

8 May 2015

## FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED 31 MARCH 2015

Bannerman Resources Limited (ASX: BMN, TSX: BAN, NSX: BMN) attaches its consolidated Financial Statements and Management's Discussion and Analysis for the period ended 31 March 2015.

The above documents are also filed with the relevant regulatory authorities in Canada.

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**About Bannerman** - Bannerman Resources Limited is an ASX, TSX and NSX 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 80%-owned Etango Project situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and CGNPC's Husab uranium mine currently under construction. A definitive feasibility study has confirmed the technical, environmental and financial (at consensus long term uranium prices) viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. In 2015, Bannerman is conducting 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. More information is available on Bannerman's website at [www.bannermanresources.com](http://www.bannermanresources.com).

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May 8, 2015

**Notice Pursuant to Part 4.3(3)(a) of National Instrument 51-102**

**Continuous Disclosure Obligations**

The Interim Financial Statements of Bannerman Resources Limited filed for the three and nine months period ended March 31, 2015 have not been reviewed by its auditor, Ernst & Young, in accordance with the standards for a review of interim financial statements as set out in the Handbook published by the Canadian Institute of Chartered Accountants.

Date: May 8, 2015

*"DAVID TUCKER"*

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David Tucker  
Chairman, Audit Committee  
Bannerman Resources Limited



# **BANNERMAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**FINANCIAL REPORT  
FOR THE PERIOD ENDED  
31 MARCH 2015**

# FINANCIAL REPORT

FOR THE PERIOD ENDED 31 MARCH 2015

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[www.bannermanresources.com](http://www.bannermanresources.com)

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# UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

		3 Months Ended 31 March		9 Months Ended 31 March	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Other revenue	2	14	13	65	59
Other income	3	-	-	14	51
Employee benefits	4(a)	(406)	(473)	(1,153)	(1,344)
Borrowing costs	4(b)	(528)	(299)	(1,558)	(1,387)
Compliance and regulatory expenses		(53)	(57)	(217)	(246)
Depreciation expense		(24)	(28)	(67)	(89)
Other expenses	4(c)	(245)	(355)	(591)	(976)
<b>Loss before income tax</b>		<b>(1,242)</b>	<b>(1,199)</b>	<b>(3,507)</b>	<b>(3,932)</b>
Income tax benefit	5	-	-	500	954
<b>Net loss for the period</b>		<b>(1,242)</b>	<b>(1,199)</b>	<b>(3,007)</b>	<b>(2,978)</b>
<b>Other comprehensive (loss)/income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation	13(b)	(71)	(2,694)	2,590	(4,499)
<b>Other comprehensive (loss)/income for the period (net of tax)</b>		<b>(71)</b>	<b>(2,694)</b>	<b>2,590</b>	<b>(4,499)</b>
<b>Total comprehensive loss</b>		<b>(1,313)</b>	<b>(3,893)</b>	<b>(417)</b>	<b>(7,477)</b>
Net loss is attributable to:					
Equity holders of Bannerman Resources Limited		(1,207)	(1,170)	(2,928)	(2,907)
Non-controlling interest		(35)	(29)	(79)	(71)
		<b>(1,242)</b>	<b>(1,199)</b>	<b>(3,007)</b>	<b>(2,978)</b>
Total comprehensive loss is attributable to:					
Equity holders of Bannerman Resources Limited		(1,278)	(3,843)	(359)	(7,370)
Non-controlling interest		(35)	(50)	(58)	(107)
		<b>(1,313)</b>	<b>(3,893)</b>	<b>(417)</b>	<b>(7,477)</b>
Weighted average number of shares ('000)		<b>339,088</b>	<b>322,383</b>	<b>333,925</b>	<b>317,123</b>
Basic and diluted loss per share to the ordinary equity holders of the Company (cents per share)		<b>(0.37)</b>	<b>(0.4)</b>	<b>(0.90)</b>	<b>(0.9)</b>

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



# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Note	31 March 2015 \$'000	30 June 2014 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,763	5,112
Other receivables	7	23	55
Other		69	37
<b>TOTAL CURRENT ASSETS</b>		<b>1,855</b>	<b>5,204</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	7	15	15
Property, plant and equipment	8	888	880
Exploration and evaluation expenditure	9	60,109	54,899
<b>TOTAL NON-CURRENT ASSETS</b>		<b>61,012</b>	<b>55,794</b>
<b>TOTAL ASSETS</b>		<b>62,867</b>	<b>60,998</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		699	527
Provisions		161	172
<b>TOTAL CURRENT LIABILITIES</b>		<b>860</b>	<b>699</b>
<b>NON CURRENT LIABILITIES</b>			
Interest bearing liabilities	10	9,993	9,213
Provisions	11	388	-
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>10,381</b>	<b>9,213</b>
<b>TOTAL LIABILITIES</b>		<b>11,241</b>	<b>9,912</b>
<b>NET ASSETS</b>		<b>51,626</b>	<b>51,086</b>
<b>EQUITY</b>			
Contributed equity	12	117,303	116,730
Reserves	13	35,033	32,080
Accumulated losses		(99,705)	(96,777)
<b>TOTAL PARENT ENTITY INTEREST</b>		<b>52,631</b>	<b>52,033</b>
Non-controlling interest		(1,005)	(947)
<b>TOTAL EQUITY</b>		<b>51,626</b>	<b>51,086</b>

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

# UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

		3 Months Ended 31 March		9 Months Ended 31 March	
		2015	2014	2015	2014
Note		\$'000	\$'000	\$'000	\$'000
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>					
Payments to suppliers and employees		(641)	(587)	(1,775)	(1,990)
Interest received		11	14	59	60
Other – R&D refund		-	-	500	416
<i>Net cash utilised in operating activities</i>		(630)	(573)	(1,216)	(1,514)
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>					
Payments for exploration and evaluation		(349)	(150)	(2,096)	(463)
Purchase of plant and equipment		(37)	(4)	(47)	(7)
Proceeds from disposal of plant and equipment		-	-	25	37
<i>Net cash utilised in investing activities</i>		(386)	(154)	(2,118)	(433)
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>					
Payments for share issue costs		(10)	-	(10)	-
<i>Net cash utilised in financing activities</i>		(10)	-	(10)	-
Net decrease in cash and cash equivalents		(1,026)	(727)	(3,344)	(1,947)
Cash and cash equivalents at beginning of period		2,787	2,590	5,112	3,816
Effects of exchange rate changes on the balance of cash held in foreign currencies		2	(6)	(5)	(12)
Cash and cash equivalents at end of period	6	1,763	1,857	1,763	1,857

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

# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Share Based Payment Reserve	Convertible Note Reserve	Asset Revaluation Reserve	Non- controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2014</b>	<b>116,730</b>	<b>(96,777)</b>	<b>(25,648)</b>	<b>53,523</b>	<b>4,038</b>	<b>167</b>	<b>(947)</b>	<b>51,086</b>
Loss for the period	-	(2,928)	-	-	-	-	(79)	(3,007)
Other comprehensive income	-	-	2,569	-	-	-	21	2,590
<i>Total comprehensive (loss)/income for the period</i>	-	(2,928)	2,569	-	-	-	(58)	(417)
Shares issued during the period	646	-	-	-	-	-	-	646
Share issue costs	(73)	-	-	-	-	-	-	(73)
Share-based payments	-	-	-	384	-	-	-	384
<b>Total Equity at 31 March 2015</b>	<b>117,303</b>	<b>(99,705)</b>	<b>(23,079)</b>	<b>53,907</b>	<b>4,038</b>	<b>167</b>	<b>(1,005)</b>	<b>51,626</b>

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Share Based Payment Reserve	Convertible Note Reserve	Asset Revaluation Reserve	Non- controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2013</b>	<b>115,810</b>	<b>(94,454)</b>	<b>(20,149)</b>	<b>54,115</b>	<b>2,112</b>	<b>78</b>	<b>(827)</b>	<b>56,685</b>
Loss for the period	-	(2,907)	-	-	-	-	(71)	(2,978)
Other comprehensive loss	-	-	(4,463)	-	-	-	(36)	(4,499)
<i>Total comprehensive loss for the period</i>	-	(2,907)	(4,463)	-	-	-	(107)	(7,477)
Equity component of convertible note	-	-	-	-	1,793	-	-	1,793
Deferred tax on convertible note	-	-	-	-	(538)	-	-	(538)
Shares issued during the period	642	-	-	-	-	-	-	642
Share-based payments	-	-	-	573	-	-	-	573
<b>Total Equity at 31 March 2014</b>	<b>116,452</b>	<b>(97,361)</b>	<b>(24,612)</b>	<b>54,688</b>	<b>3,367</b>	<b>78</b>	<b>(934)</b>	<b>51,678</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

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## 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 additional listings on the Toronto Stock Exchange and the Namibian Stock Exchange.

