



BANNERMAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2019**

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN

Ronnie Beevor

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Brandon Munro

NON-EXECUTIVE DIRECTORS

Ian Burvill

Clive Jones

Mike Leech

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STOCK EXCHANGE LISTINGS

Australian Securities Exchange (ASX Code: BMN)

Namibian Stock Exchange (NSX Code: BMN)

OTCQB Venture Market (OTCQB Code: BNNLF)

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

The directors submit the consolidated financial report of Bannerman Resources Limited ("**Bannerman**" or the "**Company**") and its controlled entities (the "**Group**") for the half year ended 31 December 2019.

Amounts are expressed in Australian dollars unless otherwise noted.

DIRECTORS

The names of the Company's directors in office during the half year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Ronnie Beevor	Non-Executive Chairman
Brandon Munro	Chief Executive Officer and Managing Director
Ian Burvill	Non-Executive Director
Clive Jones	Non-Executive Director
Mike Leech	Non-Executive Director

COMPANY SECRETARY

Robert Dalton (resigned effective 2 January 2020)

Robert Orr (appointed effective 2 January 2020)

REVIEW AND RESULTS OF OPERATIONS

Operating Result

The principal activities of the Group during the reporting period comprised the feasibility assessment of the Group's 95% owned Etango Uranium Project in Namibia.

The Group's net loss of A\$1,159,000 for the half-year ended 31 December 2019 (December 2018: A\$1,261,000 loss) was attributable primarily to corporate and administrative expenses and non-cash share-based compensation expenses (exploration and development expenses are capitalised).

Interest income for the half year was A\$61,000 (December 2018: A\$63,000).

Cash Position

Cash and cash equivalents were A\$5,268,000 as at 31 December 2019 compared with A\$6,268,000 as at 30 June 2019.

OVERVIEW

Bannerman Resources Limited is an ASX, NSX and OTCQB Venture Market listed 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 95% owned Etango Project situated near China National Uranium Corporation's (CNUC) Rössing uranium mine, Paladin's Langer Heinrich uranium mine and China General Nuclear Corp's Husab uranium mine. A definitive feasibility study and subsequent optimisation studies have confirmed the viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. From 2015 to 2017, Bannerman conducted a large scale heap leach demonstration program to provide further assurance to financing parties, generate process information for the detailed engineering design phase and build and enhance internal capability.

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

URANIUM MARKET

The U₃O₈ spot price experienced limited volatility on low volumes during the reporting period, closing at 31 December 2019 US\$25.45/lb. The term uranium market continued to be muted during the reporting period. Significant uncertainties remain, particularly for US fuel buyers, which have hindered new procurement actions despite increasing geopolitical risk and a tightening of inventories across the nuclear fuel cycle.

During the reporting period China maintained its goal of 6-8 new reactors starts per year. Construction of two Hualong One reactors commenced at Zhangzhou nuclear power plant in China's Fujian province by a CNNC-led partnership. The Zhangzhou plant was approved in 2014 for Westinghouse AP1000 reactors, but is now planned to consist of 6 Hualong One reactors of Chinese design. In late July 2019 China announced the construction approvals for three new nuclear power plants, for a total of 6 new reactors (7,400MWe). Construction of two CAP1400 reactors will commence at Rongcheng and two Hualong One reactors at each of Zhangzhou and Taipingling.

Uranium supply curtailments continued during the reporting period, with no new mines commencing production and no recommencement of production from mines in care and maintenance. Kazatomprom announced to the London Stock Exchange in late August 2019 that the company would extend 20% supply cuts of Kazakh uranium, at least to the end of 2021.

President Trump determined in July 2019 that no action be taken from the s232 trade investigation into uranium imports into the US, but he did constitute a Nuclear Fuel Working Group to review the domestic nuclear supply chain (uranium production, conversion, enrichment and fabrication). The review is to be undertaken in the context of the 2017 White House initiative to revive, revitalise and expand the nuclear energy sector and concerns regarding the production of domestic uranium. The US nuclear fleet represents a quarter of uranium demand globally, so any steps the US government takes to revitalise and expand this sector is positive for uranium suppliers internationally. The Nuclear Fuel Working Group was granted an extension during the reporting period to complete its review. As at the date of this report, no official announcements had been made as to the content of the report or the decision by the White House on the extent to which recommendations will be implemented.

