIRONMENTAL DISCLOSURE

The Group is subject to various laws governing the protection of the environment in matters such as air and water quality, waste emission and disposal, environmental impact assessments, mine rehabilitation and access to, and the use of, ground water. In particular, some activities are required to be licensed under environmental protection legislation of the jurisdiction in which they are located and such licenses include requirements specific to the subject site.

So far as the directors are aware, there have been no material breaches of the Company's licence conditions, and all exploration activities have been undertaken in compliance with the relevant environmental regulations.

INDEMNITIES AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium to insure the directors and officers of the Group against liabilities incurred in the performance of their duties. Under the terms and conditions of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

The officers of the Group covered by the insurance policy include any person acting in the course of duties for the Group who is, or was, a director, executive officer, company secretary or a senior manager within the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers, in their capacity as officers, of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE GROUP

At the date of this report, there are no leave applications or proceedings brought on behalf of the Group under s237 of the *Corporations Act 2001*.

DIVIDENDS

No dividend has been declared or paid during the year (2013: nil).

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable and where noted (\$'000)) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

NON-AUDIT SERVICES

In accordance with the Company's External Auditor Policy, the Company may decide to engage the external audit firm on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor, Ernst & Young, for audit and non-audit services provided during the financial year are set out in Note 5 of the financial report.

The Board of directors, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services detailed in Note 5 of the financial report is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are also satisfied that the provision of these non-audit services did not compromise the auditor independence requirements of the *Corporations Act 2001* because:

- they have no reason to question the veracity of the auditor's independence declaration referred to in the section immediately following this section of the report; and
- the nature of the non-audit services provided is consistent with those requirements.

AUDITOR'S INDEPENDENCE DECLARATION

Ernst & Young continues as external auditor in accordance with s327 of the *Corporations Act 2001*. The auditor's independence declaration as required under s307C of the *Corporations Act 2001* is set out below and forms part of this report.

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration to the Directors of Bannerman Resources Limited

In relation to our audit of the financial report of Bannerman Resources Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Robert Kirkby
Partner

11 September 2014

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

REMUNERATION REPORT (AUDITED)

INTRODUCTION AND REMUNERATION STRATEGY

The Board of Bannerman is committed to providing a remuneration framework that is designed to attract, motivate and maintain appropriately qualified and experienced individuals whilst balancing the expectations of shareholders. The Company's remuneration policies are structured to ensure a link between Company performance and appropriate rewards, and remuneration for executives involves a combination of both fixed and variable ("at risk") remuneration, including long term incentives to drive the Company's desired results.

In developing the Company's remuneration policy, the Board remains focussed on competitive remuneration packages and long term equity plans, which reward executives for delivering satisfactory performance to shareholders. In this regard, Bannerman has developed equity rewards based on performance hurdles that deliver returns for shareholders.

SUMMARY

The remuneration report summarises the remuneration arrangements for the reporting period 1 July 2013 to 30 June 2014 for the directors and executives of Bannerman and the Group in office during the financial year.

The information provided in this remuneration report has been audited as required by s308(3C) of the *Corporations Act 2001*.

KEY MANAGEMENT PERSONNEL

For the purpose of this report, key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) are those persons identified in this section who have authority and responsibility for planning, directing and controlling the activities of the Group, whether directly or indirectly, including any director (whether executive or otherwise) of the parent entity.

The directors and executives considered to be key management personnel of the Group up to the date of this report are the directors and executives set out in Table 1 below.

Table 1 - Key management personnel

Name	Position	Period
Non-Executive Directors		
Ronnie Beever	Non-Executive Chairman	Full
Ian Burvill	Non-Executive Director	Full
Clive Jones	Non-Executive Director	Full
David Tucker	Non-Executive Director	Full
Executive Director		
Len Jubber	Chief Executive Officer and Managing Director	Full
Other Executive Personnel		
Werner Ewald	General Manager - Namibia	Full

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Board Remuneration, Nomination and Corporate Governance Committee

The Remuneration Committee assists the Board to fulfil its responsibilities to shareholders by ensuring the Group has remuneration policies that fairly and competitively reward executives and the broader Bannerman workforce. The Remuneration Committee's decisions on reward structures are based on the current competitive environment, remuneration packages for executives and employees in the resources industry and the size and complexity of the Group.

The Remuneration Committee's responsibilities include reviewing the Company's remuneration framework and evaluating the performance of the CEO and monitoring the performance of the executive team.

Independent remuneration consultants are engaged by the Remuneration Committee from time to time to ensure the Company's remuneration system and reward practices are consistent with market practices. No remuneration consultants were used in the current year.

Directors' remuneration policy and structure

Bannerman's non-executive director remuneration policy aims to reward non-executive directors fairly and responsibly having regard to the:

- level of fees paid to directors relative to other comparatively sized exploration and mining companies;
- size and complexity of Bannerman's operations; and
- responsibilities and work requirements of individual Board members.

Fees paid to the non-executive directors of Bannerman are usually reviewed annually by the Remuneration Committee, and based on periodic advice from external remuneration consultants. The Board decided that in light of the operating environment it was appropriate that non-executive director remuneration remained unchanged for the current year.

Directors' remuneration limits

Non-executive directors' fees are determined within an aggregated directors' annual fee limit of \$750,000, which was last approved by shareholders on 17 September 2008.

Directors' remuneration framework

Non-executive directors' remuneration consists of base fees (inclusive of superannuation); annual grants of share rights or options; and audit committee chairman fees, details of which are set out in Table 2 below. Non-executive directors may also receive an initial grant of share rights or options at the time of joining the Board. Board fees are not paid to the executive director as the time spent on Board work and the responsibilities of Board membership are considered in determining the remuneration package provided as part of his normal employment conditions.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Table 2 – Annual Board and committee fees payable to non-executive directors

Position	Year ended 30 June 2013		Year ended 30 June 2014		Year ending 30 June 2015	
	Cash \$	Options / Performance Rights \$	Cash \$	Options / Performance Rights \$	Cash \$	Options / Performance Rights \$
Chairman of the Board	100,000	50,000	100,000	50,000	100,000	50,000
Non-Executive Director	50,000	25,000	50,000	25,000	50,000	25,000
<i>Additional fees for:</i>						
Chairman of the Audit Committee	10,000	-	10,000	-	10,000	-
Member of the Audit Committee	-	-	-	-	-	-
Chairman of any other committee	-	-	-	-	-	-
Member of any other committee	-	-	-	-	-	-

Note:

- (i) Mr Ian Burvill elected not to receive the cash component of his fee effective 1 January 2013.
- (ii) Options and rights issued to non-executive directors vest after a 12 month period.

No retirement benefits are paid other than the statutory superannuation contributions of 9.25% required under Australian superannuation guarantee legislation. Effective 1 July 2014, this statutory rate increased to 9.5%. Superannuation amounts are deducted from the directors' overall fee entitlements, where appropriate.

Non-executive directors are also entitled to an initial grant of options or share rights on commencement. Option and share right entitlements are subject to ASX Listing Rules, the Corporations Act and shareholder approvals.

The Non-Executive Director Share Incentive Plan ("NEDSIP"), as approved by shareholders on 22 November 2013, allows for the provision of either share rights or options to directors. Under the NEDSIP, the Company's non-executive directors will receive one-third of their director's fees in the form of either share rights or options. The directors consider that the issue of share rights or options to non-executive directors as part of their remuneration package is reasonable and appropriate given:

- (a) it is a cost effective and efficient reward for service. The issue of share rights or options in lieu of cash payments preserves the Company's cash resources and reduces on-going costs which is a significant aspect while the Company remains in a development phase; and
- (b) in part, it aligns remuneration with the future growth and prospects of the Company and the interests of shareholders by encouraging non-executive director share ownership.

Refer to Table 7 for details of the number and value of options and share rights issued to non-executive directors during the year.

As part of the Company's Securities Trading Policy, the Company prohibits directors from entering into arrangements to protect the value of unvested incentive awards. This includes entering into contracts to hedge exposure to options, share rights or shares granted as part of their remuneration packages.

The Board assesses the appropriateness, nature and amount of remuneration paid to non-executive directors on a periodic basis, including the granting of equity based payments, and considers it appropriate to grant options or share rights to non-executive directors with the overall objective of retaining a high quality Board whilst preserving cash reserves.

Executive remuneration policy and structure

Bannerman's executive remuneration policy is designed to reward the CEO and other senior executives. The main principles underlying Bannerman's executive remuneration policy are to:

- provide competitive rewards to attract, retain and motivate executives;
- set levels of performance which are clearly linked to an executive's remuneration;
- structure remuneration at a level which reflects the executive's duties and accountabilities;

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

- set a competitive level of remuneration that is sufficient and reasonable;
- align executive incentive rewards with the creation of value for shareholders; and
- comply with applicable legal requirements and appropriate standards of governance.

Executive remuneration structure

Bannerman's remuneration structure for the CEO and senior executives for the year ended 30 June 2014 was divided into two principal components:

- base pay and benefits, including superannuation; and
- variable annual reward, or "at risk" component, by way of the issue of long term share-based incentives.

Performance reviews for all senior executives are conducted on an annual basis. The performance of each senior executive is measured against pre-determined key performance indicators. The most recent performance reviews were completed in June 2014.

Base pay

The base pay component of executive remuneration comprises base salary, statutory superannuation contributions and other allowances where applicable. It is determined by the scope of each executive's role, working location, level of knowledge, skill and experience along with the executive's individual performance. There is no guarantee of base pay increases included in any executive's contract.

Bannerman benchmarks this component of executive remuneration against appropriate market comparisons using information from similar companies and, where applicable, advice from external consultants.

Short-term incentive component (STI)

During the year there were no STI awards granted.

Long-term incentive component (LTI)

The LTI awards are aimed specifically at creating long term shareholder value and the retention of employees. The Company has implemented an Employee Incentive Plan ("EIP") which enables the provision of options or performance rights to executives and employees.

During the 2014 financial year, performance rights which will vest subject to pre-defined performance hurdles were allocated to all executives. The grant of performance rights aims to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. Refer to Table 7 for the number and value of performance rights issued to executives during the year.

Performance measures to determine vesting

The vesting of half of the performance rights is subject to the Company's relative Total Shareholder Return ("TSR") as measured by share price performance (allowing for the reinvestment of dividends) over the life of the performance rights, versus a comparator group of uranium development companies. The vesting of the other half is subject to the attainment of defined individual and group performance criteria, chosen to align the interests of employees with shareholders, representing key drivers for delivering long term value. Group and individual performance measures are weighted and specify performance required to meet or exceed expectations. The performance measures for the 2014 performance rights related to:

- Safety - total recordable incidents and significant environmental incidents.
- Capital - maintaining adequate working capital and achieving operating budgets.
- Regulatory Approvals - obtaining timely renewal of licences.
- Corporate - execution of transactions mandated by the Board.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Relative TSR was selected as the LTI performance measure given it ensures an alignment between comparative shareholder return and reward for executives, and minimises the effects of market cycles and commodity price changes.

The comparator group includes the following uranium development companies:

A-Cap Resources Limited	Energy Fuels Inc.	Mega Uranium Limited
Alliance Resources Limited	Energy Ventures Limited	Peninsula Energy Limited
Berkeley Resources Limited	Forsys Metals Corp.	Powertech Uranium Corp.
Black Range Minerals Limited	Impact Minerals Limited	Strateco Resources Inc.
Conica Ltd	Laramide Resources Limited	Toro Energy Limited
Deep Yellow Limited	Marathon Resources Limited	Uranerz Energy Corporation
Energy & Minerals Australia Limited	Marenica Energy Limited	Ur-Energy Inc.

The Board may change the members of the comparator group from time to time to ensure it is reflective of the Company's peers. The limitation to uranium-focused development companies seeks to ensure that the TSR calculation is not materially impacted by price movements of other commodities.