### Basis of Preparation

This general purpose condensed financial report for the three months and 9 months ended 31 March 2015 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 2014 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 Australian Securities and Investments Commission (ASIC) Class Order 98/0100. The Company is an entity to which the class orders applies.

### Changes in Accounting Policies

From 1 July 2014, the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on 1 July 2014. 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 accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2014.

### 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 next 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 further 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

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

	3 Months Ended 31 March		9 Months Ended 31 March	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>2. OTHER REVENUE</b>				
Interest income	14	13	65	59
<b>3. OTHER INCOME</b>				
Profit on disposal of plant and equipment	-	-	14	25
Other	-	-	-	26
	-	-	14	51
<b>4. EXPENSES</b>				
(a) <u>Employee benefits</u>				
Salaries and wages	176	194	562	557
Superannuation	12	15	40	44
Employee share-based payment expense	126	180	292	486
Other	5	5	11	11
Directors' fees	53	52	158	158
Directors' share-based payment expense	34	27	91	88
	406	473	1,153	1,344
(b) <u>Borrowing costs</u>				
Interest accreted or payable	528	299	1,558	1,007
Convertible note extension fee (Note 10)	-	-	-	160
Loss on extinguishment of convertible note	-	-	-	220
	528	299	1,558	1,387
(c) <u>Other expenses</u>				
Corporate and overheads	99	86	219	185
Consulting - fees	61	121	112	339
Consulting - share based payment expense	-	1	-	(1)
Legal	5	44	30	181
Travel	41	47	88	85
Employer related taxes	-	4	2	-
Recruitment	-	-	26	-
Occupancy	26	39	76	147
Insurance	13	12	38	40
Loss on disposal of plant and equipment	-	1	-	-
	245	355	591	976

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

	3 Months Ended 31 March		9 Months Ended 31 March	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000

## 5. INCOME TAX

Current income tax benefit	-	-	500	416
Deferred income tax benefit	-	-	-	538
	-	-	500	954

Current income tax benefit comprises the receipt of research and development incentive refunds from government authorities and the deferred income tax benefit comprises the recognition of a deferred tax asset, to the extent of the deferred tax liability arising on the recognition of the equity component of the new convertible note.

## 6. CASH & CASH EQUIVALENTS

	31 March 2015 \$'000	30 June 2014 \$'000
Cash on hand	3	3
Cash at bank and on call (interest bearing)	913	4,262
Short term cash deposits (interest bearing)	847	847
	<u>1,763</u>	<u>5,112</u>

Under the terms of the existing Convertible Notes (Note 10), the Company must, unless otherwise approved, maintain a minimum cash and cash equivalents balance of not less than A\$1,250,000.

## 7. OTHER RECEIVABLES

### Current

GST/VAT receivable	21	52
Other receivables	<u>2</u>	<u>3</u>
	<u>23</u>	<u>55</u>

### Non Current

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

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

## 8. PROPERTY, PLANT & EQUIPMENT

	Cost \$'000	Accumulated Depreciation \$'000	Net Book Value \$'000
<b>31 March 2015</b>			
Land and buildings	664	(6)	658
Vehicles	213	(165)	48
Plant and equipment	135	(114)	21
Office furniture and equipment	850	(689)	161
	<u>1,862</u>	<u>(974)</u>	<u>888</u>
<b>30 June 2014</b>			
Land and buildings	632	-	632
Vehicles	221	(187)	34
Plant and equipment	131	(105)	26
Office furniture and equipment	821	(633)	188
	<u>1,805</u>	<u>(925)</u>	<u>880</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED 31 MARCH 2015

### (EXPRESSED IN AUSTRALIAN DOLLARS)

#### 9. EXPLORATION & EVALUATION EXPENDITURE

	Nine months ended 31 March 2015 \$'000	Year ended 30 June 2014 \$'000
Opening balance	54,899	59,713
Expenditure incurred during the period	2,565	630
Foreign currency translation movements	2,645	(5,444)
	<u>60,109</u>	<u>54,899</u>

Expenditure incurred during the period comprised expenditure on 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 pre-development activities; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

Canadian securities law requires the following description of the Group's interests in mineral property tenements:

#### Etango Uranium Project – Bannerman 80%

The Etango Uranium Project is situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and CGNPC's Husab uranium mine currently under construction. A Definitive Feasibility Study ("DFS") has confirmed the technical, environmental and financial (at consensus long term uranium prices) viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. In 2015, Bannerman is conducting 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. The Etango Project comprises one Exclusive Prospecting Licence ("EPL") 3345 which has been renewed to 26 April 2015. A renewal application for EPL 3345 has been submitted and is expected to be approved in due course. Bannerman, in 2012, completed a DFS on a 7-9 million pounds U<sub>3</sub>O<sub>8</sub> per annum open pit mining and processing operation at Etango.

#### Exploration & Evaluation Expenditure for the Etango Project

	Nine months ended 31 March 2015 \$'000	Year ended 30 June 2014 \$'000
<b>Opening balance</b>	<b>54,899</b>	<b>59,713</b>
Drilling and consumables	1	-
Assays and freight	-	1
Salaries and wages	409	454
Consultants and contractors	65	68
Demonstration plant construction cost	1,547	-
Demonstration plant change in rehabilitation provision	388	-
Demonstration plant operational cost	97	-
Travel and accommodation	13	12
Other	45	95
<b>Total expenditure for the period</b>	<b>2,565</b>	<b>630</b>
Foreign currency translation movements	2,645	(5,444)
Exploration expenditure written off	-	-
<b>Closing balance</b>	<b>60,109</b>	<b>54,899</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

## 10. INTEREST BEARING LIABILITIES

	31 March 2015 \$'000	30 June 2014 \$'000
<u>Non Current liabilities</u>		
Secured convertible note	9,993	9,213

### Resource Capital Fund IV L.P. ("RCFIV") convertible note

In November 2008, Bannerman entered into a financing agreement with RCFIV for A\$20 million through a convertible note facility comprising an initial tranche of A\$10 million ("**First Tranche**") and a standby tranche of A\$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 RCFIV was reduced to A\$8 million through the issue of A\$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 RCFIV 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 RCFIV note are a conversion price of A\$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 A\$160,000 satisfied through the issue of 2,539,683 new Bannerman shares. The amended convertible note with RCFIV was approved by the Bannerman shareholders at the Annual General Meeting on 22 November 2013. The amendments came into effect after 31 March 2014.

At the refinancing date of 22 November 2013, the existing convertible note was derecognised and the amended RCFIV 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 A\$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 A\$160,000 for accrued 8% coupon interest on the RCFIV convertible note to 31 March 2015 (June 2014: A\$160,000).

### Resource Capital Fund VI L.P. ("RCFVI") convertible note

In April 2014, Bannerman reached an agreement with its major shareholder Resource Capital Funds ("**RCF**") on a A\$4 million convertible note facility with RCFVI with a maturity date of September 30, 2016. The key terms of the note are a conversion price of A\$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 A\$120,000 satisfied through the issue of 1,714,286 new Bannerman shares. The convertible note with RCFVI 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 RCFVI 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 A\$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 A\$80,000 for accrued 8% coupon interest on the RCFVI convertible note to 31 March 2015 (June 2014: A\$4,000).

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 interests 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 A\$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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

may decide at its absolute discretion to require the Company to repay the convertible notes (including all accrued interest thereon) or to convert the convertible notes (including all accrued interest thereon) to shares in Bannerman.

## 11. PROVISIONS – NON-CURRENT

	Nine months ended 31 March 2015 \$'000	Year ended 30 June 2014 \$'000
Arising during the year	388	-
	388	-

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 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.