More acute uncertainty persists in relation to the renewal of US sanctions waivers in respect of nuclear suppliers that are co-operating with Iran's civil nuclear power program. In 2018 President Trump withdrew the United States from the 2015 Joint Cooperative Plan of Action (JCPOA), which suspended UN sanctions against Iran in return for its compliance with strict obligations to ensure proliferation controls on Iran's civil program. Although the Trump administration re-imposed various sanctions, for instance on Iran oil sales and access to US financial markets, it provided waivers on sanctions that would otherwise be imposed on companies providing support to Iranian nuclear power or research facilities. In late October, sanctions waivers were cancelled in respect of the Fordow enrichment facility, although waivers in respect of the other aspects of Iran's civil nuclear power program were extended until March 31, 2020.

Following escalation of tensions in Iran, nuclear utilities in the US and EU are concerned that such waivers may not be fully renewed or that the JCPOA will itself unravel following the initiation of the dispute procedure by Britain, France and Germany on 14 January 2020. Either scenario may lead to critical constraints in uranium, conversion, enrichment and fabrication of nuclear fuel.

CORPORATE

OTCQB Venture Market

During the reporting period, the Company's ordinary shares were approved to commence trading in the OTCQB Venture Market.

The OTCQB is a U.S. trading platform operated by OTC Markets Group in New York. The OTCQB market, often referred to as the "QB" quotation, is structured to provide live-market trading during the North American business day in early-stage and developing companies that may hold primary listings in other markets. Eligibility for OTCQB quotation requires a company to undergo an annual verification and management certification process, meet minimum standards of financial reporting and transparency, and pass other tests relating to the company's capital structure and share price.

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

Bannerman had already established a degree of liquidity on OTC Markets through a Pinks quotation under the symbol "BNNLF". The decision to commence trading through the higher-profile OTCQB now enables Bannerman to engage a far greater network of North American investors, data and media partners, thereby significantly expanding the potential pool of investors in, and followers of, the Company from the U.S. and other jurisdictions.

Appointment of Chief Financial Officer and change in Company Secretary

Subsequent to the end of the period, the Company advised that Mr Robert Orr commenced as Chief Financial Officer and Company Secretary with effect from 2 January 2020. Mr Orr is a Chartered Accountant with over 30 years' experience in public practice and commerce. He has worked extensively in the resources industry and has acted as Chief Financial Officer and Company Secretary for a number of ASX listed resources companies. During his career, Mr Orr has acquired deep experience in corporate compliance and governance, capital markets, mergers and acquisitions, project development, contract negotiation and mining operations. Mr Orr replaces Rob Dalton, who served as Company Secretary and Financial Controller for more than five years.

Exercise of Director Options

During the reporting period, the Company's Non-Executive Director, Mr Ian Burvill, exercised 1,000,000 options at an exercise price of A\$0.042 and their exercise generated a cash inflow of A\$42,000.

Issued Securities

At the date of this report, Bannerman has 1,058,781,696 ordinary shares on issue.

As at 31 December 2019, Bannerman had on issue 41,475,130 performance share rights issued under the shareholder-approved Employee Incentive Plan ("EIP"), 26,667,400 unlisted options issued under the Non-Executive Director Share Incentive Plan ("NEDSIP"). The EIP performance rights are subject to various performance targets and continuous employment periods.

ETANGO PROJECT (Bannerman 95%)

DFS Update

During the reporting period, the Company continued to productively use its time and resources to drive value improvements at the Etango Project. The work is being undertaken primarily utilising in-house resources, supported by consultants where appropriate, and this enables high-impact optimisation studies to be undertaken in a disciplined manner to drive enhancements in the fiscal and strategic attractiveness of the Etango Project.

The Etango Heap Leach Demonstration Plant was re-commissioned during the reporting period and has since commenced operations to prepare pregnant liquor solution to use in follow up testwork to advance the successful Membrane Study Testwork (see the Company's ASX release dated 11 April 2018) to a Definitive Feasibility Study level, in conjunction with the Company's specialist technical advisers.