The comparator group is composed of Australian and foreign uranium development companies chosen to reflect the Group's competitors for capital and talent. The Group's performance against the measure is determined according to Bannerman's ranking against the companies in the TSR group over the performance period. The vesting schedule is as follows:

Table 3 - Vesting Schedule

Relative TSR performance outcome	Percentage of award that will vest
Below or at the 25 th percentile	0%
Between the 25 th and 75 th percentile	Scale applicable whereby every 1 percentile equates to 2% vesting
At or above the 75 th percentile	100%

Options

In previous years, options were granted to executives for the purposes of incentivising and retaining them during the significant development phase of the Etango Project. Accordingly, performance hurdles included the finalisation of a Preliminary Feasibility Study and a DFS on the Etango Project, the grant of a mining licence, finalisation of project financing and commissioning of the Etango Project. As at the date of this report, only the performance hurdles relating to the Preliminary Feasibility Study and DFS have been satisfied.

Further details regarding the options issued to executives are outlined in section 4 below. No options were granted to executives during the financial reporting period or subsequent to the end of the year (2013: nil).

Termination and change of control provisions

Where an executive ceases employment prior to the vesting of an award, the incentives are forfeited unless the Board applies its discretion to allow vesting at or post cessation of employment in appropriate circumstances.

In the event of a change of control of the Group, the performance period end date will generally be brought forward to the date of the change of control and the options and rights will vest in full, subject to ultimate Board discretion.

No hedging of LTIs

As part of the Company's Securities Trading Policy, the Company prohibits executives from entering into arrangements to protect the value of unvested LTI awards. This includes entering into contracts to hedge exposure to options, performance rights or shares granted as part of their remuneration package.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

2. DETAILS OF REMUNERATION

Non-Executive Directors' Remuneration

Details of the nature and amount of remuneration of Bannerman's non-executive directors for the year ended 30 June 2014 are as follows:

Table 4 – Non-executive director remuneration

	Year	Short-term		Post Employment	Sub-total	Share Based Payments	Total	Performance Related
		Base Fees	Other	Superannuation		Options / Rights		
		\$	\$	\$	\$	\$	\$	%
Non-Executive Directors								
Ronnie Beevor	2014	100,000	-	-	100,000	45,925	145,925	-
	2013	80,547	3,973	-	84,520	48,485	133,005	-
Ian Burvill (i)	2014	-	-	-	-	25,018	25,018	-
	2013	25,000	-	-	25,000	37,591	62,591	-
Clive Jones	2014	45,767	-	4,233	50,000	25,018	75,018	-
	2013	45,872	-	4,128	50,000	37,591	87,591	-
David Tucker	2014	21,002	10,000	28,998	60,000	25,018	85,018	-
	2013	25,571	6,027	24,983	56,581	39,659	96,240	-
David Smith (ii)	2014	-	-	-	-	-	-	-
	2013	36,946	-	3,440	40,386	50,164	90,550	-
Geoff Stanley (iii)	2014	-	-	-	-	-	-	-
	2013	50,000	-	-	50,000	50,082	100,082	-
Total	2014	166,769	10,000	33,231	210,000	120,979	330,979	-
	2013	263,936	10,000	32,551	306,487	263,572	570,059	-

(i) Mr Ian Burvill elected not to receive the cash component of his fee effective 1 January 2013.

(ii) Dr David Smith retired on 21 November 2012.

(iii) Mr Geoff Stanley retired on 28 June 2013.

The category of "Other" includes payments for Chairman of the Audit Committee as well as extra services and consultancy fees for specific duties, as approved by the Board.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Executive Remuneration

Details on the nature and amount of remuneration of Bannerman's executives for the year ended 30 June 2014 are as follows.

Table 5 – Executive remuneration

Table 3 – Executive Remuneration								
	Year	Short-term		Post Employment	Sub-total	Share Based	Total	Performance Related
		Salary & Fees	Other	Superannuation		Payments		
						Options / Performance Rights		
		\$	\$	\$	\$	\$	\$	%
Executive Director								
Len Jubber (i)(ii)	2014	366,133	-	33,868	400,001	(912,754)	(512,753)	-
	2013	437,181	-	39,346	476,527	209,974	686,501	30.6
Other Executive Personnel								
Werner Ewald (iii)	2014	160,886	47,193	31,478	239,557	115,530	355,087	32.5
	2013	169,838	49,205	32,614	251,657	49,677	301,334	16.5
Peter Kerr (iv)	2014	-	-	-	-	-	-	-
	2013	79,206	-	7,128	86,334	-	86,334	-
Matthew Shackleton (v)	2014	-	-	-	-	-	-	-
	2013	141,897	-	12,770	154,667	-	154,667	-
John Turney (vi)	2014	-	-	-	-	-	-	-
	2013	58,426	-	5,258	63,684	(375,411)	(311,727)	-
Total	2014	527,019	47,193	65,346	639,558	(797,224)	(157,666)	
	2013	886,548	49,205	97,116	1,032,869	(115,760)	917,109	

- (i) Mr Jubber voluntarily implemented a 13.5% reduction in his personal remuneration with effect from 1 July 2013.
- (ii) The non-market vesting condition relating to Mr Jubber's options was re-evaluated at year end and as per AASB 2 an adjustment has been made due to the revision of the estimate of the number of options to vest.
- (iii) Mr Ewald's contract is denominated in Namibian dollars.
- (iv) Mr Kerr resigned 10 September 2012.
- (v) Mr Shackleton resigned 30 April 2013.
- (vi) Mr Turney resigned effective 31 December 2012.

3. SERVICE AGREEMENTS

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation.

Remuneration and other terms of employment for the CEO and the other executives are also formalised in service agreements. Major provisions of the agreements relating to remuneration are summarised below.

Remuneration of the Chief Executive Officer

Mr Jubber was appointed on 17 November 2008 as CEO and Managing Director. Under the employment contract with Mr Jubber, he is entitled to receive an annual salary, superannuation, and LTI awards (grant of options or performance rights, which are subject to performance hurdles). Details of Mr Jubber's contract and remuneration are described below.

The remuneration provisions of Mr Jubber's employment contract as it applied for 2013/14 provided for the following:

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Annual Salary

Following completion of the Board-approved DFS on the Etango Project, Mr Jubber's annual salary increased from \$400,000 per annum to \$462,500 per annum (rate set in 2008), inclusive of 9% superannuation, effective 10 April 2012. This amount will increase to \$525,000 upon attainment of development finance for the Etango Project. No short term incentive is payable.

In recognition of the current adverse uranium and capital markets and the resultant low share price, Mr Jubber voluntarily implemented a 13.5% reduction in his personal remuneration with effect from 1 July 2013.

Share-Based Payments

Mr Jubber's employment contract provided for the grant of 5,500,000 options, subject to shareholder approval, which was duly obtained in April 2009. The options, which are subject to performance hurdles, will lapse if Mr Jubber leaves the employment of the Group and immediately vest in the event of a change of control. During the year, 1,500,000 of these options expired.

During the year, Mr Jubber was granted 4,166,650 performance rights subject to shareholder approval, which was obtained in November 2013. The performance rights were offered and the terms and conditions were agreed to and accepted by Mr Jubber on 11 December 2013. The rights are subject to performance hurdles and lapse if Mr Jubber leaves the employment of the Group and immediately vest in the event of a change of control. Refer to Table 7 on page 36.

Termination Benefits

Mr Jubber is entitled to 6 months' base pay if his employment is terminated other than for cause, plus statutory entitlements for annual leave and superannuation. The contract also provides that Mr Jubber's employment may be terminated with three months' notice by either party.

Contracts for executives – employed in the Group as at 30 June 2014

A summary of the key contractual provisions for each of the current key management personnel is set out in Table 6 below.

Table 6 - Contractual provisions for executives engaged as at 30 June 2014

Name and job title	Employing company	Contract duration	Notice period company	Notice period employee	Termination provision
Len Jubber – CEO & Managing Director	Bannerman Resources Limited	No fixed term	3 months	3 months	6 months base salary and accrued leave entitlements.
Werner Ewald – General Manager Namibia	Bannerman Resources Limited	No fixed term	3 months	3 months	6 months base salary and accrued leave entitlements.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

4. SHARE-BASED COMPENSATION

Key management personnel are eligible to participate in the company's NEDSIP or EIP.

Long Term Incentives

The details of options and performance rights over Bannerman shares issued and/or vested pursuant to the NEDSIP and EIP during the year which affects the remuneration of the key management personnel in office at the end of the reporting period are set out in Table 7 below. The performance hurdles for the performance rights issued to executives relate to the Company's relative TSR and defined individual and group performance targets, including operational targets and safety performance.

Options and performance rights do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

Table 7 – Key terms over options and performance rights issued, vested and lapsed to key management personnel during the year ended 30 June 2014

Name	Year	Grant date (i)	Type of Award	No. Granted	Exercise price	Accounting fair value per right / option at grant date	Performance Hurdles	Vesting date	Expiry date	No. vested during the year	No. lapsed during the year
Non-Executive Directors											
Ronnie Beevor	2014	11-Dec-13	Options	2,252,000	\$0.072	\$0.02	-	22-Nov-14	22-Nov-16	-	-
	2013	13-Dec-12	Performance Rights	-	N/A	\$0.08	-	21-Nov-13	-	507,800	-
	2011	20-Dec-10	Options	-	\$0.77	\$0.37	-	20-Dec-10	-	-	128,250
Ian Burvill	2014	11-Dec-13	Option	1,126,000	\$0.072	\$0.02	-	22-Nov-14	22-Nov-16	-	-
	2013	13-Dec-12	Options	-	\$0.12	\$0.04	-	21-Nov-13	-	683,800	-
	2011	20-Dec-10	Options	-	\$0.77	\$0.37	-	20-Dec-10	-	-	128,250
Clive Jones	2014	11-Dec-13	Option	1,126,000	\$0.072	\$0.02	-	22-Nov-14	22-Nov-16	-	-
	2013	13-Dec-12	Options	-	\$0.12	\$0.04	-	21-Nov-13	-	683,800	-
	2011	20-Dec-10	Options	-	\$0.77	\$0.37	-	20-Dec-10	-	-	128,250
David Tucker	2014	11-Dec-13	Performance Rights	520,800	N/A	\$0.05	-	22-Nov-14	22-Nov-14	-	-
	2013	13-Dec-12	Performance Rights	-	N/A	\$0.08	-	21-Nov-13	-	316,300	-
	2011	20-Dec-10	Options	-	\$0.77	\$0.37	-	20-Dec-10	-	-	128,250

Options and performance rights granted to non-executive directors are not subject to performance hurdles but are subject to continuous service. They have been issued as a cost effective and efficient reward for service and in part aligns remuneration with the future growth of the Company.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Table 7 (continued) – Key terms over options and performance rights issued, vested and lapsed to key management personnel during the year ended 30 June 2014

Name	Year	Grant date (i)	Type of Award	No. Granted	Exercise price	Accounting fair value per right / option at grant date	Performance Hurdles	Vesting date	Expiry date	No. vested during the year	No. lapsed during the year
Executive Director											
Len Jubber	2014	22-Nov-13	Performance Rights	4,166,650	N/A	2,083,325 @ \$0.05	Relative TSR	22-Nov-16	22-Nov-16	-	-
	2013	21-Nov-12	Performance Rights	-	N/A	2,083,325 @ \$0.05	Operational targets (ii)	22-Nov-16	22-Nov-16	-	-
	2011	30-Jun-11	Performance Rights	-	N/A	\$0.08	Operational targets (ii)	21-Nov-15	-	-	292,590
		30-Jun-11	Performance Rights	-	N/A	\$0.21	Relative TSR	23-Nov-13	-	-	340,300
		30-Jun-11	Performance Rights	-	N/A	\$0.27	Operational targets (ii)	23-Nov-13	-	151,434	-
	2009	17-Apr-09	Options	-	\$0.54	\$0.89	Board approved DFS for the Etango Project	31-Mar-12	-	-	1,500,000
Executive											
Werner Ewald	2014	11-Dec-13	Performance Rights	1,470,650	N/A	735,325 @ \$0.05	Relative TSR	22-Nov-16	22-Nov-16	-	-
					N/A	735,325 @ \$0.05	Operational targets (ii)	22-Nov-16	22-Nov-16	-	-
		31-Jul-13	Performance Rights (iii)	2,250,000	N/A	500,000 @ \$0.06	Retention Rights	31-Jan-14	31-Jan-14	500,000	-
					N/A	750,000 @ \$0.06	Retention Rights	31-Jul-14	31-Jul-14	-	-
					N/A	1,000,000 @ \$0.06	Retention Rights	31-Jan-15	31-Jan-15	-	-
	2013	13-Dec-12	Performance Rights	-	N/A	\$0.07	Operational targets (ii)	21-Nov-15	-	-	65,436
	2011	30-Jun-11	Performance Rights	-	N/A	\$0.21	Relative TSR	23-Nov-13	-	-	74,000
		30-Jun-11	Performance Rights	-	N/A	\$0.27	Operational targets (ii)	23-Nov-13	-	49,284	-
		5-Jul-10	Options (iii)	-	N/A	\$0.40	Board approved DFS for the Etango Project	31-Mar-14	24-Jun-14	-	250,000
					N/A	\$0.50	Project finance finalised for the Etango Project	30-Jun-14	24-Jun-15	-	250,000
					N/A	\$0.62	Commissioning of the Etango Project	30-Jun-15	24-Jun-16	-	250,000

(i) The grant date in the table above refers to the actual issue date of the options or rights, however for accounting purposes the grant date is recognised as the date that the Company's obligation for the options or rights arose.