The discount rate used in the calculation of the provision as at 31 March 2015 equalled 8.5%, which is based on the Namibian risk free rate.

## 12. CONTRIBUTED EQUITY

(a) Issued and outstanding:

	March 2015 Number of Shares '000	March 2014 '000	March 2015 Amount \$'000	March 2014 \$'000
<u>Ordinary shares</u>				
Issued and fully paid	339,718	322,885	117,303	116,452

### Movements in ordinary shares on issue

	No. of Shares '000	Amount \$'000
Balance 1 July 2013	309,393	115,810
- Issue of shares (i)	1,840	-
- Issue of shares (ii)	9,112	482
- Issue of shares (iii)	2,540	160
<b>Balance 31 March 2014</b>	<b>322,885</b>	<b>116,452</b>
Balance 1 July 2014	326,653	116,730
- Issue of shares (iv)	3,810	-
- Issue of shares (v)	9,255	646
- Share issue costs	-	(73)
<b>Balance 31 March 2015</b>	<b>339,718</b>	<b>117,303</b>

(i) The following shares were issued upon vesting of performance rights:

- On 1 July 2013, 441,548 ordinary shares were issued upon vesting of performance rights.
- On 3 September 2013, 87,440 ordinary shares were issued upon vesting of performance rights.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED 31 MARCH 2015

### (EXPRESSED IN AUSTRALIAN DOLLARS)

- c. On 21 November 2013, 1,038,312 ordinary shares were issued upon vesting of performance rights.
- d. On 25 November 2013, 272,592 ordinary shares were issued upon vesting of performance rights.
- (ii) The following shares were issued in satisfaction of the interest payable on the convertible note with RCFIV in accordance with the convertible note terms:
  - a. On 4 July 2013, 2,659,361 shares were issued in satisfaction of the A\$159,562 interest payable for the period 1 April 2013 to 30 June 2013.
  - b. On 22 October 2013, 3,226,301 shares were issued in satisfaction of the A\$161,315 interest payable for the period 1 July 2013 to 30 September 2013.
  - c. On 15 January 2014, 3,226,301 shares were issued in satisfaction of the A\$161,315 interest payable for the period 1 October 2013 to 31 December 2013.
- (iii) On 25 November 2013, 2,539,683 shares were issued in satisfaction of the \$160,000 extension fee for the extension of the RCFIV convertible note from 31 March 2014 to 30 September 2016.
- (iv) The following shares were issued upon vesting of performance rights:
  - a. On 9 August 2014, 750,000 ordinary shares were issued upon vesting of performance rights.
  - b. On 20 November 2014, 861,440 ordinary shares were issued upon vesting of performance rights.
  - c. On 27 November 2014, 1,198,166 ordinary shares were issued upon vesting of performance rights.
  - d. On 6 February 2015, 1,000,000 ordinary shares were issued upon vesting of performance rights.
- (v) The following shares were issued in satisfaction of the interest payable on the two convertible notes in accordance with the convertible notes' terms:
  - a. On 10 July 2014, 2,279,452 shares were issued in satisfaction of the A\$159,562 interest payable on the convertible note with RCFIV for the period 1 April 2014 to 30 June 2014.
  - b. On 10 July 2014, 62,622 shares were issued in satisfaction of the A\$4,384 interest payable on the convertible note with RCFVI for the period 1 April 2014 to 30 June 2014.
  - c. On 13 October 2014, 2,304,501 shares were issued in satisfaction of the A\$161,315 interest payable on the convertible note with RCFIV for the period 1 July 2014 to 31 October 2014.
  - d. On 13 October 2014, 1,152,250 shares were issued in satisfaction of the A\$80,658 interest payable on the convertible note with RCFVI for the period 1 July 2014 to 31 October 2014.
  - e. On 9 January 2015, 2,304,501 shares were issued in satisfaction of the A\$161,315 interest payable on the convertible note with RCFIV for the period 1 September 2014 to 31 December 2014.
  - f. On 9 January 2015, 1,152,250 shares were issued in satisfaction of the A\$80,658 interest payable on the convertible note with RCFVI for the period 1 September 2014 to 31 December 2014.

#### (b) Share options on issue:

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

Expiry Dates	Exercise Price	Balance 1 Jul 14	Granted	Exercised	Expired / Cancelled	Balance 31 Mar 15	Vested 31 Mar 15
November 17, 2014	A\$0.678	1,500,000	-	-	(1,500,000)	-	-
November 17, 2014	A\$0.36	114,500	-	-	(114,500)	-	-
November 17, 2014	A\$0.36	788,000	-	-	(788,000)	-	-
November 21, 2015	A\$0.12	427,600	-	-	-	427,600	427,600
November 21, 2015	A\$0.12	1,367,600	-	-	-	1,367,600	1,367,600
November 22, 2016	A\$0.072	4,504,000	-	-	-	4,504,000	4,504,000
November 15, 2017	A\$0.089	-	3,664,400	-	-	3,664,400	-
		8,701,700	3,664,400	-	(2,402,500)	9,963,600	6,299,200
Weighted average exercise price (\$)		0.22	0.09	-	0.56	0.09	0.9
Average life to expiry (years)		1.29	2.9	-	-	1.64	1.1

The unvested 3,664,400 share options above have performance hurdles linked to minimum service periods.

Directors held 9,536,000 share options as at 31 March 2015 with an average exercise price of A\$0.09 per share and an average life to expiry of 1.8 years.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2015**  
**(EXPRESSED IN AUSTRALIAN DOLLARS)**

(c) Performance share rights on issue

The performance share rights on issue as at 31 March 2015 were as follows:

Vesting Dates	Balance 1 Jul 14	Granted	Vested	Cancelled	Balance 31 Dec 14
July 31, 2014	750,000	-	(750,000)	-	-
November 17, 2014	1,631,722	-	(861,440)	(770,282)	-
November 21, 2014	842,987	-	(516,166)	(326,821)	-
November 22, 2014	682,000	-	(682,000)	-	-
January 31, 2015	1,000,000	-	(1,000,000)	-	-
November 11, 2015	-	170,000	-	-	170,000
November 15, 2015	-	423,700	-	-	423,700
November 21, 2015	3,502,674	-	-	-	3,502,674
November 22, 2015	1,476,500	-	-	(716,981)	759,519
November 15, 2016	-	1,755,825	-	-	1,755,825
November 22, 2016	5,637,300	-	-	(541,670)	5,095,630
November 15, 2017	-	6,976,650	-	-	6,976,650
	15,523,183	9,326,175	(3,809,606)	(2,355,754)	18,683,998
Average life to vesting (years)	0.82	2.12	-	-	1.06

Note: Performance share rights have no exercise price.

The performance 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 11,891,770 performance rights as at 31 March 2015 with an average life to vesting of 1.39 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.

**13. RESERVES**

		31 March 2015 \$'000	30 June 2014 \$'000
Share-based payment reserve	(a)	53,907	53,523
Foreign currency translation reserve	(b)	(23,079)	(25,648)
Asset revaluation reserve	(c)	167	167
Convertible note reserve	(d)	4,038	4,038
<b>TOTAL RESERVES</b>		<b>34,943</b>	<b>32,080</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Nine months ended 31 March 2015 \$'000	Year ended 30 June 2014 \$'000
<b>(a) Share-based payment reserve</b>		
Balance at the beginning of the reporting period	53,523	54,115
Share-based payment vesting expense during the period	384	(592)
Balance at the end of the reporting period	<b>53,907</b>	<b>53,523</b>

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.

## **(b) Foreign currency translation reserve**

Reserves at the beginning of the reporting period	(25,648)	(20,149)
Currency translation differences arising during the period	2,569	(5,499)
Balance at the end of the reporting period	<b>(23,079)</b>	<b>(25,648)</b>

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 9 month period ended 31 March 2015, the Namibian dollar strengthened by approximately 4.7% against the Australian dollar, from the rate of A\$1:N\$9.96 as at 30 June 2014 to the rate of A\$1:N\$9.49 as at 31 March 2015. As per the Statement of Comprehensive Income, the consequential foreign currency translation difference arising for the 9 month period ended 31 December 2014 amounted to \$2,590,000, allocated between non-controlling interests \$21,000 and the Group \$2,569,000.