Further, the Company undertook an evaluation of project scaling and scope opportunities that might exist under various development parameters and market conditions.

Exclusive Prospecting Licence 3345

During the reporting period, the Namibian Ministry of Mines and Energy approved an amendment to add base and rare metals, industrial minerals and precious metals to the Company's 95% owned Exclusive Prospecting Licence (EPL) 3345, which previously covered only nuclear fuels.

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

SUBSEQUENT EVENTS

There are no other matters or circumstances that have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the directors of Bannerman with an Independence Declaration in relation to the half year ended 31 December 2019. The Independence Declaration is attached to and forms part of this Directors' Report.

ROUNDING

Amounts in this report and the accompanying financial report have been rounded to the nearest thousand dollars (A\$'000) unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

Signed in accordance with a resolution of the Board of Directors.



Brandon Munro
Chief Executive Officer
Perth
11 March 2020



**Building a better
working world**

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Auditor's independence declaration to the Directors of Bannerman Resources Limited

As lead auditor for the review of the half-year financial report of Bannerman Resources Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Bannerman Resources Limited and the entities it controlled during the financial period.

Ernst & Young

Gavin Buckingham
Partner
11 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

		6 Months Ended 31 December	
	Note	2019 \$'000	2018 \$'000
Other revenue	2	61	63
Employee benefits	3(a)	(782)	(825)
Compliance and regulatory expenses		(91)	(126)
Depreciation expense		(4)	(7)
Other expenses	3(b)	(343)	(366)
Loss before income tax		(1,159)	(1,261)
Income tax benefit	4	-	-
Net loss for the period		(1,159)	(1,261)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	11(b)	391	84
Other comprehensive income for the period (net of tax)		391	84
Total comprehensive (loss)		(768)	(1,177)
Net (loss) is attributable to:			
Equity holders of Bannerman Resources Limited		(1,150)	(1,250)
Non-controlling interest		(9)	(11)
		(1,159)	(1,261)
Total comprehensive (loss) is attributable to:			
Equity holders of Bannerman Resources Limited		(759)	(1,164)
Non-controlling interest		(9)	(13)
		(768)	(1,177)
Weighted average number of shares ('000)		1,045,153	1,033,248
Basic loss per share to the ordinary equity holders of the Company (cents per share)		(0.11)	(0.12)
Diluted loss per share to the ordinary equity holders of the Company (cents per share)		(0.11)	(0.12)

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Note	31 December 2019 \$'000	30 June 2019 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	5,268	6,268
Other receivables	6	68	142
Other		23	48
TOTAL CURRENT ASSETS		5,359	6,458
NON-CURRENT ASSETS			
Other receivables	6	8	8
Property, plant and equipment	7	128	128
Exploration and evaluation expenditure	8	57,618	56,893
TOTAL NON-CURRENT ASSETS		57,754	57,029
TOTAL ASSETS		63,113	63,487
CURRENT LIABILITIES			
Trade and other payables		152	134
Provisions		78	91
TOTAL CURRENT LIABILITIES		230	225
NON CURRENT LIABILITIES			
Provisions	9	288	297
TOTAL NON CURRENT LIABILITIES		288	297
TOTAL LIABILITIES		518	522
NET ASSETS		62,595	62,965
EQUITY			
Contributed equity	10	141,198	141,156
Reserves	11	31,095	30,348
Accumulated losses		(109,374)	(108,224)
TOTAL PARENT ENTITY INTEREST		62,919	63,280
Non-controlling interest		(324)	(315)
TOTAL EQUITY		62,595	62,965

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



CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

		6 Months Ended 31 December	
		2019	2018
	Note	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(780)	(834)
Interest received		55	59
		<hr/>	<hr/>
<i>Net cash utilised in operating activities</i>		(725)	(775)
		<hr/>	<hr/>
CASHFLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		(313)	(365)
Purchase of plant and equipment		(4)	(3)
		<hr/>	<hr/>
<i>Net cash utilised in investing activities</i>		(317)	(368)
		<hr/>	<hr/>
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		42	173
		<hr/>	<hr/>
<i>Net cash provided by financing activities</i>		42	173
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(1,000)	(970)
Cash and cash equivalents at beginning of period		6,268	8,325
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1)	2
		<hr/>	<hr/>
Cash and cash equivalents at end of period	5	5,268	7,357