(ii) Operational targets refers to the performance measures discussed on page 30 of this report.

(iii) On 28 July 2013, Mr Ewald was granted 2,250,000 performance share rights to replace 750,000 options that were cancelled simultaneously. The details pertaining to both the grant and cancellation are included in the table above. The difference between the total of the fair value of the options affected by the alteration immediately before the alteration and the total of the fair value of those rights immediately after the alteration amounts to \$135,000.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

All unvested options and rights lapse on cessation of employment, unless otherwise approved by the Board or under special circumstances such as retirement or redundancy. All options and rights issued to key management personnel vest immediately in the event of a change of control in Bannerman.

Other remuneration information

Further details relating to options and rights and the proportion of key management personnel remuneration related to equity compensation in the 2013/14 year are tabulated below.

Table 8 – Value of options and performance rights issued, exercised and lapsed during the year ended 30 June 2014

	Type	Proportion of remuneration consisting of options / rights for the year ⁽¹⁾ %	Value of options / rights granted during the year ⁽²⁾ \$	Value of options exercised / rights vested during the year \$	Value of options / rights lapsed / cancelled during the year \$
Directors					
Ronnie Beevor	Performance Rights	31%	50,000	25,390	6,413
Len Jubber	Performance Rights	(178%) ⁽³⁾	208,333	7,572	106,645
Ian Burvill	Options	100%	25,000	34,190	6,413
Clive Jones	Options	33%	25,000	34,190	6,413
David Tucker	Performance Rights	29%	25,000	15,815	6,413
Executives					
Werner Ewald	Performance Rights	33%	211,474	47,464	51,972

(1) Calculated based on Tables 4 and 5 as the option expense for the year as a percentage of total remuneration. The percentage of total remuneration varies among each director given the impact of consulting or other fees paid during the financial year.

(2) Based on fair value at time of grant

(3) Represents the re-evaluation at year end of non-market vesting condition relating to Mr Jubber's options as per AASB2.

Other than detailed above in Table 7 there were no other alterations to the terms and conditions of the options / rights awarded as remuneration since their award date.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Table 9 – Options and performance rights holdings of key management personnel ⁽ⁱ⁾

Table 5 Options and performance rights holdings of key management personnel									
		Opening Balance 1 July 2013	Granted as Remuneration	Exercised / converted	Net Change Other	Closing Balance 30 June 2014	Vested at 30 June 2014		
30 June 2014	Type						Total	Exercisable	Not exercisable
Directors									
Ronnie Beevor	Options	128,250	2,252,000	-	(128,250)	2,252,000	-	-	-
	Rights	507,800	-	(507,800)	-	-	-	-	-
Len Jubber	Options	3,000,000	-	-	(1,500,000)	1,500,000	-	-	-
	Rights	4,580,010	4,166,650	(151,434)	(632,890)	7,962,336	-	-	-
Ian Burvill (ii)	Options	1,206,050	1,126,000	-	(128,250)	2,203,800	1,077,800	1,077,800	-
Clive Jones	Options	1,206,050	1,126,000	-	(128,250)	2,203,800	1,077,800	1,077,800	-
David Tucker	Options	128,250	-	-	(128,250)	-	-	-	-
	Rights	316,300	520,800	(316,300)	-	520,800	-	-	-
		11,072,710	9,191,450	(975,534)	(2,645,890)	16,642,736	2,155,600	2,155,600	-
Executives									
Werner Ewald	Options	750,000	-	-	(750,000)	-	-	-	-
	Rights	1,335,962	3,720,650	(549,284)	(139,436)	4,367,892	-	-	-
		2,085,962	3,720,650	(549,284)	(889,436)	4,367,892	-	-	-

(i) Includes options and performance rights held directly, indirectly and beneficially by key management personnel.

(ii) These options are held by Resource Capital Funds Management Pty Ltd, and are noted above against the relevant RCF representative director.

Table 10 – Shareholdings of key management personnel (i)

30 June 2014	Opening Balance 1 July 2013	Granted as Remuneration	Received on Exercise of Options / conversion of rights	(Sales) Purchases	Net Change Other	Closing Balance 30 June 2014
Directors						
Ronnie Beevor	322,459	-	507,800	-	-	830,259
Len Jubber	1,144,599	-	151,434	-	-	1,296,033
Ian Burvill	-	-	-	-	-	-
Clive Jones	15,206,940	-	-	-	-	15,206,940
David Tucker	379,399	-	316,300	-	-	695,699
Executives						
Werner Ewald	174,200	-	549,284	-	-	723,484
	17,227,597	-	1,524,818	-	-	18,752,415

(i) Includes options and performance rights held directly, indirectly and beneficially by key management personnel.

All equity transactions with key management personnel other than those arising from the exercise of remuneration options or asset acquisition options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Table 11 – Shares issued on exercise of performance rights during the year ended 30 June 2014

	Shares issued #	Paid per share \$	Unpaid per share \$
Directors			
Ronnie Beevor	507,800	-	-
Len Jubber	151,434	-	-
David Tucker	316,300	-	-
Executives			
Werner Ewald	549,284	-	-

5. ADDITIONAL INFORMATION

Performance over the Past 5 Years

The objective of the LTI program is to reward and incentivise non-executive directors and executives in a manner which aligns with the creation of shareholder wealth. Bannerman's performance during 2013/14 and the previous four financial years are tabulated in Table 12 below:

Table 12 – Bannerman's performance for the past five years

Year ended 30 June	2014	2013	2012	2011	2010
Net loss after tax (\$'000)	(2,421)	(5,688)	(9,600)	(13,075)	(9,840)
Net assets (\$'000)	51,086	56,685	64,453	69,463	74,414
Market capitalisation (\$ million) at 30 June	23	19	36	61	54
Closing share price (\$)	\$0.07	\$0.06	\$0.12	\$0.26	\$0.27

END OF REMUNERATION REPORT (AUDITED)

This report is made in accordance with a resolution of the directors.



Len Jubber
CEO and Managing Director
Perth, 11 September 2014

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

TECHNICAL DISCLOSURES

Certain disclosures in this report, including management's assessment of Bannerman'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. 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.

Mineral Resources that are not Ore Reserves do not have demonstrated economic viability.

Bannerman manages its drilling and assaying activities in accordance with industry standard quality assurance/quality control (QA/QC) procedures. Samples are collected by Bannerman personnel and prepared in accordance with specified procedures at the relevant assay laboratories. Drill samples were analysed for uranium by the Bureau Veritas Laboratory in Swakopmund, Namibia. Bureau Veritas is an International Laboratory Group with operations in 140 countries, including Ultratrace and Amdel in Australia. Assay QA/QC involves the use of assay standards (sourced from African Mineral Standards (AMIS) in Johannesburg, made from Bannerman pulp rejects and cross-checked through umpire laboratories for which the round robin reports are available), field duplicates, blanks and barren quartz flushes. A third party "umpire" laboratory (Genalysis in Perth) is used to cross-check and validate approximately 5% of the assay results in accordance with standard procedures. Sample coarse rejects are retained and approximately 5% of samples are re-submitted for further assay verification. All sample pulps, half-core and rock-chip samples are retained at Bannerman's Goanikontes Warehouse Facility (GWS) on site.

The information in this report relating to the Ore Reserves of the Etango Project is based on information compiled or reviewed by Mr Harry Warries, a full time employee of Coffey Mining Pty Ltd. Mr Warries is a Fellow of The Australasian Institute of Mining and Metallurgy and 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and is an independent consultant to Bannerman and a Qualified Person as defined by Canadian National Instrument 43-101. Mr Warries consents, and provides corporate consent for Coffey Mining Pty Ltd, 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 that relates to Mineral Resources or Ore Reserves was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported. All material assumptions and technical parameters underpinning the estimates of mineral resources continue to apply and have not materially changed.

All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS (as previously announced on 10 April 2012 and reported on 30 January 2014 in compliance with Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

		Consolidated	
	Note	2014 \$'000	2013 \$'000
Other revenue	2	67	190
Other income	3	49	2
Employee benefits	4(a)	(439)	(2,103)
Borrowing costs	4(b)	(1,705)	(1,371)
Compliance and regulatory expenses		(319)	(276)
Depreciation expense		(119)	(203)
Exploration expenditure written off		-	(77)
Other expenses	4(c)	(1,196)	(2,210)
Loss before income tax		(3,662)	(6,048)
Income tax benefit	6	1,241	360
Net loss for the year		(2,421)	(5,688)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	14(b)	(5,543)	(3,078)
Revaluation of land and buildings	14(c)	111	-
Other comprehensive income for the year		(5,432)	(3,078)
Total comprehensive loss		(7,853)	(8,766)
Loss is attributable to:			
Equity holders of Bannerman Resources Limited		(2,323)	(5,543)
Non-controlling interest		(98)	(145)
		(2,421)	(5,688)
Total comprehensive loss is attributable to:			
Equity holders of Bannerman Resources Limited		(7,733)	(8,596)
Non-controlling interest		(120)	(170)
		(7,853)	(8,766)
Basic and diluted loss per share to the ordinary equity holders of the Company (cents per share):	17	(0.7)	(1.8)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Note	Consolidated 2014 \$'000	2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents	7	5,112	3,816
Other receivables	8	55	134
Other		37	47
TOTAL CURRENT ASSETS		5,204	3,997
NON CURRENT ASSETS			
Other receivables	8	15	27
Property, plant and equipment	9	880	950
Exploration and evaluation expenditure	10	54,899	59,713
TOTAL NON CURRENT ASSETS		55,794	60,690
TOTAL ASSETS		60,998	64,687
CURRENT LIABILITIES			
Trade and other payables	11	527	401
Interest bearing liabilities	12	-	7,415
Provisions		172	186
TOTAL CURRENT LIABILITIES		699	8,002
NON CURRENT LIABILITIES			
Interest bearing liabilities	12	9,213	-
TOTAL NON CURRENT LIABILITIES		9,213	-
TOTAL LIABILITIES		9,912	8,002
NET ASSETS		51,086	56,685
EQUITY			
Contributed equity	13	116,730	115,810
Reserves	14	32,080	36,156
Accumulated losses		(96,777)	(94,454)
TOTAL PARENT ENTITY INTEREST		52,033	57,512
Non-controlling interest		(947)	(827)
TOTAL EQUITY		51,086	56,685

The above statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Note	Consolidated 2014 \$'000	2013 \$'000
Cash Flows from Operating Activities			
Payments to suppliers and employees		(2,390)	(4,708)
Interest received		72	182
Other income received		416	360
<i>Net cash flows used in operating activities</i>	18	<u>(1,902)</u>	<u>(4,166)</u>
Cash Flows From Investing Activities			
Payments for exploration and evaluation		(630)	(1,625)
Purchase of property, plant & equipment		(27)	(17)
Proceeds from disposal of property, plant & equipment		37	26
<i>Net cash flows used in investing activities</i>		<u>(620)</u>	<u>(1,616)</u>
Cash Flows from Financing Activities			
Proceeds from Convertible Note		4,000	-
Payments for other financing costs		(169)	-
<i>Net cash flows provided by financing activities</i>		<u>3,831</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		1,309	(5,782)
Cash and cash equivalents at beginning of year		3,816	9,613
Net foreign exchange differences		(13)	(15)
Cash and cash equivalents at end of year	7	<u>5,112</u>	<u>3,816</u>

The above cash flow statement should be read in conjunction with the accompanying notes.