Over the quarter ended 31 March 2015, the Australian dollar strengthened by approximately 0.1% against the Namibian dollar from the rate of A\$1:N\$9.48 as at 31 December 2014 to A\$1:N\$9.49 as at 31 March 2015. As per the Statement of Comprehensive Income, the consequential foreign currency translation difference arising for the quarter ended 31 March 2015 amounted to \$71,000, allocated between non-controlling interests \$nil and the Group \$71,000.

## **(c) Asset revaluation reserve**

Reserves at the beginning of the reporting period	167	78
Revaluation of land and buildings during the year	-	89
Balance at the end of the reporting period	<b>167</b>	<b>167</b>

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**

Balance at the beginning of the reporting period	4,038	2,112
Equity portion of the convertible note	-	2,751
Deferred tax on the convertible note	-	(825)
Balance at the end of the reporting period	<b>4,038</b>	<b>4,038</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

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, as described in Note 10.

## 14. SUBSEQUENT EVENTS

Subsequent to the period end, Bannerman issued 4,734,246 ordinary shares to RCF in settlement of the respective RCFIV and RCFVI convertible note interest charges for the March quarter.

As announced on 23 April 2015, the Company successfully completed a capital raising of \$A2 million. The raising comprised a Share Purchase Plan ("SPP"), which closed on 14 April 2015, raising A\$407,500, and subsequent placement of A\$1.11 million to Resource Capital Fund VI L.P. and one other existing shareholder and, subject to shareholder approval to be sought at an Extraordinary General Meeting ("EGM") to be held as early as practical, A\$482,500 to three directors, namely Ronnie Beevor, Len Jubber and David Tucker.

Other than the matters stated above, 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.

## 15. 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, the first tranche payment of A\$3.0 million and 5.5 million shares was made in early 2009. The second and final tranche payment of A\$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 31 March 2015, 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 31 March 2015.

## 16. 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. A further extension has been applied for under applicable Namibian minerals legislation and is expected to be approved in due course.

In order to maintain current rights of tenure to EPL 3345, the Group has exploration and evaluation expenditure obligations up until the expiry of the 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 March 2015 \$'000	30 June 2014 \$'000
Not longer than one year	29	349
Longer than one year, but not longer than five years	-	-
Longer than five years	-	-
	<u>29</u>	<u>349</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 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

## (b) Operating lease commitments

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

	31 March 2015 \$'000	30 June 2014 \$'000
Not longer than one year	78	83
Longer than one year, but not longer than five years	-	57
Longer than five years	-	-
	<u>78</u>	<u>140</u>

## 17. 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.

## 18. 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 March 2015	30 June 2014
Bannerman Mining Resources (Namibia) (Pty) Ltd	Namibia	80	80
Bannerman Resources Nominees (UK) Limited	United Kingdom	100	100
Elfort Nominees Pty Ltd	Australia	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.

Under the terms of the Share Sale Agreement dated May 12, 2005, by which Bannerman acquired its 80% interest in Bannerman Mining Resources (Namibia) (Pty) Ltd ("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 director of Bannerman, who holds this interest for his associates and business partner.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

Non-Executive Director Ian Burvill is a senior vice president of Resource Capital Funds Management Pty Ltd ("RCFM"). RCFIV and RCFVI have management agreements with RCFM's parent company. As at the date of this report these related parties hold convertible notes with a face value of A\$8 million and A\$4 million respectively, together with 77,648,273 Bannerman shares representing 20.78% of the voting capital in Bannerman.

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

### 19. 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 March 2015.

	31 March 2015 \$'000 Loans and receivables	30 June 2014 \$'000 Loans and receivables
<b>Financial assets</b>		
Trade and other receivables	15	15
<b>Total non-current</b>	<b>15</b>	<b>15</b>
Trade and other receivables	23	55
<b>Total current</b>	<b>23</b>	<b>55</b>
<b>Total</b>	<b>38</b>	<b>70</b>
<b>Financial liabilities</b>		
Interest bearing liabilities	9,993	9,213
<b>Total non-current</b>	<b>9,993</b>	<b>9,213</b>
Trade and other payables	426	527
<b>Total current</b>	<b>426</b>	<b>527</b>
<b>Total</b>	<b>10,419</b>	<b>9,740</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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

## Net Fair Values

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

	31 March 2015		30 June 2014	
	Carrying Amount \$'000	Net fair Value \$'000	Carrying Amount \$'000	Net fair Value \$'000
<b>Financial assets</b>				
Trade and other receivables	15	15	15	15
<b>Total non-current</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Trade and other receivables	23	23	55	55
<b>Total current</b>	<b>23</b>	<b>23</b>	<b>55</b>	<b>55</b>
<b>Total</b>	<b>38</b>	<b>38</b>	<b>70</b>	<b>70</b>
<b>Financial liabilities</b>				
Interest bearing liabilities	9,993	9,993	9,213	9,213
<b>Total non-current</b>	<b>9,993</b>	<b>9,993</b>	<b>9,213</b>	<b>9,213</b>
Trade and other payables	426	426	527	527
<b>Total current</b>	<b>426</b>	<b>426</b>	<b>527</b>	<b>527</b>
<b>Total</b>	<b>10,419</b>	<b>10,419</b>	<b>9,740</b>	<b>9,740</b>



This Management's Discussion and Analysis ("**MD&A**") of Bannerman Resources Limited ("**Bannerman**" or the "**Company**") is dated May 8, 2015 and provides an analysis of the Company's performance and financial position for the three months ended March 31, 2015 (the "**Quarter**"). It should be read in conjunction with the Company's June 30, 2014 audited annual financial statements and notes thereto and the reviewed December 31, 2014 half year financial statements and notes thereto. The financial statements (and the financial information contained in this MD&A) comply 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. These documents, along with others published by the Company, including the Company's Annual Information Form ("**AIF**"), are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

This MD&A may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out in this MD&A under "*Risk Factors*". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements. Readers are also referred to the "*Cautionary Note Regarding Forward Looking Statements*" in this MD&A.

References to "A\$", "C\$" and "US\$" are to Australian, Canadian and United States dollars.

## **OVERVIEW**

Bannerman is a uranium mine development company listed on the Australian, Toronto and Namibian stock exchanges. Bannerman's principal asset is the 80%-owned Etango Uranium Project ("**Etango Project**") in Namibia, southern Africa. Bannerman is focused on the development of a large open pit uranium mining and processing operation at Etango, one of the world's largest undeveloped uranium deposits.

The Etango Project is 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 Chinese state-owned nuclear power entity China General Nuclear Power Company ("**CGNPC**"). Etango is 73km by road from one of the region'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.

The Etango Project area forms part of Exclusive Prospecting Licence ("**EPL**") 3345 which was granted to Bannerman's 80% subsidiary, Bannerman Mining Resources (Namibia) (Pty) Ltd ("**BMRN**"), on April 27, 2006 to explore for nuclear fuels, including uranium, expressed as uranium oxide (U<sub>3</sub>O<sub>8</sub>). The title was renewed for a two year period from April 26, 2013 to April 26, 2015. A renewal application for EPL 3345 has been submitted and is expected to be approved in due course.

Bannerman completed a Definitive Feasibility Study ("**DFS**") on the Etango Project in April 2012.

## HIGHLIGHTS OF THE QUARTER

- Bannerman completed construction and commenced commissioning of the Etango Heap Leach Demonstration Plant.
- Uranium spot price increased by approximately 11% to US\$39/lb  $U_3O_8$  and spot trading volume up by almost 70% compared to equivalent period in 2014.
- Favourable demand side decisions by Chinese, Indian and Japanese authorities.
- Cash balance as at 31 March 2015 was A\$1.7 million. Post quarter-end, Bannerman successfully completed a A\$2m capital raising by way of a Share Purchase Plan and shortfall placements.

## ETANGO PROJECT (BANNERMAN 80%)

### BACKGROUND

Bannerman completed a DFS and Environmental and Social Impact Assessment (“ESIA”) on the Etango project in 2012. The respective studies, as announced to the market on 10 April 2012, confirmed the technical, economic and environmental viability of the project at historical term uranium prices. In 2012 Bannerman also received environmental approval for the Etango Project.