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Share Based Payment Reserve	Convertible Note Reserve	Equity Reserve	Non- controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	141,156	(108,224)	(25,676)	56,954	4,038	(4,968)	(315)	62,965
Loss for the period	-	(1,150)	-	-	-	-	(9)	(1,159)
Other comprehensive income	-	-	391	-	-	-	-	391
<i>Total comprehensive income / (loss) for the period</i>	-	(1,150)	391	-	-	-	(9)	(768)
Share issued during the period	42	-	-	-	-	-	-	42
Share-based payments	-	-	-	356	-	-	-	356
Total Equity at 31 December 2019	141,198	(109,374)	(25,285)	57,310	4,038	(4,968)	(324)	62,595

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Share Based Payment Reserve	Convertible Note Reserve	Equity Reserve	Non- controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	140,983	(105,993)	(27,142)	56,152	4,038	(4,968)	(294)	62,776
Loss for the period	-	(1,250)	-	-	-	-	(11)	(1,261)
Other comprehensive income	-	-	86	-	-	-	(2)	84
<i>Total comprehensive income / (loss) for the period</i>	-	(1,250)	86	-	-	-	(13)	(1,177)
	173	-	-	-	-	-	-	173
Share-based payments	-	-	-	518	-	-	-	518
Total Equity at 31 December 2018	141,156	(107,243)	(27,056)	56,670	4,038	(4,968)	(307)	62,290

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Corporate Information

Bannerman is a company incorporated in Australia and limited by shares. Bannerman's shares are publicly traded on the Australian Securities Exchange ("ASX") with an additional listing on the Namibian Stock Exchange and the OTCQB Venture Market.

Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2019 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Bannerman and its controlled entities (the "Group") as the annual financial report.

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2019 and considered together with any public announcements made by Bannerman since that time in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial report is presented in Australian dollars and, unless otherwise stated, all values are rounded to the nearest thousand dollars (A\$1,000) in accordance with the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class orders applies.

Changes in Accounting Policies

New and amended accounting standards and interpretations

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective 1 July 2019, including:

AASB 16 Leases (AASB 16)

AASB 16 supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 did not have an impact for leases where the Group is the lessor.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application being 1 July 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the initial application date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

a) Nature of the effect of adoption of AASB 16

The Group has lease contracts for office premises. Before the adoption of AASB 16, the Group classified its office leases as an operating lease as it did not transfer substantially all of the risks and rewards incidental to ownership of the leased asset to the Group. Upon adoption of AASB 16, the Group applied a single recognition and measurement

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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approach for all lease, except for short-term lease and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

On initial application of AASB 16 no right of use asset or lease liabilities were required as all office leases as the remaining lease term at initial application date was less than 12 months.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of AASB 16:

- Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 Income Taxes. It does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The group has concluded that it does not have any uncertain tax positions.

New accounting standards and interpretations issued but not yet effective

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

6 Months Ended 31 December	
2019	2018
\$'000	\$'000

2. OTHER REVENUE

Interest income	61	63
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3. EXPENSES

(a) Employee benefits

Salaries and wages	276	265
Superannuation	19	20
Employee share-based payment expense	285	244
Other	2	1
Directors' fees	130	130
Directors' share-based payment expense	70	165
	<u>782</u>	<u>825</u>

(b) Other expenses

Corporate and overheads	129	82
Consulting - fees	127	96
Legal	2	2
Travel	17	4
Employer related taxes	-	3
Occupancy	40	44
Insurance	28	26
Share-based payment expense	-	109
	<u>343</u>	<u>366</u>

4. INCOME TAX

Current income tax benefit	-	-
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

5. CASH & CASH EQUIVALENTS

	31 December 2019 \$'000	30 June 2019 \$'000
Cash at bank and on call (interest bearing)	5,248	6,248
Short term cash deposits (interest bearing)	20	20
	<u>5,268</u>	<u>6,268</u>