CONSOLIDATED OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Issued Capital Note 13	Accumulated Losses	Share Based Payment Reserve Note 14(a)	Foreign Currency Reserve Note 14(b)	Asset Revaluation Reserve Note 14(c)	Convertible Note Reserve Note 14 (d)	Non- controlling Interest Note 26	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	115,810	(94,454)	54,115	(20,149)	78	2,112	(827)	56,685
Loss for the period	-	(2,323)	-	-	-	-	(98)	(2,421)
Other comprehensive loss	-	-	-	(5,499)	89	-	(22)	(5,432)
<i>Total comprehensive loss for the period</i>	-	(2,323)	-	(5,499)	89	-	(120)	(7,853)
Equity component of convertible note	-	-	-	-	-	2,751	-	2,751
Deferred tax on convertible note	-	-	-	-	-	(825)	-	(825)
Shares issued during the period	920	-	-	-	-	-	-	920
Share-based payments	-	-	(592)	-	-	-	-	(592)
Total Equity at 30 June 2014	116,730	(96,777)	53,523	(25,648)	167	4,038	(947)	51,086

	Issued Capital Note 13	Accumulated Losses	Share Based Payment Reserve Note 14(a)	Foreign Currency Reserve Note 14(b)	Asset Revaluation Reserve Note 14(c)	Convertible Note Reserve Note 14 (d)	Non- controlling Interest Note 26	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	115,170	(88,911)	53,757	(17,096)	78	2,112	(657)	64,453
Loss for the period	-	(5,543)	-	-	-	-	(145)	(5,688)
Other comprehensive loss	-	-	-	(3,053)	-	-	(25)	(3,078)
<i>Total comprehensive loss for the period</i>	-	(5,543)	-	(3,053)	-	-	(170)	(8,766)
Shares issued during the period	640	-	-	-	-	-	-	640
Share-based payments	-	-	358	-	-	-	-	358
Total Equity at 30 June 2013	115,810	(94,454)	54,115	(20,149)	78	2,112	(827)	56,685

The above statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Corporate Information

This financial report of Bannerman for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 11 September 2014.

Bannerman is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange with additional listings on the Toronto Stock Exchange and the Namibian Stock Exchange.

Basis of Preparation and Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has also been prepared on an historical cost basis, except for land and buildings which has been measured at fair value.

The financial report covers the consolidated entity comprising Bannerman and its controlled entities (the "Group").

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission (ASIC) Class Order 98/100. The Company is an entity to which the Class Order applies.

For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Going Concern

The Group's consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group's cash flow forecast reflects that additional working capital will need to be raised within the coming financial year to enable the Group to continue its planned business activities and expenditure levels.

At the date of this financial report, the directors are satisfied there are reasonable grounds to believe that, having regard to the Group's position and its available financing options, the Group will be able to raise additional capital to enable it to meet its obligations as and when they fall due.

Should the Group not achieve the matters set out above, there would be uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report. This financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

From 1 July 2013, the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on 1 July 2013. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new Standards or Interpretations.

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013:

Reference	Title	Summary
AASB 10	<i>Consolidated Financial Statements</i>	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation - Special Purpose Entities</i> . The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.
AASB 12	<i>Disclosure of Interests in Other Entities</i>	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.
AASB 13	<i>Fair Value Measurement</i>	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.
AASB 119	<i>Employee Benefits</i>	The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.
AASB 2012-2	<i>Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.
AASB 2012-5	<i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle</i>	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: - Repeat application of AASB 1 is permitted (AASB 1) - Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).
AASB 2012-9	<i>Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039</i>	AASB 2012-9 amends AASB 1048 Interpretation of Standards to evidence the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.
AASB 2011-4	<i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]</i>	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i>	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this standard). (b) The Australian Government and State, Territory and Local governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.
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Australian Accounting Standards and interpretations which have recently been issued or amended but are not yet effective have not been early-adopted by the Group for the annual reporting period ending 30 June 2014. These standards and interpretations are tabulated below:

Reference	Title	Summary	Application date of standard	Application date for Group	Impact on Group Accounting Policies
AASB 2012-3	Amendments to Australian Accounting Standards - <i>Offsetting Financial Assets and Financial Liabilities</i>	AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 Jan 2014	1 Jul 2014	The amendments to this standard are not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application.
AASB 9	<i>Financial Instruments</i>	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income	1 Jan 2018	1 Jul 2018	The Group has yet to fully assess the impact of these amendments on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

		(OCI) ▶ The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10. The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes: 1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures 2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018			
AASB 2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	AASB 2013-3 amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i> . The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 Jan 2014	1 Jul 2014	The amendments do not have an impact on the Group's financial results or balance sheet.
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 <i>Business Combinations</i> when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 Jan 2014	1 Jul 2014	The amendments to this standard do not have an impact on amounts included in the Group's financial report. However, the amendments will result in changes to the disclosures required in the Group's financial report.
Annual Improvements 2010–2012 Cycle	Annual Improvements to IFRSs 2010–2012 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: ▶ IFRS 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ▶ IFRS 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37. ▶ IFRS 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ▶ IAS 16 & IAS 38 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.	1 Jul 2014	1 Jul 2014	The amendments to this standard are not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application.

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		IAS 24 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of IAS 24 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.			
Annual Improvements 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: - IFRS 13 - Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32. - IAS 40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of IFRS 3 that includes an investment property. That judgment is based on guidance in IFRS 3.	1 Jul 2014	1 Jul 2014	The amendments to this standard are not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application.
AASB 1031	<i>Materiality</i>	The revised AASB 1031 is an interim standard that cross-references to other Standards and the <i>Framework</i> (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 Jan 2014	1 Jul 2014	The amendments do not have an impact on the Group's financial results or balance sheet.
AASB 2013-9	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 <i>Hedge Accounting</i> into AASB 9 <i>Financial Instruments</i>.	20 Dec 2013 1 Jan 2014 1 Jan 2015	30 Jun 2014 1 Jul 14 1 Jul 15	The amendments do not have an impact on the Group's financial results or balance sheet.
Amendments to IAS 16 and IAS 38*	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 Jan 2016	1 Jul 2016	The amendments to this standard are not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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Accounting Policies

a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

b) Income and Other Taxes

Income taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences, the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

- when the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expenses item as applicable; and

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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- receivables and payables, which are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the relevant taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the relevant taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the relevant taxation authority.

c) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development, exploitation or sale of the area; or
- exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned or assessed as not having economically recoverable reserves are written off in full against profit in the year in which the decision to abandon the area is made.

A periodic review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

d) Property, Plant and Equipment

Plant and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment costs.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate	
	2014	2013
Buildings	2.0%	2.0%
Plant and Equipment	33.3%	33.3%
Office Furniture & Equipment	33.3%	33.3%
Vehicles	33.3%	33.3%

An asset's residual value, useful life and amortisation method are reviewed, and adjusted if appropriate, at each financial year end.

Gains or losses on disposals are determined by comparing proceeds with the net carrying amount. These are included in the statement of comprehensive income.

e) Fair value measurement

The Group measures non-financial assets such as land and buildings at fair value less accumulated depreciation on buildings at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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Management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The valuation committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, Management and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the lessee, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the statement of comprehensive income.

Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

g) Basic Earnings/Loss Per Share

Basic earnings/loss per share is calculated by dividing the net profit / loss attributable to members of the parent for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Group, adjusted for any bonus issue.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

i) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand, cash on call and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as described, net of outstanding bank overdrafts.

j) Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value (less costs to sell) and value-in-use. It is determined for an individual asset, unless the asset's value-in-use cannot be estimated to be close to its fair value (less costs to sell) and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

k) Payables

Trade and other payables are carried at amortised cost. Due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in the respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

l) Interest Bearing Loans and Borrowings

The component of the convertible notes which exhibits characteristics of a borrowing is recognised as a liability in the statement of financial position, net of transaction costs. On the issue of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note and this amount is carried as a long-term liability on an amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds of the convertible note is the equity component, which is allocated to a convertible note reserve that is recognised and included in shareholders' equity. The carrying amount of the reserve is not re-measured in subsequent years.

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

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After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred. The Group does not currently hold any qualifying assets but, if it did, the directly associated borrowing costs would be capitalised (including any other associated costs attributable to the borrowing and temporary investment income earned on the borrowing).

m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outlay of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when a reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. Any increase in the provision due to the passage of time is recognised as a finance cost.

n) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date.

Contributions are made by the Group to employee superannuation and pension funds and are charged as expenses when incurred.

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

o) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p) Share-based Payment Transactions

The Group provides benefits to employees and directors of the Group, acquires assets and settles expenses through consideration in the form of share-based payment transactions, whereby employees render services, assets are acquired and expenses are settled in exchange for shares or rights over shares ("**equity-settled transactions**").

There is currently a Non-Executive Director Share Option Plan and an EIP which enables the provision of benefits to directors, executives and staff.

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The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black Scholes option pricing model. A Monte Carlo simulation is applied to fair value the Total Shareholder Return element of the EIP incentives. Further details of which are given in Note 20.

In valuing equity-settled transactions, no account is taken of any vesting condition, other than (if applicable):

- Non-vesting conditions that do not determine whether the Group or Company receives the services that entitle the employees to receive payment in equity or cash; or
- Conditions that are linked to the price of the shares of Bannerman Resources Limited (market conditions).

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent report date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- (i) The grant date fair value of the award;
- (ii) The current best estimate of the number of the awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- (iii) The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above, less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by Bannerman to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with the corresponding credit to equity. As a result, the expense recognised by Bannerman in relation to equity-settled awards only represents the expenses associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market conditions or non-vesting conditions is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied.

q) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The consolidated financial statements are presented in Australian dollars, which is Bannerman's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date and any gains or losses are recognised in the statement of comprehensive income.

(iii) Group companies

For all Group entities with a functional currency other than Australian dollars, the functional currency has been translated into Australian dollars for presentation purposes. Assets and liabilities are translated using exchange rates prevailing at the reporting date; revenues and expenses are translated using average exchange rates

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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prevailing for the statement of comprehensive income year; and equity transactions are translated at exchange rates prevailing at the dates of transactions. The resulting difference from translation is recognised in a foreign currency translation reserve.

(iv) Subsidiary company loans

All subsidiary company loans from the parent company are translated into Australian dollars, on a monthly basis, using the exchange rates prevailing at the end of each month. The resulting difference from translation is recognised in the statement of comprehensive income of the parent company and on consolidation the foreign exchange differences are recognised in a foreign currency translation reserve as the loan represents a net investment in a foreign entity.

r) Receivables

Receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. VAT receivables relating to Namibian expenditure generally have a 90+ day term.

Collectability of receivables is reviewed on an on-going basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, and default payments or debts more than 90 days overdue (apart from GST/VAT), are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

s) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operation results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers being the executive management team.

The operations of the Group represent one operating segment under AASB 8 Operating Segments. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial report.

t) Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash, receivables, payables, convertible instruments, finance leases, cash and short term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management strategy. The objective of the strategy is to support the delivery of the Group's financial targets whilst protecting future financial security.

u) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements and estimates on historical experience and on other various factors believed

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the critical accounting policies detailed below for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements. The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related mineral title itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of measured, indicated and inferred mineral resources, proven and probable ore reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations), changes to commodity prices, ability to finance and the issue of a mining licence.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted and taking into consideration the likelihood of non-market based conditions occurring. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20.