### HEAP LEACH DEMONSTRATION PLANT PROGRAM

The progression to a heap leach demonstration program (announced on 8 April 2014), as an integral step of the project's detailed engineering and financing phases, is specifically aimed at:

- demonstrating the design and projected performance reflected in the DFS;
- maintaining and building project knowledge; and
- pursuing value engineering.

On 22 September 2014 Bannerman announced award of the major contracts to construct and operate the Etango Heap Leach Demonstration Plant. Activities at the site commenced in early October, with completion of the construction and official opening on 24 March 2015.



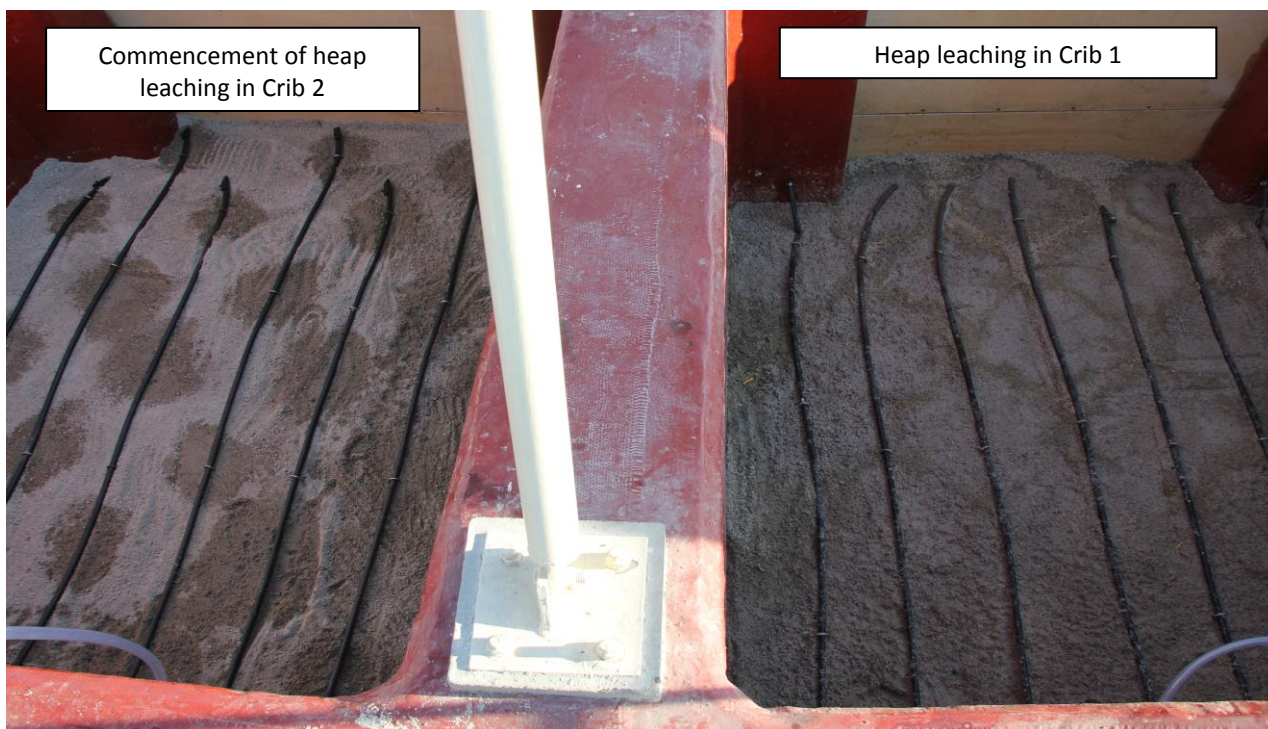




The four 2m x 2m x 5m cribs enables heap leaching of individual 40 tonne samples as well as simulating the planned heap leach pad operation through circulating the leached solution between the cribs.

Testing initially will focus on demonstrating the DFS design and projected performance and then will progress to value engineering in due course.

A 3,000 tonne sample was prepared and presents the opportunity to conduct testing for up to 3 years. The material was crushed to the ore feed specification in the DFS.



Commencement of heap leaching in Crib 2

Heap leaching in Crib 1

Commissioning of the plant is well underway and by late April three of the cribs were loaded with 40 tonne samples and drip feed acid leaching commenced. Bannerman remains on track to deliver first test results in the June quarter 2015.

#### PROJECT OPTIMISATION

Project optimisation work continued to focus on the review of mine planning aspects of the DFS, including taking into consideration the potential to increase the ore feed grade. This work will continue in the March quarter. A decision on updating the mineral resource and ore reserve models will be deferred until after completion of this work.

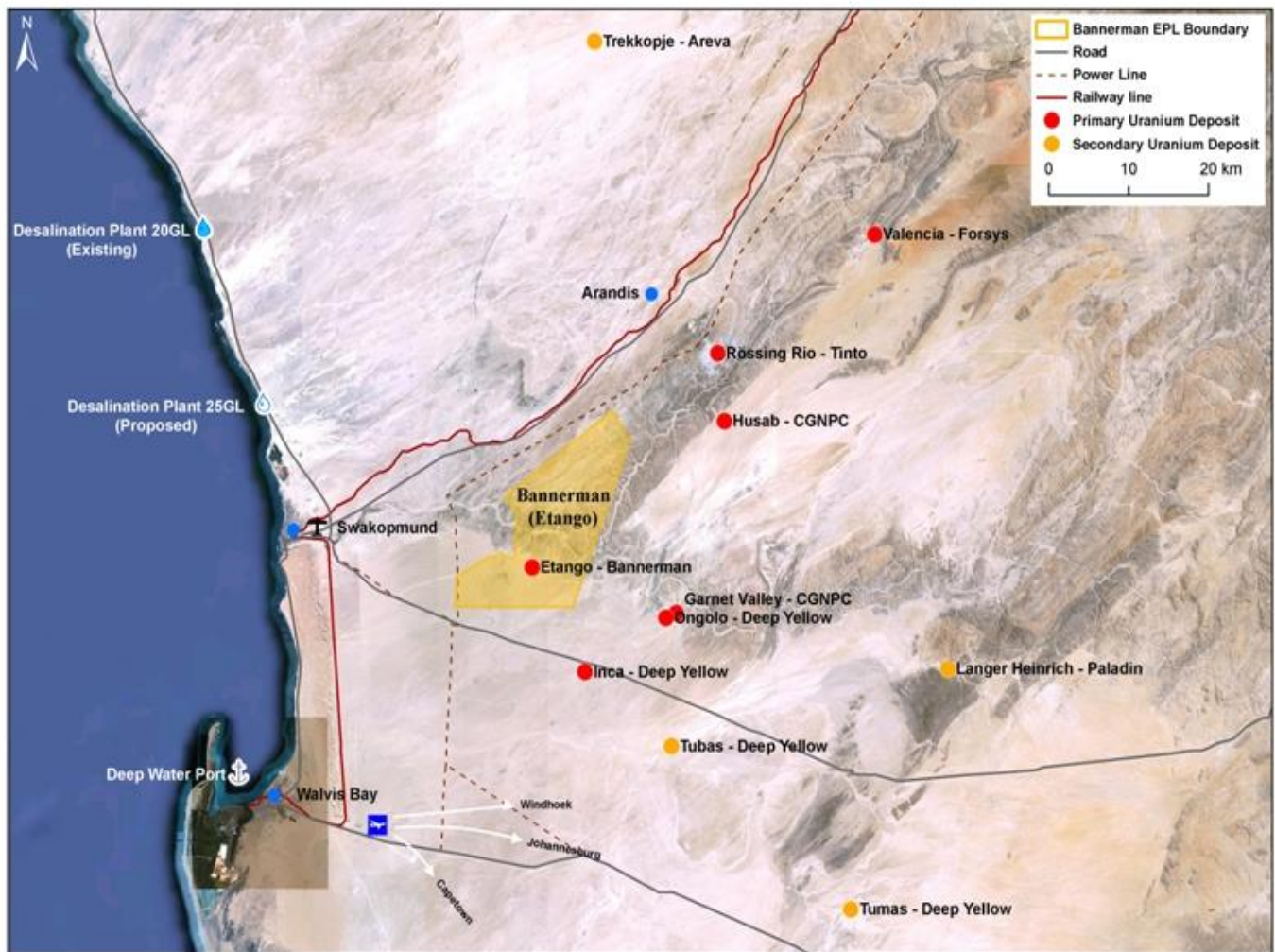
#### DEFINITIVE FEASIBILITY STUDY

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, 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.