6. OTHER RECEIVABLES

Current

GST/VAT receivable	68	142
	<u>68</u>	<u>142</u>

Non Current

Restricted cash	8	8
	<u>8</u>	<u>8</u>

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

7. PROPERTY, PLANT & EQUIPMENT

	Cost \$'000	Accumulated Depreciation \$'000	Net Book Value \$'000
31 December 2019			
Vehicles	205	(179)	26
Plant and equipment	132	(113)	19
Office furniture and equipment	802	(719)	83
	<u>1,139</u>	<u>(1,011)</u>	<u>128</u>
30 June 2019			
Vehicles	204	(179)	25
Plant and equipment	132	(113)	19
Office furniture and equipment	796	(712)	84
	<u>1,132</u>	<u>(1,004)</u>	<u>128</u>

8. EXPLORATION & EVALUATION EXPENDITURE

	Six months ended 31 December 2019 \$'000	Year ended 30 June 2019 \$'000
Opening balance	56,893	54,933
Expenditure incurred during the period	334	650
Change in estimate	-	(217)
Foreign currency translation movements	391	1527
	<u>57,618</u>	<u>56,893</u>

Expenditure incurred during the period comprises expenditure on geological, study 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 pre-development activities; and



NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

Etango Uranium Project – Bannerman 95%

The Etango Uranium Project is situated near China National Uranium Corporation's (CNUC) Rössing uranium mine, Paladin's Langer Heinrich uranium mine and China General Nuclear Corp's Husab uranium mine. Bannerman, in 2012, completed a Definitive Feasibility Study ("DFS") on a 7-9 million pounds U₃O₈ per annum open pit mining and heap leach processing operation at Etango. The DFS confirmed the viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. From 2015-2017, Bannerman conducted a large scale heap leach demonstration program to provide further assurance to financing parties, generate process information for the detailed engineering design phase and build and enhance internal capability.

Exploration & Evaluation Expenditure for the Etango Project

	Six months ended 31 December 2019 \$'000	Year ended 30 June 2019 \$'000
Opening balance	56,893	54,933
Drilling and consumables	-	67
Salaries and wages	228	381
Consultants and contractors	28	5
Demonstration plant construction cost	27	-
Demonstration plant change in rehabilitation provision	10	30
Demonstration plant operational cost	11	60
Other	30	107
Total expenditure for the period	334	650
Change in estimate	-	(217)
Foreign currency translation movements	391	1,527
Closing balance	57,618	56,893

9. PROVISIONS – NON-CURRENT

	Six months ended 31 December 2019 \$'000	Year ended 30 June 2019 \$'000
Rehabilitation provision	(a) 298	287
Employee benefits provision	(b) (10)	10
	<u>288</u>	<u>297</u>
(a) Rehabilitation provision		
Opening balance	287	474
Accretion of Provision	9	18
Foreign exchange translation movements	2	12
Change in estimate	-	(217)
	<u>298</u>	<u>287</u>

The Group makes full provision for the future cost of the environmental rehabilitation obligations relating to the heap leach demonstration plant on a discounted basis at the time of the activity.

The rehabilitation provision, based on the Group's internal estimates, represents the present value of the future rehabilitation costs relating to the heap leach demonstration plant. Assumptions based on the current economic

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environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of the rehabilitation is likely to depend on when the pre-development activities cease.

	Six months ended 31 December 2019 \$'000	Year ended 30 June 2019 \$'000
(b) Employee benefits provision		
Arising during the year	-	10
	-	10

The employee benefits provision relates to the long service leave accrued for employees at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the government bond rate with terms to maturity similar to the estimate future cash outflows. The Group does not expect its long service leave obligations to be settled within 12 months.