	Consolidated	
	2014 \$'000	2013 \$'000
2. OTHER REVENUE		
Interest revenue	67	190
	<u>67</u>	<u>190</u>
3. OTHER INCOME		
Profit on disposal of plant and equipment	20	2
Other	29	-
	<u>49</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Consolidated	
4. EXPENSES	2014 \$'000	2013 \$'000
(a) <u>Employee Benefits</u>		
Salaries and wages	751	1,296
Superannuation	58	122
Employee share-based payment expense (i)	(713)	85
Other	12	30
Directors' fees	210	306
Directors' share-based payment expense	121	264
	<u>439</u>	<u>2,103</u>
(i) The non-market vesting conditions relating to options were re-evaluated at year end and as per AASB 2 an adjustment has been made due to the revision of the estimate of the number of options to vest, resulting in a credit to share based payment expense in the current year.		
(b) <u>Borrowing Costs</u>		
Interest accreted or payable	1,325	1,371
Convertible note extension fee	160	-
Loss on extinguishment of convertible note	220	-
	<u>1,705</u>	<u>1,371</u>
(c) <u>Other Expenses</u>		
Corporate and overheads	234	388
Consulting – fees	488	798
Consulting – share-based payment expense	-	9
Legal	157	168
Travel	97	247
Employer related taxes	-	86
Recruitment	-	125
Occupancy	167	311
Insurance	53	78
	<u>1,196</u>	<u>2,210</u>
Included in the above expenses are operating lease payments of the following amounts:		
Minimum lease payments	<u>180</u>	<u>236</u>

5. AUDITOR'S REMUNERATION

The auditor of the Group is Ernst & Young.

Amounts received or due and receivable by Ernst & Young (Australia) for:

	\$	\$
Auditing or reviewing the financial report	65,000	69,160
Audit related	8,000	8,240
Taxation services	12,500	22,380
	<u>85,500</u>	<u>99,780</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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	2014 \$	Consolidated 2013 \$
<i>Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:</i>		
Auditing or reviewing the financial report	14,667	21,808
Taxation services	5,304	5,193
	<u>19,971</u>	<u>27,001</u>

6. INCOME TAX BENEFIT

	\$'000	\$'000
The components of income tax benefit comprise:		
<i>Current income tax benefit</i>	(416)	(360)
<i>Deferred income tax benefit</i>	(825)	-
Income tax benefit reported in the consolidated statement of comprehensive income	<u>(1,241)</u>	<u>(360)</u>
Income tax expense recognised in equity	-	-
Accounting loss before tax	(3,662)	(6,048)
At the statutory income tax rate of 30 %	(1,099)	(1,814)
Other non-deductible expenditure for income tax purposes	262	824
Effect of different tax rate for overseas subsidiary	(36)	(55)
Prior year adjustment – current tax on R&D tax offset	(416)	(360)
Unrecognised tax losses	48	1,045
Income tax benefit reported in the consolidated statement of comprehensive income	<u>(1,241)</u>	<u>(360)</u>
<i>Deferred tax assets</i>		
Carried forward revenue losses	13,428	12,303
Share issue costs	105	177
Provisions and accruals	50	46
Other	-	-
Gross deferred tax asset	<u>13,583</u>	<u>12,526</u>
Offset against deferred tax liability	<u>(841)</u>	<u>(187)</u>
Unrecognised tax losses	<u>12,742</u>	<u>12,339</u>
<i>Deferred tax liabilities</i>		
Exploration expenditure	-	-
Convertible Note	836	181
Other	5	6
Gross deferred tax liability	<u>841</u>	<u>187</u>
Offset against deferred tax asset	<u>(841)</u>	<u>(187)</u>
Net deferred tax liability	<u>-</u>	<u>-</u>

The carried forward tax losses for Bannerman Resources Limited at 30 June 2014 is \$41,383,931. The carried forward tax losses for Bannerman Namibia Pty Ltd at 30 June 2014 is \$2,845,948.

The Group has not elected to form a tax consolidated group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	2014	Consolidated	2013
	\$'000		\$'000

7. CASH AND CASH EQUIVALENTS

Cash on hand	3	2
Cash at bank and on call (interest bearing)	4,262	719
Short-term deposits (interest bearing)	847	3,095
	<u>5,112</u>	<u>3,816</u>

The effective interest rate on short-term bank deposits was 3.28% (2013: 3.18%). These deposits have an average maturity of 90 days (2013: 70 days).

8. OTHER RECEIVABLES

Current

GST/VAT	52	125
Other	3	9
	<u>55</u>	<u>134</u>

Non-Current

Restricted cash	15	27
	<u>15</u>	<u>27</u>

Restricted cash reflects collateral for a third party bank guarantee for the occupancy of office premises.

Fair value and credit risk

Due to the short term nature of current receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of the receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

As at 30 June 2014, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
	\$'000	\$'000	61-90 days \$'000	91-120 days \$'000	>120 days \$'000
2014	55	47	8	-	-
2013	134	105	19	-	10

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 15(a) and (b).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

9. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Lab & Field Equipment	Sundry	Vehicles	Land & Buildings ⁽ⁱ⁾	Total
30 June 2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening net book value	106	41	162	63	578	950
Additions	24	-	-	-	3	27
Revaluation recognised in other comprehensive income	-	-	-	-	111	111
Disposals	(8)	-	(1)	(8)	-	(17)
Exchange difference	(5)	(3)	(4)	(6)	(54)	(72)
Depreciation charge	(35)	(12)	(51)	(15)	(6)	(119)
Closing net book value	82	26	106	34	632	880

At 30 June 2014

Cost or fair value	361	131	460	221	632	1,805
Accumulated depreciation and impairment	(279)	(105)	(354)	(187)	-	(925)
Net book value	82	26	106	34	632	880

30 June 2013

Opening net book value	161	62	239	103	643	1,208
Additions	15	-	2	-	-	17
Disposals	(17)	-	-	(7)	-	(24)
Exchange difference	(4)	(3)	(3)	(5)	(33)	(48)
Depreciation charge	(49)	(18)	(76)	(28)	(32)	(203)
Closing net book value	106	41	162	63	578	950

At 30 June 2013

Cost or fair value	417	140	478	304	610	1,949
Accumulated depreciation and impairment	(311)	(99)	(316)	(241)	(32)	(999)
Net book value	106	41	162	63	578	950

(i) Revaluation of land and buildings

The revalued land and buildings consist of the office property in Swakopmund, Namibia. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

Fair value of the property was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 30 June 2014, the property's fair values are based on valuations performed by Naskima Property Valuation and Consult, an accredited independent valuer.

Significant unobservable valuation input:

Range

Price per square metre \$205 – \$240

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2014 \$'000	2013 \$'000
Cost	585	610
Accumulated depreciation	66	61
Net book value	519	549

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

10. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2014 \$'000	2013 \$'000
Opening balance	59,713	61,181
Expenditure incurred during the year	630	1,624
Foreign currency translation movements	(5,444)	(3,015)
Write offs	-	(77)
Closing balance	54,899	59,713

Expenditure incurred during the period comprises expenditure on drilling, geological, feasibility and associated activities.

The value of the Company's interest in exploration and evaluation expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

Etango Uranium Project – Bannerman 80%

The Etango Uranium Project is situated southwest of Rio Tinto's Rössing uranium mine and CGNPC's Husab Project currently under construction and to the west of Paladin Energy's Langer-Heinrich mine. The Etango Project comprises one Exclusive Prospecting Licence (EPL3345) which has been renewed to 26 April 2015. Bannerman recently completed a DFS on a 7-9 million pounds U₃O₈ per annum open pit mining and processing operation at Etango.

	Consolidated	
	30 June 2014 \$'000	30 June 2013 \$'000
Exploration & Evaluation Expenditure for the Etango Project	59,713	61,181
Opening balance	1	17
Assays and freight	-	4
Geophysics & downhole surveys	454	1,101
Salaries and wages	68	307
Consultants and contractors	12	42
Travel and accommodation	95	153
Other	630	1,624
Total expenditure for the period	(5,444)	(3,015)
FX adjustments	-	(77)
Exploration expenditure written off	54,899	59,713
Closing balance		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Consolidated	
	2014 \$'000	2013 \$'000
11. TRADE AND OTHER PAYABLES		
Trade payables	297	162
Other payables and accruals	230	239
	<u>527</u>	<u>401</u>

Trade payables are non-interest bearing and are normally settled on 30 day terms (or less). Other payables are non-interest bearing and have an average term of 60 days.

Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

12. INTEREST BEARING LIABILITIES

Current

Secured convertible note	-	7,415
	<u>-</u>	<u>7,415</u>

Non Current

Secured convertible note	9,213	-
	<u>9,213</u>	<u>-</u>

RCF IV convertible note

In November 2008, Bannerman entered into a financing agreement with RCF IV for \$20 million through a convertible note facility comprising an initial tranche of \$10 million ("**First Tranche**") and a standby tranche of \$10 million available within 6 months from drawdown of the First Tranche. The First Tranche had a three year term and was drawn down on 16 December 2008.

On 14 December 2011, the face value of the note with RCF IV was reduced to \$8 million through the issue of \$2 million in new Bannerman shares as part of an institutional share placement, and a longer term refinancing and extension of the note from its maturity date of 31 March 2012 to 31 March 2014. The issue of shares and the reduction in the face value of the note was a non-cash transaction.

On 6 September 2013, the Group reached agreement with RCF IV for the extension and refinancing of the note from its maturity date of 31 March 2014 to 30 September 2016. The key terms of the amended RCF IV note are a conversion price of \$0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), an unchanged coupon interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the date of issue or cash in certain circumstances, and the extension fee of \$160,000 satisfied through the issue of 2,539,683 new Bannerman shares. The amended convertible note with RCF IV was approved by the Bannerman shareholders at the Annual General Meeting on 22 November 2013. The amendments came into effect after 31 March 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

At the refinancing date of 22 November 2013, the existing convertible note was derecognised and the amended RCF IV convertible note was recognised for accounting purposes. At the date of recognition of the amended note, its debt and equity components were separated according to their fair values. Total proceeds of the issue were allocated to the respective fair values of the equity and debt components with the effect that the discount on the debt component is being amortised into earnings as interest expense. Accordingly, over the term of the convertible note, the debt component will increase to the face value of \$8 million at the maturity date of 30 September 2016. The interest expense recorded on the convertible note reflects an effective interest rate of approximately 20% over the life of the note. Included in trade and other payables is an amount of \$160,000 for accrued 8% coupon interest on the RCF IV convertible note to 30 June 2014 (June 2013: \$160,000).

RCF VI convertible note

In April 2014, Bannerman reached an agreement with its major shareholder Resource Capital Funds on a new \$4 million convertible note facility with RCF VI with a maturity date of 30 September 2016. The key terms of the new note are a conversion price of \$0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), a coupon interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the date of issue or cash in certain circumstances, and the establishment fee of \$120,000 satisfied through the issue of 1,714,286 new Bannerman shares. The new convertible note with RCF VI was approved by the Bannerman shareholders at the Extraordinary General Meeting on 19 June 2014. The note was drawn down in full on 26 June 2014.

At the date of recognition of the RCF VI note, its debt and equity components were separated according to their fair values. Total proceeds of the issue were allocated to the respective fair values of the equity and debt components with the effect that the discount on the debt component is being amortised into earnings as interest expense. Accordingly, over the term of the convertible note, the debt component will increase to the face value of \$4 million at the maturity date of 30 September 2016. The interest expense recorded on the convertible note reflects an effective interest rate of approximately 26% over the life of the note. Included in trade and other payables is an amount of \$4,000 for accrued 8% coupon interest on the RCF VI convertible note to 30 June 2014 (June 2013: nil).

Both convertible notes are secured by a fixed and floating charge over the Company's assets and a share mortgage over the Company's shares in its subsidiary entities holding indirect and direct interest in the Etango Project.

Under the terms of both convertible notes, the Company must, unless otherwise approved, maintain a minimum cash and cash equivalents balance of not less than \$1,250,000.

In accordance with the terms of both convertible notes, a review event arises upon a change in control of the Company, defined to be where a third party acquires a relevant interest in 50% or more of the securities in the Company. In this circumstance, RCF may decide at its absolute discretion to require the Company to repay the convertible note (including all accrued interest thereon) or to convert the convertible note (including all accrued interest thereon) to shares in Bannerman.