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

- JORC 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  $U_3O_8$ ;
- 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 20Mt 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 April 10, 2012 and reported on January 30, 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.

## KEY ECONOMIC TRENDS IN THE URANIUM INDUSTRY

Key news flow during and post the quarter included:

- The Chinese State Council approving construction of two more units at the Hongyanhe nuclear power plant in Liaoning province, marking the first approval for new reactors in four years. Post quarter-end the National Development and Reform Commission approved the construction of the Fuqing 5 & 6 reactors. Commencement of construction remains subject to final approval from the State Council.
- Reports that Nuclear Power Technology Corporation (SNPTC) and China Power Investment Corporation (CPI) will merge to set up the China's largest nuclear power entity. The merged entity will see its total assets equivalent to the combined assets of China National Nuclear Corporation and China General Nuclear Power Group.
- A landmark long term offtake agreement concluded in April between India's Department of Atomic Energy and Cameco Corporation for the delivery of 7.1Mlbs U<sub>3</sub>O<sub>8</sub> during 2015 - 2020.
- A District Court has upheld a petition to block the restart of the Takahama 3 & 4 reactors. Restart remains subject to final government approval. Shortly thereafter a separate District Court rejected a petition to block the Government approved restart of the Sendai 1 & 2 reactors which are now expected to restart in the September quarter 2015. The latter decision is expected to impact favourably on the progression of the other 16 applications to restart reactors throughout Japan.

Globally, there are currently 437 operable nuclear reactors and 65 under construction. China, currently the largest constructor of new reactors, continues to ramp up its nuclear energy program in line with its stated goal of increasing electricity generated from nuclear plants from 23 GW currently to 58 GW by 2020 and 150 GW by 2030. In terms of reactors, China now has 26 reactors in operation, 23 under construction and 189 on order, planned or proposed.

The spot price increased by approximately 11% during the quarter to US\$39.40/lb and the quarterly trading volume of 15.2 Mlbs was almost 70% higher than the comparable period in 2014. The term price which increased from US\$45/lb to US\$50/lb in the December quarter remained unchanged during the March quarter.

## CORPORATE

### PROJECT FINANCING

The continued support of Resource Capital Funds ("RCF") as a strategic cornerstone investor in Bannerman, from the initial investment by Resource Capital Fund IV L.P. ("RCFIV") in 2008 to the continuing investment by Resource Capital Fund VI L.P. ("RCFVI") is a beneficial and positive progression of RCF's confidence in Bannerman.

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

### RESULTS OF OPERATIONS

The Company incurred a net loss of A\$1.2 million for the Quarter compared with the net loss of A\$1.2 million for the prior corresponding quarter ended March 31, 2014. The result for the Quarter was attributable primarily to administrative and corporate expenses, employee costs, borrowing costs and non-cash share-based compensation expenses.

Operating expenses for the Quarter totalled A\$1.2 million versus A\$1.2 million for the prior corresponding period, with the key items including administrative costs of A\$0.2 million (A\$0.4 million in the prior period), employee costs of A\$0.4 million (A\$0.5 million) and interest expenses of A\$0.5 million (A\$0.3 million).

Interest income for the Quarter was A\$0.01 million, versus A\$0.01 million in the prior corresponding period.

Total capitalised exploration and evaluation expenditure for the Quarter increased by A\$0.77 million compared to the prior Quarter, reflecting costs of A\$0.5 related to the construction of the heap leach demonstration plant, A\$0.23 million related to feasibility study activities and project personnel costs, and foreign exchange translation movements of A\$0.04 million.

## SUMMARY OF QUARTERLY RESULTS

	Mar 2015	Dec 2014	Sept 2014	Jun 2014	Mar 2014	Dec 2013	Sept 2013	Jun 2013
Interest income (A\$'000)	14	23	28	9	13	24	22	65
Net loss (A\$'000)	(1,242)	(1,155)	(610)	557	(1,199)	(621)	(1,158)	(640)
Basic/Diluted loss per share (A\$)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Cash and cash equivalents (A\$'000)	1,763	2,787	4,677	5,112	1,857	2,590	3,106	3,816
Total assets (A\$'000)	62,867	63,271	61,502	60,998	58,538	61,853	61,857	64,687
Total liabilities (A\$'000)	11,241	10,662	9,973	9,912	6,860	6,649	8,192	8,002
Net assets (A\$'000)	51,626	52,609	51,529	51,086	51,678	55,204	53,665	56,685

The changes in net assets across the last eight quarters reflect various activities of the Company, including:

- the Company's activities in further evaluating its properties, in particular, the project optimisation activities and the design and construction of the heap leach demonstration plant undertaken at the Etango Project in Namibia;
- the impact of foreign currency fluctuations and the movement of the A\$ to the N\$;
- administrative and corporate expenses incurred by the Company and recognised through the income statement; and
- The losses incurred in each quarter reflecting the general and administrative costs of the Company and, in particular, non-cash stock-based compensation expenses.

Cash balances reflect the movements related to expenditure and the various capital raising programs undertaken by the Company.

## DISCUSSION OF QUARTERLY CASH FLOWS

Cash Flows A\$'000	March Quarter 2015	March Quarter 2014	March YTD (nine months) 2015	March YTD (nine months) 2014
Operating activities	(630)	(573)	(1,216)	(1,514)
Investing activities	(386)	(154)	(2,118)	(433)
Financing activities	(10)	-	-	-

Cash outflow from operating activities during the Quarter was A\$0.6 million compared with A\$0.6 million for the prior corresponding period.

Cash outflow from investing activities during the Quarter was A\$0.4 million compared with A\$0.2 million in the prior corresponding period. The increased outflow related primarily to the construction of the heap leach demonstration plant.

Cash outflow from financing activities for the Quarter was A\$0.01 compared with A\$nil in the prior corresponding period. Interest on the convertible notes in the current Quarter was settled through an issue of shares and therefore had no cash flow impact.

## DISCUSSION OF FINANCIAL POSITION

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents totalled A\$1.8 million as at March 31, 2015 versus A\$5.1 million as at June 30, 2014. The decrease reflects the expenditure incurred on the construction of the heap leach demonstration plant, project optimisation and corporate activities.

### TRADE AND OTHER RECEIVABLES

Trade and other receivables were A\$0.1 million as at March 31, 2015 (June 30, 2014: A\$0.1 million) with the balance primarily reflecting GST and VAT receivables.



## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment was A\$0.9 million as at March 31, 2015 (June 30, 2014: A\$0.9 million) reflecting the depreciated book value of various site and office equipment, including vehicles.

## EXPLORATION AND EVALUATION EXPENDITURE

Capitalised exploration and evaluation expenditure was A\$60.1 million as at March 31, 2015 (June 30, 2014: A\$54.9 million) reflecting the capitalisation of costs relating to the Etango Project heap leach demonstration plant, feasibility study, resource definition drilling and assaying, and other exploration costs, net of foreign currency translation movements. Significant items for the Quarter included the construction of the heap leach demonstration plant (A\$0.5m) and project optimisation activities and project personnel costs (A\$0.23 million). A foreign exchange translation adjustment of A\$0.04 million resulting in a decrease in carrying value, was also recorded for the Quarter. This adjustment reflects the strengthening of the A\$ against the N\$ over the period.

## TRADE AND OTHER PAYABLES

Trade and other payables were A\$0.9 million as at March 31, 2015 (June 30, 2014: A\$0.7 million).

## INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as at March 31, 2015 totalled A\$10 million (June 30, 2014: A\$9.2 million) primarily attributable to the convertible note.

### *RCFIV A\$8 million convertible note*

On September 6, 2013, the Group reached agreement with RCFIV for the extension and refinancing of the note from its maturity date of March 31, 2014 to September 30, 2016. The key terms of the amended RCFIV note are a conversion price of A\$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 A\$160,000 satisfied through the issue of 2,539,683 new Bannerman shares. The amended convertible note with RCFIV was approved by the Bannerman shareholders at the Annual General Meeting on November 22, 2013. The amendments came into effect after March 31, 2014.