10. CONTRIBUTED EQUITY

(a) Issued and outstanding:

	December 2019 Number of Shares '000	December 2018 '000	December 2019 Amount \$'000	December 2018 \$'000
<u>Ordinary shares</u>				
Issued and fully paid	1,058,781	1,041,587	141,198	141,156

Movements in ordinary shares on issue

	No. of Shares '000	Amount \$'000
Balance 1 July 2018	1,029,871	140,983
- Issue of shares (i)	934	-
- Issue of shares (ii)	3,923	173
- Issue of shares (iii)	6,859	-
Balance 31 December 2018	1,041,587	141,156

	No. of Shares '000	Amount \$'000
Balance 1 July 2019	1,041,587	141,156
- Issue of shares (iv)	1,000	42
- Issue of shares (v)	16,194	-
Balance 31 December 2019	1,058,781	141,198

- (i) On 31 July 2018, 934,358 ordinary shares were issued upon vesting of performance rights in accordance with the terms of the Employee Incentive Plan.
- (ii) On 7 November 2018, 3,923,000 ordinary shares were issued upon exercise of A0.044 share options in accordance with the Non-Executive Director Share Incentive Plan.
- (iii) On 24 November 2018, 6,858,509 ordinary shares were issued upon vesting of share and performance rights in accordance with the terms of the Employee Incentive Plan.
- (iv) On 5 November 2019, 1,000,000 ordinary shares were issued upon exercise of A0.042 share options in accordance with the Non-Executive Director Share Incentive Plan.
- (v) On 25 November 2019, 16,194,482 ordinary shares were issued upon vesting of share and performance rights in accordance with the terms of the Employee Incentive Plan.



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(b) Share options on issue:

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

Expiry Dates	Exercise Price	Balance 1 Jul 19	Granted	Exercised	Expired / Cancelled	Balance 31 Dec 19	Vested 31 Dec 19
25 July 2019	A\$0.045	8,300,000	-	-	(8,300,000)	-	-
25 July 2019	A\$0.057	10,200,000	-	-	(10,200,000)	-	-
25 July 2019	A\$0.07	10,200,000	-	-	(10,200,000)	-	-
15 November 2019	A\$0.042	19,598,200	-	(1,000,000)	(18,598,200)	-	-
15 November 2020	A\$0.069	13,731,200	-	-	-	13,731,200	13,731,200
15 November 2021	A\$0.072	8,597,400	-	-	-	8,597,400	8,597,400
15 November 2022	A\$0.059		4,338,800			4,338,800	-
		70,626,800	4,338,800	(1,000,000)	(47,298,200)	26,667,400	22,328,600
Weighted average exercise price (\$)		0.06	0.06	0.04	0.05	0.07	0.07
Average life to expiry (years)		0.88	2.88	-	-	1.88	1.38

The share options above have performance hurdles linked to minimum service periods.

Directors held 21,660,400 share options as at 31 December 2019 with an average exercise price of A\$0.07 per share and an average life to expiry of 1.54 years.

(c) Share rights on issue

The share rights on issue as at 31 December 2019 were as follows:

Vesting Dates	Balance 1 Jul 19	Granted	Vested	Cancelled	Balance 31 Dec 19
15 November 2019	16,371,847		(16,194,482)	(177,365)	-
15 November 2020	15,121,687	2,871,500	-	(1,720,668)	16,272,519
15 November 2021	10,159,400	3,341,500	-	(244,489)	13,256,411
15 November 2022		11,946,200	-	-	11,946,200
	41,652,934	18,159,200	(16,194,482)	(2,142,522)	41,475,130
Average life to vesting (years)		1.00	2.88	-	1.88

Note: Share rights have no exercise price.

All share rights have been issued in accordance with the shareholder approved Employee Incentive Plan and Non-Executive Director Share Incentive Plan, 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.

Directors held 23,085,800 share rights as at 31 December 2019 with an average life to vesting of 1.54 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. 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.

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11. RESERVES

		31 December 2019 \$'000	30 June 2019 \$'000
Share-based payment reserve	(a)	57,310	56,954
Foreign currency translation reserve	(b)	(25,285)	(25,676)
Convertible note reserve	(c)	4,038	4,038
Equity reserve	(d)	(4,968)	(4,968)
Total Reserves		31,095	30,348

		Six months ended 31 December 2019 \$'000	Year ended 30 June 2019 \$'000
(a) Share-based payment reserve			
Balance at the beginning of the reporting period		56,954	56,152
Share-based payment vesting expense during the period		356	802
Balance at the end of the reporting period		57,310	56,954

The share-based payment reserve is used to recognise the value of equity-settled share-based payment transactions for the acquisition of project interests, the provision of share-based incentives to directors, employees and consultants and the loan benefit provided to One Economy Foundation as part of the loan funding arrangement completed on 30 June 2017.