13. CONTRIBUTED EQUITY

(a) Issued and outstanding:

	June 2014	June 2013	June 2014	June 2013
	Number of Shares		Amount	
	'000	'000	\$'000	\$'000
<u>Ordinary shares</u>				
Issued and fully paid	326,653	309,393	116,730	115,810

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Number of Shares '000	Amount \$'000
<u>Movements in ordinary shares on issue</u>		
Balance 1 July 2012	299,538	115,170
- Issue of shares (i)	3,169	-
- Issue of shares (ii)	6,686	640
Balance 30 June 2013	309,393	115,810
Balance 1 July 2013	309,393	115,810
- Issue of shares (iii)	2,459	-
- Issue of shares (iv)	10,547	640
- Issue of shares (v)	2,540	160
- Issue of shares (vi)	1,714	120
Balance 30 June 2014	326,653	116,730

- (i) The following shares were issued during 2013 upon vesting of performance rights:
- 1,131,925 on 5 July 2012
 - 69,192 on 1 August 2012
 - 255,262 on 1 November 2012
 - 1,056,500 on 19 November 2012
 - 339,700 on 28 November 2012
 - 316,300 on 28 June 2013
- (ii) The following shares were issued in 2013 in satisfaction of the interest payable on the RCF IV convertible note in accordance with the convertible note terms:
- On 9 July 2012, 1,329,680 shares were issued in satisfaction of the \$159,562 interest payable for the period 1 April 2012 to 30 June 2012.
 - On 16 October 2012, 1,613,151 shares were issued in satisfaction of the \$161,315 interest payable for the period 1 July 2012 to 30 September 2012.
 - On 10 January 2013, 1,792,390 shares were issued in satisfaction of the \$161,315 interest payable for the period 1 October 2012 to 31 December 2012.
 - On 12 April 2013, 1,950,685 shares were issued in satisfaction of the \$157,808 interest payable for the period 1 January 2013 to 31 March 2013.
- (iii) The following shares were issued during 2014 upon vesting of performance rights:
- 441,548 on 1 July 2013
 - 87,440 on 3 September 2013
 - 1,038,312 on 21 November 2013
 - 272,592 on 25 November 2013
- (iv) The following shares were issued in 2014 in satisfaction of the interest payable on the RCF IV convertible note in accordance with the convertible note terms:
- On 4 July 2013, 2,659,361 shares were issued in satisfaction of the \$159,562 interest payable for the period 1 April 2013 to 30 June 2013.
 - On 22 October 2013, 3,226,301 shares were issued in satisfaction of the \$161,315 interest payable for the period 1 July 2013 to 30 September 2013.
 - On 15 January 2014, 3,226,301 shares were issued in satisfaction of the \$161,315 interest payable for the period 1 October 2013 to 31 December 2013.
 - On 9 April 2014, 1,434,620 shares were issued in satisfaction of the \$157,808 interest payable for the period 1 January 2014 to 31 March 2014.
- (v) On 25 November 2013, 2,539,683 shares were issued in satisfaction of the \$160,000 extension fee for the extension of the convertible note with RCF IV from 31 March 2014 to 30 September 2016.
- (vi) On 30 June 2014, 1,714,286 shares were issued in satisfaction of the \$120,000 establishment fee for the establishment of the convertible note with RCF VI.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

(b) Options on issue:

The movements in share options during the period were as follows:

Expiry Dates	Exercise Price	Balance 1 Jul 13	Granted	Exercised	Expired / Cancelled	Balance 30 Jun 14	Vested 30 Jun 14
November 17, 2013	\$0.543	1,500,000	-	-	(1,500,000)	-	-
November 22, 2013	\$0.77	641,250	-	-	(641,250)	-	-
November 22, 2013	\$0.77	43,000	-	-	(43,000)	-	-
June 24, 2014	\$0.40	250,000	-	-	(250,000)	-	-
November 17, 2014	\$0.678	1,500,000	-	-	-	1,500,000	-
November 17, 2014	\$0.36	114,500	-	-	-	114,500	114,500
November 17, 2014	\$0.36	788,000	-	-	-	788,000	788,000
June 24, 2015	\$0.50	250,000	-	-	(250,000)	-	-
November 21, 2015	\$0.12	427,600	-	-	-	427,600	427,600
November 21, 2015	\$0.12	1,367,600	-	-	-	1,367,600	1,367,600
June 24, 2016	\$0.62	250,000	-	-	(250,000)	-	-
November 22, 2016	\$0.072	-	4,504,000	-	-	4,504,000	-
		7,131,950	4,504,000	-	(2,934,250)	8,701,700	2,697,700
Weighted average exercise price (\$)		0.46	0.07	-	0.59	0.22	0.20
Average life to expiry (years)		1.2	3.0	-	-	1.3	0.9

Certain of the stock options above have performance hurdles linked to business targets and minimum service periods.

Directors held 8,159,600 options as at 30 June 2014 with an average exercise price of \$0.22 per share and an average life to expiry of 1.4 years.

(c) Performance Rights on issue

The performance rights on issue as at 30 June 2014 were as follows:

Vesting Dates	Balance 1 Jul 13	Granted	Vested	Cancelled	Balance 30 Jun 14
November 17, 2013	669,100	-	(408,400)	(260,700)	-
November 21, 2013	824,100	-	(824,100)	-	-
November 23, 2013	850,242	-	(272,592)	(577,650)	-
January 31, 2014	-	500,000	(500,000)	-	-
July 31, 2014	-	750,000	-	-	750,000
November 17, 2014	1,631,722	-	-	-	1,631,722
November 21, 2014	1,455,400	-	(453,672)	(158,741)	842,987
November 22, 2014	-	682,000	-	-	682,000
January 31, 2015	-	1,000,000	-	-	1,000,000
November 21, 2015	3,860,700	-	-	(358,026)	3,502,674
November 22, 2015	-	1,476,500	-	-	1,476,500
November 22, 2016	-	5,637,300	-	-	5,637,300
	9,291,264	10,045,800	(2,458,764)	(1,355,117)	15,523,183
Average life to vesting (years)	1.1	1.1	-	-	0.7

Note: Performance rights have no exercise price.

The performance rights have been issued in accordance with the shareholder-approved EIP and NEDSIP, and vest into shares for no consideration on the completion of minimum service periods and, in certain cases, the achievement of specified vesting hurdles related to the Company's relative share price performance, internal business targets and/or personal performance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(EXPRESSED IN AUSTRALIAN DOLLARS)

Directors held 8,483,136 performance rights as at 30 June 2014 with an average life to vesting of 1.1 years.

Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders' meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to obtain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure which assists to ensure the lowest appropriate cost of capital available to the Company. Refer to Note 1 with regards to going concern considerations.

Under the terms of the convertible notes (Note 12), the Company must, unless approved otherwise, at all times maintain a minimum cash and cash equivalents balance of not less than \$1,250,000, and is restricted from taking on new indebtedness (except in permitted circumstances). There have been no breaches in the financial covenants of the convertible notes in the current period.

		Consolidated	
		2014	2013
		\$'000	\$'000
14. RESERVES			
Share-based Payment Reserve	(a)	53,523	54,115
Foreign Currency Translation Reserve	(b)	(25,648)	(20,149)
Asset Revaluation Reserve	(c)	167	78
Convertible Note Reserve	(d)	4,038	2,112
TOTAL RESERVES		32,080	36,156

(a) Share-based Payment Reserve

Balance at the beginning of the reporting period	54,115	53,757
Share-based payment vesting expense during the period	(592)	358
Balance at the end of the reporting period	53,523	54,115

The Share-based Payment Reserve is used to recognise the value of equity-settled share-based payment transactions for the acquisition of project interests and the provision of share-based incentives to directors, employees and consultants.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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	Consolidated	
	2014 \$'000	2013 \$'000
(b) Foreign Currency translation reserve		
Reserves at the beginning of the reporting period	(20,149)	(17,096)
Currency translation differences arising during the year	(5,499)	(3,053)
Balance at the end of the reporting period	(25,648)	(20,149)

The Foreign Currency Translation Reserve is used to record exchange differences arising on translation of the Group entities that do not have a functional currency of Australian dollars and have been translated into Australian dollars for presentation purposes.

As per the Statement of Comprehensive Income, the foreign currency translation difference arising for the year ended 30 June 2014 amounted to \$5,543,000 (2013: \$3,078,000), allocated between non-controlling interests of \$44,000 (2013: \$25,000) and the Group of \$5,499,000 (2013: \$3,053,000). Over the year, the Australian dollar strengthened against the Namibian dollar, with a movement of approximately 10% from the rate as at 30 June 2013 (\$1.00 : N\$9.02) to the rate as at 30 June 2014 (\$1.00 : N\$9.96).

(c) Asset Revaluation reserve		
Reserves at the beginning of the reporting period	78	78
Revaluation of land and buildings during the year	89	-
Balance at the end of the reporting period	167	78

The Asset Revaluation Reserve is used to record increases and decreases (to the extent that such decrease relates to an increase on the same asset previously recognised in equity) in the fair value of land and buildings.

(d) Convertible Note reserve		
Reserves at the beginning of the reporting period	2,112	2,112
Equity component of the convertible note	2,751	-
Deferred tax on the equity component of the convertible note	(825)	-
Balance at the end of the reporting period	4,038	2,112

The convertible note reserve records the equity portion of the RCF IV convertible note issued on 16 December 2008, refinanced on 31 March 2012 and 22 November 2013, and the RCF VI convertible note issued on 26 June 2014, as described in Note 12. The movement in the reserve represents the equity component, net of tax, of the RCF IV convertible note approved by shareholders on 22 November 2013 and the RCF VI convertible note approved by shareholder on 19 June 2014.

15. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash and short term deposits, receivables, payables, convertible notes and finance leases.

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 30 June 2014.

Financial assets

Trade and other receivables	15	27
Total non-current	15	27
Trade and other receivables	55	134
Total current	55	134
Total	70	161

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Consolidated	
	2014 \$'000	2013 \$'000
Financial liabilities		
Interest bearing liabilities	9,213	-
Total non-current	9,213	-
Trade and other payables	527	401
Interest bearing liabilities	-	7,415
Total current	527	7,816
Total	9,740	7,816

Fair Values

The carrying value and net fair values of financial assets and liabilities at balance date are:

	2014		2013	
	Carrying Amount \$'000	Net fair Value \$'000	Carrying Amount \$'000	Net fair Value \$'000
Financial assets				
Trade and other receivables	15	15	27	27
Total non-current	15	15	27	27
Trade and other receivables	55	55	134	134
Total current	55	55	134	134
Total	70	70	161	161
Financial liabilities				
Interest bearing liabilities	9,213	9,213	-	-
Total non-current	9,213	9,213	-	-
Trade and other payables	527	527	401	401
Interest bearing liabilities	-	-	7,415	7,415
Total current	527	527	7,816	7,816
Total	9,740	9,740	7,816	7,816

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Management assessed that cash and short-term deposits, trade receivables, other current receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2014, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- The fair value of the convertible notes has been determined by discounting the cash-flows over the term of the facility, being the coupon interest and principal repayable on maturity, using a market interest rate for a similar instrument that does not have the conversion feature.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

Financial risk management objectives and policies

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include the monitoring of levels of exposure to interest rates and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Liquidity risk is monitored through the development of future rolling cash flow forecasts and financing plans.

The Board reviews and agrees policies for managing each of the above risks and they are summarised below:

(a) Interest Rate Risk

Interest rate risk is managed by obtaining competitive commercial deposit interest rates available in the market from major Australian financial institutions.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities, comprises:

Consolidated 2014	Floating Interest Rate \$'000	Fixed Interest maturing in 1 year or less \$'000	Fixed Interest maturing over 1 to 5 years \$'000	Total \$'000
Financial assets				
Cash	4,265	847	-	5,112
	4,265	847	-	5,112
Weighted average interest rate				3.4%
Financial liabilities				
Interest bearing liabilities	-	-	9,213	9,213
	-	-	9,213	9,213
Weighted average interest rate				8.0%
2013				
Financial assets				
Cash	721	3,095	-	3,816
	721	3,095	-	3,816
Weighted average interest rate				2.9%
Financial liabilities				
Interest bearing liabilities	-	7,415	-	7,415
	-	7,415	-	7,415
Weighted average interest rate				8.0%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

The following table summarises the impact of reasonably possible changes in interest rates for the Group at 30 June 2014. The sensitivity analysis is based on the assumption that interest rates change by 1% with all other variables remaining constant. The 1% sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding 5 year period and management's expectation of short term future interest rates.