At the refinancing date of November 22, 2013, the existing convertible note was derecognised and the amended RCFIV 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 A\$8 million at the maturity date of September 30, 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 A\$160,000 for accrued 8% coupon interest on the RCFIV convertible note to March 31, 2015 (June 2014: A\$160,000).

### *RCFVI A\$4 million convertible note*

In April 2014, Bannerman reached an agreement with its major shareholder RCF on a A\$4 million convertible note facility with RCFVI with a maturity date of September 30, 2016. The key terms of the note are a conversion price of A\$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 A\$120,000 satisfied through the issue of 1,714,286 new Bannerman shares. The convertible note with RCFVI was approved by the Bannerman shareholders at the Extraordinary General Meeting on June 19, 2014. The note was drawn down in full on June 26, 2014.

At the date of recognition of the RCFVI 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 A\$4 million at the maturity date of September 30, 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 A\$80,000 for accrued 8% coupon interest on the RCFVI convertible note to March 31, 2015 (June 2014: A\$4,000).

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 interests 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 A\$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 notes (including all accrued interest thereon) or to convert the convertible notes (including all accrued interest thereon) to shares in Bannerman.

#### **PROVISIONS – NON-CURRENT**

Non-Current Provisions were A\$0.4 million as at March 31, 2015 (June 30, 2014: A\$nil).

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 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.

The discount rate used in the calculation of the provision as at March 31, 2015 equalled 8.5%, which is based on the Namibian risk free rate.

#### **EQUITY**

Issued capital was A\$117.3 million as at March 31, 2015 (June 30, 2014: A\$116.7 million). The increase reflects the following transactions:

- The issue of 2,279,452 shares in satisfaction of the A\$159,562 interest payable on the convertible note with RCFIV for the period 1 April 2014 to 30 June 2014.
- The issue of 62,622 shares in satisfaction of the A\$4,384 interest payable on the convertible note with RCFVI for the period 1 April 2014 to 30 June 2014.
- The issue of 2,304,501 shares in satisfaction of the A\$161,315 interest payable on the convertible note with RCFIV for the period 1 July 2014 to 30 September 2014.
- The issue of 1,152,250 shares in satisfaction of the A\$80,658 interest payable on the convertible note with RCFVI for the period 1 July 2014 to 30 September 2014.
- The issue of 2,304,501 shares in satisfaction of the A\$161,315 interest payable on the convertible note with RCFIV for the period 1 October 2014 to 31 December 2014.
- The issue of 1,152,250 shares in satisfaction of the A\$80,658 interest payable on the convertible note with RCFVI for the period 1 October 2014 to 31 December 2014.

#### **LIQUIDITY AND CAPITAL RESOURCES**

##### *Working Capital*

The Company's cash reserves as at March 31, 2015 totalled A\$1.7 million.

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 next financial year to enable the Group to continue its planned business activities and expenditure levels.

Post quarter end, the Company raised A\$2 million by way of a Share Purchase Plan and shortfall placements.

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 further 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.

#### *Project Financing*

Assuming Bannerman commits to the development of the Etango Project, funding will comprise a combination of equity and debt. The Company is presently seeking to secure a development partner to provide financial support for future debt and equity requirements. Key matters which will require funding include the purchase of equipment, the construction of plant and other infrastructure, mining pre-stripping and working capital. The success and pricing of any such capital raising and debt financing will be dependent upon the prevailing market conditions.

The Company has development capital requirements in excess of its currently available capital resources. To date, the Company has been successful in raising its required funds through the exercise of outstanding share options and from equity and debt offerings. However, there can be no assurance that the Company will have sufficient funds to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

#### **FINANCIAL INSTRUMENTS AND RELATED RISKS**

The Company is exposed to commodity price risk and foreign exchange risk in the normal course of its business operations. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and approach.

##### *(a) Fair Value*

The fair value of financial instruments represents the amounts that would have been received from or paid to counterparties to settle these instruments. The carrying amounts of all financial instruments (except the convertible notes) classified as current approximates their fair values because of the short term maturities and normal trade term of these instruments. With regards to the convertible notes, at the date of issue, the debt and equity components were separated according to their fair values. The discount on the debt component is being amortised progressively into earnings as interest expense over the life of the convertible note, such that the debt component will increase to the face value of A\$8 million and A\$4 million at maturity date of the respective convertible notes.

##### *(b) Liquidity Risk*

The Company has in place a planning process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short term business requirements taking into account the anticipated cash inflows and its holding of cash and cash equivalents.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table provides a summary of the type and maturities of the Company's contractual liabilities as at March 31, 2015:



Contractual Obligations	Total A\$'000	Less than 1 Year A\$'000	1-3 Years A\$'000	4-5 Years A\$'000	After 5 Years A\$'000
Debt (convertible)	12,000	-	12,000	-	-
Debt interest *	1,440	960	480	-	-
Litigation settlement**	708	708	-	-	-
Tenement expenditure	29	29	-	-	-
Operating and office leases	78	78	-	-	-
Total Contractual Obligations	14,255	1,775	12,480	-	-

\* The Company must settle the interest obligation via the issue of new shares, or in cash in certain limited circumstances.

\*\* Upon receipt of the Etango mining licence, the Company is obligated to pay A\$0.5 million cash and issue 4.0 million shares (calculated for the purposes of the above table at a notional price of A\$0.052 per share, being the Company's last traded share price on the ASX at the end of the Quarter).

Debt (convertible) comprises the A\$8 million and A\$4 million convertible notes which, unless converted into shares, will be repayable by the Company to the holder by September 30, 2016.

The convertible notes accrues interest at a coupon rate of 8.0% per annum and is payable quarterly in arrears in shares, or in cash in certain limited circumstances. The holders of the convertible notes are entitled at any time prior to maturity to convert the principal and any accrued interest into Bannerman ordinary shares at a conversion price of A\$0.095 per share up to September 30, 2016.

The litigation settlement relates to the settlement with Savanna Marble CC ("**Savanna**") in December 2008. The Company has already paid the first tranche of the settlement payment and is obligated to pay the second tranche upon receipt of a mining licence for the Etango Project. The Company applied for the Etango Project mining licence in December 2009 and, for illustration purposes, receipt of the mining licence is assumed in the table above to occur within 12 months of balance date. The second tranche payment comprises A\$0.5 million in cash and 4.0 million Bannerman shares.

Tenement expenditure represents the minimum stated expenditure covenants on the Company's exploration licences in Namibia. Operating and office leases represent other contractual obligations.

#### (c) Foreign Exchange Risk

The Company undertakes transactions in foreign currencies and reports the results of its operations in Australian dollars, its functional currency. It is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency and the translation of foreign currency balances to Australian dollars. The Company conducts its exploration and development activities in Namibia and thereby a substantial portion of the Company's assets, liabilities and expenses are denominated in Namibian dollars which is currently pegged on a 1:1 basis to the South African Rand.

The Company does not currently engage in foreign currency hedging, and the exposure of the Company's financial assets and liabilities to foreign exchange risk is low. As at March 31, 2015, approximately 18.1% of Bannerman's cash reserves were held in Namibian dollars.

#### (d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash equivalents are highly liquid and earn interest at market rates in short term fixed and variable term deposits. Due to the short term nature of these financial instruments, fluctuations in market interest rates do not have a significant impact on the fair values of the financial instruments as at March 31, 2015.

#### (e) Credit Risk

The Company is exposed to credit risk primarily associated with GST/VAT receivables from governments and with cash and cash equivalents. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.



## **OFF-BALANCE SHEET ARRANGEMENTS**

There were no off-balance sheet arrangements as at March 31, 2015.

## **RELATED PARTY TRANSACTIONS**

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

Remuneration (including fees and the issue of share options) was paid or is payable to the directors of the Company in the normal course of business. The Company pays its non-executive personnel consulting fees for extra services, if any, performed outside of normally expected non-executive duties.

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 director of Bannerman, who holds this interest for his associates and business partner.

Non-executive director Ian Burvill is a senior vice president of Resource Capital Funds Management Pty Ltd ("RCFM"). RCFIV and RCFVI have management agreements with RCFM's parent company. As at the date of this report these related parties hold convertible notes with a face value of A\$8 million and A\$4 million respectively, together with 77,648,273 Bannerman shares representing 20.78% of the voting capital in Bannerman.