		31 December 2019 \$'000	30 June 2019 \$'000
(b) Foreign currency translation reserve			
Reserves at the beginning of the reporting period		(25,676)	(27,142)
Currency translation differences arising during the period		391	1,466
Balance at the end of the reporting period		(25,285)	(25,676)

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.

Over the 6 month period ended 31 December 2019, the Namibian dollar strengthened by approximately 0.7% against the Australian dollar, from the rate of A\$1:N\$9.93 as at 30 June 2019 to the rate of A\$1:N\$9.86 as at 31 December 2019. As per the Statement of Comprehensive Income, the consequential foreign currency translation difference arising for the 6 month period ended 31 December 2019 amounted to \$391,000.

		31 December 2019 \$'000	30 June 2019 \$'000
(c) Convertible note reserve			
Balance at the beginning of the reporting period		4,038	4,038
Balance at the end of the reporting period		4,038	4,038

The convertible note reserve records the equity portion of the RCFIV convertible note issued on 16 December 2008, refinanced on 31 March 2012 and 22 November 2013, and the RCFVI convertible note issued on 19 June 2014. The convertible notes were extinguished on 31 December 2015.

		31 December 2019 \$'000	30 June 2019 \$'000
(d) Equity reserve			
Balance at the beginning of the reporting period		(4,968)	(4,968)
Balance at the end of the reporting period		(4,968)	(4,968)

The equity reserve records the excess in movements in equity for the purchase and disposal of non-controlling interests in prior periods. There have been no transactions in the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(EXPRESSED IN AUSTRALIAN DOLLARS)

12. SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group.

13. 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 was refused on 3 September 2018. Bannerman retains the right to re-apply for a mining licence when the uranium market recovers. As at 31 December 2019, the probability and timing of the grant of a 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 31 December 2019.

14. COMMITMENTS

(a) Exploration and evaluation expenditure

Bannerman currently holds Exclusive Prospecting Licence 3345 (EPL 3345) in Namibia, which is valid until 25 April 2021 and Mineral Deposit Retention Licence 3345 (MDRL 3345), which is valid until 25 April 2022. Both are subject to renewal by the Namibian Ministry of Mines and Energy thereafter.

In order to maintain current rights of tenure to EPL3345, the Group has exploration and evaluation expenditure obligations up until the expiry of that licence. 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:

	31 December 2019 \$'000	30 June 2019 \$'000
Not longer than one year	136	81
Longer than one year, but not longer than five years	100	150
Longer than five years	-	-
	<u>236</u>	<u>231</u>

If the Group decides to relinquish EPL 3345, and/or does not meet these minimum expenditure obligations or obtain appropriate waivers, assets recognised in the Consolidated 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.

15. 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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16. 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	
		31 December 2019	30 June 2019
Bannerman Mining Resources (Namibia) (Pty) Ltd	Namibia	95	95
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.

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.

17. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 31 December 2019.

	31 December 2019 \$'000	30 June 2019 \$'000
Financial assets		
Trade and other receivables	8	8
Total non-current	8	8
Trade and other receivables	68	142
Total current	68	142
Total	76	150
Financial liabilities		
Trade and other payables	152	134
Total current	152	134
Total	152	134



NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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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.

Net Fair Values

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

	31 December 2019		30 June 2019	
	Carrying Amount \$'000	Net fair Value \$'000	Carrying Amount \$'000	Net fair Value \$'000
Financial assets				
Trade and other receivables	8	8	8	8
Total non-current	8	8	8	8
Trade and other receivables	68	68	142	142
Total current	68	68	142	142
Total	76	76	150	150
Financial liabilities				
Trade and other payables	152	152	134	134
Total current	152	152	134	134
Total	152	152	134	134



DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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

In the opinion of the directors:

- (a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2019 and the performance for the half year ended on that date of the Group; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Brandon Munro
Chief Executive Officer

PERTH
11 March 2020



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working world**

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Independent auditor's review report to the Members of Bannerman Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Bannerman Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham'.

Gavin Buckingham
Partner
Perth
11 March 2020