	Consolidated	
	2014 \$'000	2013 \$'000
Impact on post-tax gain/(loss):		
1% increase	9	34
1% decrease	(9)	(34)

There is no impact on other reserves in equity for the Group.

(b) Foreign Currency Risk

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the relevant Group company.

The Group's deposits are largely denominated in Australian dollars. Currently there are no foreign exchange hedge programs in place. The Group manages the purchase of foreign currency to meet operational requirements.

The impact of reasonably possible changes in foreign exchange rates for the Group is not material.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing only with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk. For the remaining financial assets, there are no significant concentrations of credit risk within the Group and financial instruments are being spread amongst highly rated financial institutions and related parties to minimise the risk of default of counterparties.

(d) Liquidity

Liquidity is monitored through the development of monthly expenditure and rolling cash flow forecasts. Short term liquidity is managed on a day to day basis by the finance management team including the use of weekly cash forecasts.

The risk implied from the values shown in the table below reflects a balanced view of cash outflows:

2014				
Financial Liabilities	<6 months \$'000	6-12 months \$'000	1- 5 years \$'000	Total \$'000
Trade and other payables	527	-	-	527
Interest bearing liabilities	-	-	12,000	12,000
Total	527	-	12,000	12,527
2014				
Trade and other payables	401	-	-	401
Interest bearing liabilities	-	8,000	-	8,000
Total	401	8,000	-	8,401

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

16. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 30 June 2014:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		\$'000	\$'000	\$'000	\$'000
Assets measured at fair value					
Revalued property, plant and equipment (Note 9)					
Office property Namibia	30 June 2014	632	-	-	632
Assets for which fair values are disclosed (Note 15)					
Trade and other receivables					
- Current	30 June 2014	55	-	-	55
- Non-current	30 June 2014	15	-	-	15
Liabilities measured at fair value					
Liabilities for which fair values are disclosed (Note 15)					
Trade and other payables	30 June 2014	527	-	-	527
Interest bearing liabilities	30 June 2014	9,213	-	-	9,213

17. LOSS PER SHARE

	2014	2013
Basic and diluted loss per share to the ordinary equity holders of the Company (cents per share)	(0.7)	(1.8)
	\$'000	\$'000
Loss used in the calculation of weighted average basic and dilutive loss per share	(2,323)	(5,543)
	Number of Shares '000	Number of Shares '000
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	319,031	305,455
Weighted average number of options / performance rights issuable that could be potentially dilutive but are not included in diluted EPS as they are anti-dilutive for the periods presented.	20,819	17,169

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

Conversions or issues after 30 June 2014

Subsequent to the financial year, 750,000 ordinary shares were issued upon vesting of performance rights granted by the Company, 2,279,452 ordinary shares were issued in satisfaction of the \$159,562 interest payable on the RCF IV convertible note for the period 1 April 2014 to 30 June 2014 in accordance with the convertible note terms and 62,622 ordinary shares were issued in satisfaction of the \$4,384 interest payable on the RCF VI convertible note for the period 26 June 2014 to 30 June 2014 in accordance with the convertible note terms.

There have been no other conversions to or subscriptions for ordinary shares or issues of potential ordinary shares since the balance date and before the completion of this report.

18. CASH FLOW INFORMATION

	Consolidated	
	2014	2013
	\$'000	\$'000
(a) Reconciliation from the net loss after tax to the net cash flow from operating activities		
Loss after income tax	(2,421)	(5,688)
Non-cash flows in operating loss		
Depreciation	119	203
Share-based payments	(592)	358
Other	(18)	(2)
Profit on sale of property, plant and equipment	(20)	(2)
Interest expense	1,640	1,304
Exploration expenditure written off	-	77
Changes in assets and liabilities		
Decrease in receivables and prepayments	101	420
Increase / (decrease) in trade and other creditors and accruals	128	(795)
Decrease in provisions	(14)	(41)
Movement in deferred tax	(825)	-
Net cash outflows from Operating Activities	(1,902)	(4,166)

19. COMMITMENTS

a) Exploration and evaluation expenditure

Statutory two-year renewal of the Etango (EPL 3345) Exclusive Prospecting Licence has been received to 26 April 2015. Further extensions may be applied for under applicable Namibian minerals legislation.

In order to maintain current rights of tenure to mineral licences, the Group has exploration and evaluation expenditure obligations up until the expiry of those licences. The following stated obligations, which are subject to renegotiation upon expiry of the current licences, are not provided for in the financial statements and represent a commitment of the Group:

Not longer than one year	349	483
Longer than one year, but not longer than five years	-	386
Longer than five years	-	-
	349	869

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

If the Group decides to relinquish certain mineral licences and/or does not meet these minimum expenditure obligations or obtain appropriate waivers, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

b) Operating lease commitments

The Group has entered into leases for office premises. These leases have an initial lease term of 3 years.

	Consolidated	
	2014 \$'000	2013 \$'000
Not longer than one year	83	213
Longer than one year, but not longer than five years	57	43
Longer than five years	-	-
	<u>140</u>	<u>256</u>

20. SHARE-BASED PAYMENT PLANS

Recognised employee share-based payment expenses

The expense recognised for employee services received during the year are shown in the table below:

	Consolidated	
	2014 \$'000	2013 \$'000
Total expense arising from employee and director share-based payment transactions	<u>(592)</u>	<u>358</u>

Types of share-based payment plans

Employee Incentive Plan

Performance rights are granted to all employees. The EIP is designed to align participants' interest with those of shareholders by increasing the value of the Company's shares. For grants of performance rights under the EIP, the vesting of half of the performance rights is subject to the Company's relative TSR as measured by share price performance (allowing for the reinvestment of dividends), versus a comparator group of uranium development companies, and the vesting of the other half is subject to the attainment of defined individual and group performance criteria as assessed by the Board in line with the work schedules under the Company's operating plans. The performance measurement date is two years from date of grant for employees and three years from the date of grant for executives.

In assessing whether the relative TSR hurdle for each grant has been met, the Group's TSR growth from the commencement of each grant and that of the pre-selected peer group are ranked. The peer group chosen for comparison is a group of Australian and foreign uranium development companies at the date of grant. This peer group reflects the Group's competitors for capital and talent.

The Group's performance against the hurdle is determined according to Bannerman's ranking against the peer group TSR growth over the performance period:

- When Bannerman is ranked at the 75th percentile, 100% of the performance rights will vest.
- When Bannerman is ranked below the 25th percentile, the performance rights are forfeited.
- For rankings between the 25th and 75th percentile, a sliding scale applies whereby every 1 percentile equates to 2% vesting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

When a participant ceases employment prior to the vesting of their rights, the rights are generally forfeited unless cessation of employment is due to termination initiated by the Group (except for termination with cause) or death. In the event of a change of control, the performance period end date will be bought forward to the date of change of control and rights will vest. The Company prohibits executives from entering into arrangements to protect the value of unvested EIP awards.

Non-Executive Director Share Incentive Plan

Non-executive directors' remuneration includes initial and annual grants of options or share rights (under the NEDSIP). Options and share rights granted to non-executive directors are not subject to performance hurdles. They have been issued as an incentive to attract experienced and skilled personnel to the Board.

Employee Share Option Plan ("ESOP")

Options were historically granted to executives for the purposes of incentivising and retaining them during the significant development phase of the Etango Project in Namibia. Accordingly, remaining performance hurdle includes finalisation of project financing.

Summary of options granted under NEDSIP and ESOP arrangements

	2014 #	2014 WAEP ¹	2013 #	2013 WAEP ¹
Outstanding at beginning of the year	7,131,950	0.46	14,129,950	1.13
Granted during the year	4,504,000	0.07	1,795,200	0.12
Exercised during the year	-	-	-	-
Expired during the year	(2,184,250)	0.61	(4,936,700)	1.48
Forfeited during the year	(750,000)	0.51	(3,856,500)	1.46
Outstanding at end of the year	8,701,700	0.22	7,131,950	0.46

¹ Weighted Average Exercise Price (\$/share)

Summary of performance rights granted under NEDSIP and EIP arrangements

	2014 #	2013 #
Outstanding at beginning of the year	9,291,264	8,306,032
Granted during the year	10,045,800	6,621,950
Vested during the year	(2,458,764)	(3,168,879)
Forfeited during the year	(1,355,117)	(2,467,839)
Outstanding at end of the year	15,523,183	9,291,264

Weighted average remaining contractual life

The weighted average remaining contractual life as at 30 June 2014 was:

- Share options 1.3 years (2013: 1.3 years).
- Performance rights 0.7 years (2013: 1.1 years).

Range of exercise price

The range of exercise prices for share options outstanding as at 30 June 2014 was \$0.072 - \$0.678 (2013: \$0.12 - \$0.77). The weighted average exercise price for options outstanding as at 30 June 2014 was \$0.22 (2013: \$0.46) per option.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

Weighted average fair value

The weighted average fair value for the share options granted during the year was \$0.02 (2013: \$0.04) per option. The weighted average fair value for the performance rights granted during the year was \$0.05 (2013: \$0.07) per performance right.

Options / performance rights pricing model: NEDSIP & EIP

Equity-settled transactions

The fair value of the equity-settled share options granted under the NEDSIP and EIP is estimated as at the date of grant using a Black-Scholes option price calculation method taking into account the terms and conditions upon which the options/rights were granted. A Monte Carlo simulation is applied to fair value the TSR element. In accordance with the rules of the EIP, the model simulates the Company's TSR and compares it against the peer group over the two year period of each grant made to employees and the three year period of each grant made to executives. The model takes into account the historic dividends, share price volatilities and co-variances of the Company and each comparator company to produce a theoretical predicted distribution of relative share performance. This is applied to the grant to give an expected value of the TSR element.

Model inputs used for the year ended 30 June 2014:

	NEDSIP	NEDSIP	RIGHTS ⁽ⁱ⁾	EIP
	Annual Grant Options	Annual Grant Rights		Annual Grant
Dividend Yield (%)	0%	0%	0%	0%
Expected volatility (%)	85%	85%	85%	86%
Risk- Free interest rate (%)	2.75%	2.75%	2.75%	2.71% - 3.06%
Expected life of Options / Rights (years)	3 years	1 year	1 year	2 - 3 years
Share price at measurement date (\$)	0.05	0.05	0.05	0.05

(i) Rights issued under separate terms and conditions and not as part of any formal plan.

Model inputs used for the year ended 30 June 2013:

	NEDSIP	NEDSIP	OPTIONS ⁽ⁱ⁾	EIP
	Annual Grant Options	Annual Grant Rights		Annual Grant
Dividend Yield (%)	0%	0%	0%	0%
Expected volatility (%)	85%	85%	85%	85%
Risk- Free interest rate (%)	2.75%	2.64%	2.75%	2.64% - 2.78%
Expected life of Options (years)	3 years	1 year	3 years	2 - 3 years
Share price at measurement date (\$)	0.08	0.08	0.08	0.07 - 0.08

(i) Options issued under separate terms and conditions and not as part of any formal plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

21. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO and the management team in assessing performance and in determining the allocation of resources.

The Group is undertaking development studies and exploring for uranium resources in southern Africa, and hence the operations of the Group represent one operating segment.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements. The Group considers the segment assets and liabilities to be consistent with those disclosed in the financial statements.

The analysis of the location of non current assets other than financial instruments is as follows:

	Consolidated	
	2014 \$'000	2013 \$'000
Australia	107	159
Namibia	55,559	60,504
Total Non Current Assets	55,666	60,663

22. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

23. RELATED PARTY INFORMATION

Subsidiaries

The consolidated financial statements include the financial statements of Bannerman Resources Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	% Equity Interest	
		2014	2013
Elfort Nominees Pty Ltd	Australia	100	100
Bannerman Mining Resources (Namibia) (Pty) Ltd	Namibia	80	80
Bannerman Resources Nominees (UK) Limited	United Kingdom	100	100

Ultimate Parent

Bannerman Resources Limited is the ultimate Australian parent entity and the ultimate parent of the Group.

