

5 March 2015

Dear Fellow Shareholder

Share Purchase Plan

I am pleased to report that since my letter to shareholders in the 2014 Annual Report we have made significant progress with the construction of the Etango Heap Leach Demonstration Plant and we are on track to deliver first test results in the upcoming June Quarter. Recent announcements have highlighted the progress made since construction commenced in October 2014. Our plan to demonstrate the acid heap leach concept encapsulated in the Etango DFS is increasingly gaining recognition from key stakeholders, as the uranium market continues to strengthen.

The uranium price has found support at around US\$40 per lb U₃O₈ with increasing spot and term trading activity. It is noteworthy that the term trading volume in 2014 was up 4 fold on that in 2013. It is anticipated that term trading activity will continue to increase and therefore place upward pressure on the uranium price, as utilities fill uncovered positions leading up to 2020.

The 48 idle Japanese reactors have adversely impacted on the demand for uranium, albeit that 6 reactors, out of 20 applications, have now received approval of their safety enhancement plans. The restart of the reactors remains subject to implementing these changes, as well as gaining local authority approval. The first restarts are expected in the June 2015 quarter.

The debate on climate change has gained renewed focus, with the recent agreement between the USA and China expected to provide further momentum towards increasing the use of clean energy sources. Since November 2014 a further 3 reactors have been commissioned and globally there are now 438 nuclear reactors operable, 69 under construction and 184 in the planning stage. A further 312 are proposed. It is noteworthy that currently there are more reactors under construction and planned than prior to Fukushima. The Chinese nuclear program is accelerating with 23 reactors in operation, 26 under construction, 64 in the planning stage and a further 123 proposed.

However, as highlighted previously, the growth in the nuclear industry is facing a contraction in supply, driven by unprofitable production and lack of incentive to continue investment in project developments at the current low uranium price. Existing production is supported by term contracts entered into at previous higher prices and hence, as these are fulfilled, further pressure on supply will eventuate.

Bannerman is committed to minimising shareholder dilution while we continue to enhance Etango's early mover advantage by operating our Heap Leach Demonstration Plant in the current year. To that end the Board has decided to implement a **Share Purchase Plan to raise up to A\$2 million** to fund the operation of the Demonstration Plant and for general corporate working capital purposes. The Offer opens on 11 March 2015 and closes on 2 April 2015. If the total value of applications is more than A\$2 million, Bannerman will scale back applications. If the Offer is undersubscribed, Bannerman reserves the right to place the shortfall under the Company's current share issue capacity under ASX Listing Rules 7.1 and 7.1A.

The Share Purchase Plan Offer sets out the terms and conditions associated with the opportunity for eligible shareholders to **subscribe for shares at A\$0.052 per share** without incurring brokerage or other transaction costs. **Eligible Directors will fully participate in the offer.**

Bannerman remains strongly placed with the important advantages of a completed DFS, environmental approvals and now the imminent commissioning of the Heap Leach Demonstration Plant. Importantly we also have the ongoing support of Resource Capital Funds as a significant strategic financial investor to enable us to capitalise on our early mover advantage.

Yours sincerely,



Ronnie Beever