Compensation of Key Management Personnel by Category:

	2014 \$'000	2013 \$'000
Short-term employee benefits	751	1,210
Post-employment benefits	98	130
Share-based payments	(676)	147
	173	1,487

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

Transactions with related entities:

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Under the terms of the Share Sale Agreement dated May 12, 2005, by which Bannerman acquired its 80% interest in BMRN, the 20% non-controlling interest is sole funded by Bannerman to completion of a bankable feasibility study on one of BMRN's projects. After this time, should the 20% shareholder elect not to contribute the 20% share of post-bankable feasibility study expenditure but instead elect to dilute the interest in accordance with the Share Sale Agreement then, upon the interest being diluted to less than a 5% shareholding, it automatically converts into a 2% net revenue royalty on future production from the Etango Project. The registered holder of the 20% non-controlling interest in BMRN is Mr Jones, a non-executive director of Bannerman, who holds this interest for his associates and business partner.

Non-Executive Director Ian Burvill is a senior vice president of RCF. RCF IV and RCF VI, which have a management agreement with RCF's parent company, hold a convertible note with a face value of \$8 million and \$4 million respectively. At the date of this report, RCF holds 49,462,064 Bannerman shares representing 15.00% of the voting capital in Bannerman as at the date of this report.

These transactions were made on commercial terms and conditions and at market rates.

24. CONTINGENCIES

On 17 December 2008, the Company entered into a settlement agreement with Savanna Marble CC ("**Savanna**") relating to Savanna's legal challenge to the Company's rights to the Etango Project Exclusive Prospecting Licence. Under the terms of the Savanna settlement agreement, in consideration for the termination of proceedings, Savanna was entitled to receive \$3.5 million cash and 9.5 million fully paid ordinary shares in Bannerman. The first tranche payment of \$3.0 million and 5.5 million shares was made in early 2009. The second and final tranche payment of \$500,000 and 4.0 million ordinary shares is due to Savanna upon receipt of the Etango Project mining licence. The mining licence application was lodged in December 2009, and further supplementary information has since been lodged in support of the application. As at 30 June 2014, the probability and timing of the grant of the mining licence is uncertain. Due to this uncertainty, the second tranche payment has been disclosed as a contingent liability and not as a provision as at 30 June 2014.

25. PARENT ENTITY INFORMATION

	2014	2013
	\$'000	\$'000
<i>a. Information relating to Bannerman Resources Limited:</i>		
Current assets	5,140	3,716
Total assets	15,138	58,402
Current liabilities	656	8,046
Total liabilities	9,868	8,046
Issued capital	116,730	115,810
Accumulated loss	(169,021)	(121,681)
Option Reserve	53,523	54,115
Convertible Note Reserve	4,038	2,112
Total shareholders' equity	5,270	50,356
Loss of the parent entity	(47,340)	(8,140)
Total comprehensive loss of the parent entity	(47,340)	(8,140)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

b. Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries

There are no guarantees entered into to provide for debts of the Company's subsidiaries. The parent entity has provided a letter to BMRN evidencing the parent's intent to meet the financial obligations of BMRN for the period 1 July 2013 to 30 June 2014.

c. Details of any contingent liabilities of the parent entity

Refer to Note 24 for details relating to contingent liabilities.

d. Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment as at reporting date.

26. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation	2014	2013
Bannerman Mining Resources (Namibia) (Pty) Ltd	Namibia	20%	20%

Accumulated balances of material non-controlling interest:

	\$'000	\$'000
Bannerman Mining Resources (Namibia) (Pty) Ltd	(947)	(827)

Loss allocated to material non-controlling interest:

Bannerman Mining Resources (Namibia) (Pty) Ltd	(120)	(170)
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The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Bannerman Mining Resources (Namibia) (Pty) Ltd	2014	2013
Summarised statement of comprehensive income:	\$'000	\$'000
Other income	27	19
Administrative expenses	(514)	(747)
Loss before tax	(487)	(728)
Income tax	-	-
Loss for the year	(487)	(728)
Total comprehensive loss	(598)	(853)
Attributable to non-controlling interests	(120)	(170)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

Summarised statement of financial position:

	2014 \$'000	2013 \$'000
Cash and bank balances and receivables (current)	64	281
Property, plant and equipment (non current)	773	792
Exploration and evaluation expenditure (non current)	50,040	54,649
Trade and other payables (current)	(45)	(64)
Other payables (non current)	(55,284)	(60,352)
Total equity	(4,452)	(4,694)
Attributable to:		
Equity holders of parent	(3,505)	(3,867)
Non-Controlling interest	(947)	(827)

Summarised cash flow information:

Operating	(261)	(456)
Investing	(569)	(1,337)
Financing	668	1,693
Net decrease in cash and cash equivalents	(162)	(100)

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Bannerman Resources Limited, I state that:

1. In the opinion of the directors:

- (a) The financial statements, notes and additional disclosures included in the directors' report designated as audited, of the Group are in accordance with the Corporations Act 2001, including:
 - i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the year ended on that date.
 - ii) Complying with Accounting Standards and Corporations Regulations 2001.
- (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and
- (c) Subject to the matters outlined in Note 1 "Going Concern", there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with s295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the Board



Len Jubber
Managing Director & CEO
Perth, 11 September 2014



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Independent auditor's report to the members of Bannerman Resources Limited

Report on the financial report

We have audited the accompanying financial report of Bannerman Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014 and 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial years.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian and International Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



Opinion

In our opinion:

- a. the financial report of Bannerman Resources Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and 30 June 2013 and for each of the years ended on those dates; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the Remuneration Report included in pages 27 to 39 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Bannerman Resources Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Robert Kirkby
Partner
Perth

11 September 2014

ADDITIONAL SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2014

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. The information was applicable as at 25 August 2014.

Distribution of Equity Securities

There were 2,157 holders of less than a marketable parcel of ordinary shares. The number of shareholders by size of holding is set out below:

Fully Paid Ordinary Shares

Size of Holding	Number of holders	Number of shares
1 - 1,000	746	386,800
1,001 - 5,000	1,236	3,709,332
5,001 - 10,000	624	5,062,411
10,001 - 100,000	1,383	49,453,170
100,001 and over	302	271,133,437
TOTALS	4,291	329,745,150

Unlisted Options and Performance Rights

Size of Holding	Options		Performance Rights	
	Number of holders	Number of options	Number of holders	Number of performance rights
1 - 1,000	-	-	-	-
1,001 - 5,000	-	-	-	-
5,001 - 10,000	-	-	-	-
10,001 - 100,000	-	-	3	132,511
100,001 and over	5	8,701,700	10	14,640,672
TOTALS	5	8,701,700	14	14,773,183

Substantial Shareholders

An extract of the Company's register of substantial shareholders (who held 5% or more of the issued capital) is set out below:

Shareholder	Number of shares	Percentage Held	Date of last lodgement
Resource Capital Fund IV L.P. and Resource Capital Fund VI L.P.	47,119,990	14.43%	2 July 2014
Global X Uranium ETF	23,041,052	7.14%	21 March 2014

ADDITIONAL SHAREHOLDER INFORMATION (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

On 19 June 2014, shareholders granted approval for Resource Capital Funds Management Pty Ltd, RCF IV and RCF VI (“**RCF entities**”) to increase their voting power in the Company to a maximum percentage of 43.0%. As at 25 August 2014, the RCF entities held 49,462,064 Shares (being 15.00% of the Company’s issued capital). Based upon the issued share capital of the Company and the voting power of the RCF entities as at 25 August 2014, this shareholder approval would allow the RCF entities to be issued approximately 161,979,563 additional Shares by the conversion of the RCF Convertible Notes, the related share issues under the RCF Convertible Notes and the exercise of the existing options held by Resource Capital Funds Management Pty Ltd.

Top 20 Shareholders

The top 20 largest shareholders are listed below:

Name	Number of Shares	Percentage Held %
Merrill Lynch (Australia) Nominees Pty Limited	50,461,885	15.30
HSBC Custody Nominees (Australia) Limited	37,625,985	11.41
CDS & Co (Canadian Control A/C)	26,140,749	7.93
Widerange Corporation Pty Ltd	15,206,940	4.61
Regent Pacific Group Ltd	10,854,568	3.29
HSBC Custody Nominees (Australia) Limited - A/C 3	9,169,311	2.78
Citicorp Nominees Pty Limited	8,882,335	2.69
J P Morgan Nominees Australia Limited	8,203,121	2.49
Peter Batten	7,006,940	2.12
Motte & Bailey Pty Ltd <Bailey Super Fund A/C>	4,948,112	1.50
Mr Feng Chen	3,382,008	1.03
Abn Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	2,586,718	0.78
IIG Nominees Pty Ltd	2,355,020	0.71
Seven Four Seven Pty Ltd <Bluebird Super Fund A/C>	2,000,000	0.61
Tarmel Pty Limited <Superannuation Fund A/C>	1,715,000	0.52
Mr Kevin Billington	1,552,191	0.47
Mr Joseph James Caudo + Mrs Christine Mary Caudo <The Caudo Superfund A/C>	1,500,000	0.45
Pershing Australia Nominees Pty Ltd <Argonaut Account>	1,500,000	0.45
Uuro Pty Ltd	1,500,000	0.45
Mr Werner Ewald	1,473,484	0.45
TOTAL TOP 20 HOLDERS	198,064,367	60.07
TOTAL NON-TOP 20 HOLDERS	131,680,783	39.93
TOTAL	329,745,150	100

Voting Rights

Ordinary Shares

For all ordinary shares, voting rights are on a show of hands whereby every member present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

Options and Performance Rights

There are no voting rights attached to options and performance rights.

ADDITIONAL SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2014

Options (unlisted)

There are 8,701,700 unlisted options on issue which are held by Bannerman directors and a BMRN non-executive director.

Unlisted Options

The Company has 542,100 options on issue with exercise prices between \$0.12 and \$0.36 per share, issued with Board approval or in accordance with, or on similar terms as the 2010 Employee Incentive Plan as approved by shareholders. The options are held by Ms Monica Kalondo, a non-executive director of BMRN. Options issued to the Chief Executive Officer are included within the unlisted director options total below. The number of option holders totals one.

Unlisted Director Options

The Company has 8,159,600 unlisted director options on issue with exercise prices between \$0.072 and \$0.678 per share, which were issued with shareholder approval. The director options are held by four current directors of Bannerman. The Company's Chief Executive Officer, Mr Len Jubber, holds 1,500,000 options which are included within the above stated total unlisted director options.

Performance Rights (unlisted)

Unlisted Performance Rights

The Company has 14,773,183 employee and director performance rights on issue. Performance rights have been issued under the Employee Incentive Plan, as approved by shareholders on 22 November 2013, and the Non-Executive Director Share Incentive Plan, as approved by shareholders on 22 November 2013. The number of holders of performance rights totals 13.

Stock Exchanges

Bannerman has a primary listing of its ordinary shares on the Australian Securities Exchange (ASX code: BMN) and has additional listings of its ordinary shares on the Toronto Stock Exchange in Canada (TSX code: BAN) and on the Namibian Stock Exchange (NSX code: BAN).

Mineral Licence Schedule

The mineral licence schedule for the Group is tabulated below:

Licence Type	Licence No.	Grant Date	Expiry Date	Holder	Area (Ha)	Country in which the Licence is held
EPL	3345	27-Apr-2006	26-Apr-2015	Bannerman Mining Resources (Namibia) (Pty) Ltd	24,326	Namibia

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN

Ronnie Beavor

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Len Jubber

NON-EXECUTIVE DIRECTORS

Ian Burvill

Clive Jones

David Tucker

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STOCK EXCHANGE LISTINGS

Australian Securities Exchange (ASX Code: BMN)

Toronto Stock Exchange (TSX Code: BAN)

Namibian Stock Exchange (NSX Code: BMN)

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