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

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the financial statements requires management to make estimates and assumptions that affect reported amounts in the financial statements. Management continually evaluates its estimates and assumptions in relation to the Company's assets, liabilities, contingent liabilities, revenue and expenses. Management bases its estimates and assumptions on historical experience and on other various factors it believes to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions, and may materially affect the Company's financial results or financial position in future periods.

Management has identified the following matters for discussion in this MD&A. Further details of the nature of these estimates and assumptions can be found in the relevant notes to the financial statements.

### *Valuation and impairment of exploration and evaluation expenditure*

When funds are expended for exploration on the Company's mineral properties, the Company makes a determination as to the likelihood that the activities conducted will result in the eventual discovery of a mineable deposit. Where the determination is made that the potential for a future mineable deposit exists, from which the future cash flows are expected to exceed the amount expended, the Company capitalises the expenditures to the value of the property. Once in production, the capitalised costs will be amortised on a units of production basis over the property's expected economic life.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related project 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 amount and quality of mineral resources and reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations), political stability, changes to commodity prices, the issue of a mining licence and availability and pricing of project funding. 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.





The Company reviews the carrying value of each property that is in the exploration/development stage by reference to the work programs and the exploration results experienced by the Company and others, and to estimated project economics arising from any feasibility assessment activities.

#### *Share-based payment transactions*

The Company measures the cost of equity-settled transactions with directors, employees and contractors 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. The Company measures the cost of option-based payments at fair value at the grant date using the market price and/or the Black-Scholes or other appropriate option pricing models, and taking into account the terms and conditions upon which the instruments were granted. Differences in estimated future stock price volatility, interest rates and other factors can have a material effect on the calculation of stock-based compensation expense. As such, the values derived may change significantly from period to period and are subject to significant uncertainty. The Company recorded a total stock based compensation expense of A\$0.2 million for the quarter (March 2014 quarter: A\$0.2 million).

#### *Income taxes*

The determination of the ability of the Company to utilise tax loss carry-forwards to offset future income tax payable requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company would benefit from these prior losses and other future tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realised or the timing of utilising the losses. Currently the Company has not recognized any tax losses in excess of any deferred tax liabilities. When amounts that are considered not likely to be utilised to reduce future tax payable are determined to be likely to be utilised in the future, the valuation allowances against these losses would be removed by recording a future income tax recovery in the income statement.

#### **NEW ACCOUNTING STANDARDS**

From July 1, 2014 the Company has adopted all standards and Interpretations mandatory for annual periods beginning on July 1, 2014. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Company. The Company has not elected to early adopt any new Standards or Interpretations.

#### **RISK FACTORS**

The Company's operations and results are subject to a number of different risks at any given time. A comprehensive summary of these risk factors is included in the section titled "Risk Factors" in the Company's Annual Information Form for the year ended June 30, 2014, available on the Bannerman website at [www.bannermanresources.com](http://www.bannermanresources.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **OUTSTANDING SECURITIES DATA**

The Company has on issue ordinary shares, stock options, share rights and two convertible notes. The following is a summary of the Company's capital structure as at the date of this MD&A:

	Number of Securities
Ordinary Shares on issue	368,827,447
Options on issue over Unissued Shares	9,963,600
Performance Rights on issue over Unissued Shares	18,946,642
Convertible Notes (if converted)	126,315,789
Contingent – Shares	4,000,000
<b>Total Fully Diluted</b>	<b>528,053,478</b>

The contingent amount comprises 4.0 million shares issuable to Savanna upon receipt of the Etango Project mining licence (refer earlier discussion under *Financial Instruments and Related Risks* above).



## **SHARE OPTIONS**

The details of the share options on issue as at the date of this MD&A are tabulated below:

Expiry Dates	Exercise Price	Balance	Vested
November 21, 2015	A\$0.12	1,795,200	1,795,200
November 22, 2016	A\$0.072	4,504,000	4,504,00
November 15, 2017	A\$0.089	3,664,400	-
		9,963,600	6,299,200
Weighted average exercise price (A\$)		0.09	0.09
Average life to expiry (years)		1.54	1.0

The above 3,664,400 unvested share options have performance hurdles linked to minimum service periods.

As at the date of this MD&A, the Directors hold 9,536,000 options with an average exercise price of A\$0.09 per share and an average life to expiry of approximately 1.7 years.

## **PERFORMANCE SHARE RIGHTS**

The details of the performance share rights on issue as at the date of this MD&A are tabulated below:

Vesting Dates	Balance	Vested
November 11, 2015	170,000	-
November 15, 2015	686,344	-
November 21, 2015	3,502,674	-
November 22, 2015	759,519	-
November 15, 2016	1,755,825	-
November 22, 2016	5,095,630	-
November 15, 2017	6,976,650	-
	18,946,642	-
Average life to vesting	1.10	-

The performance 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 achievement of specified vesting hurdles related to the Company's relative share price performance, internal business targets, personal performance and minimum service periods.

As at the date of this MD&A, the Directors hold 11,891,770 performance share rights with an average life to vesting of approximately 1.29 years.

## **DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Company maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The Company is continuing to review and develop appropriate disclosure controls and procedures and internal controls over financial reporting for the nature and size of the Company's business.

### *Disclosure Controls and Procedures*

The Company's disclosure controls and procedures ("DCP") are designed to provide reasonable assurance that all relevant information is communicated to the Company's senior management to allow timely decisions regarding disclosure. Access to material information regarding the Company is facilitated by the small size of the Company's senior management team and workforce. The Company is continuing to develop appropriate DCP for the nature and size of the Company's business.

### *Internal Controls over Financial Reporting*

Internal controls over financial reporting (“ICFR”) are designed to provide reasonable assurance regarding the reliability of the Company’s financial reporting and the preparation of financial statements in compliance with IFRS. The Board is responsible for ensuring that management fulfils its responsibilities in this regard. The Audit Committee fulfils its role of ensuring the integrity of the reported information through its review of the interim and annual financial statements. As at March 31, 2015, the Chief Executive Officer and the Financial Controller, in the capacity of the Chief Financial Officer, with participation of the Company’s management, concluded that there were no material weaknesses at the end of the Quarter or changes to the Company’s internal controls during the Quarter which have materially affected, or are considered to be reasonably likely to materially affect, the Company’s ICFR.

### *Limitations of Controls and Procedures*

The Company’s management, including the Chief Executive Officer and the Financial Controller in the capacity of the Chief Financial Officer, believe that any DCP or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorised override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

### **CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

Certain information contained in this MD&A constitutes “forward-looking information”, which may include, but is not limited to, statements or information regarding possible events, conditions or results of operations that is based upon assumptions about future economic conditions and courses of action. All information other than matters of historical fact may be forward-looking information. In some cases, forward-looking information can be identified by the use of words such as “seeks”, “expects”, “is expected”, “anticipates”, “budget”, “plans”, “estimates”, “continues”, “forecast”, “projects”, “intends”, “believes”, “predicts”, “scheduled”, “potential”, “targets”, “may”, “could”, “would”, “might”, “will” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

By its nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to differ materially from those expressed or implied by such forward-looking information. Some of the risks and other factors that could cause actual results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to:

- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations;
- results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company’s expectations;
- risks relating to possible variations in resources, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined;
- mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development;
- the potential for delays in exploration or development activities or the completion of feasibility studies;
- risks related to the inherent uncertainty of production and operating and capital cost estimates and the potential for unexpected costs and expenses;



- risks related to commodity price and foreign exchange rate fluctuations;
- the uncertainty of profitability based upon the cyclical nature of the industry in which the Company operates;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities;
- risks related to environmental regulation and liability;
- political, fiscal and regulatory risks associated with mining and exploration; and
- other risks and uncertainties related to the Company's prospects, properties and business strategy.

A discussion of these and other factors that may affect the Company's actual results, performance, achievements or financial position is contained in "Risk Factors" elsewhere in this MD&A, and in the Company's AIF. Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward-looking information, readers are cautioned that this list is not exhaustive and there may be other factors that we have not identified. Readers are also cautioned not to place undue reliance on forward-looking information contained in this MD&A. Forward-looking information is based upon management's beliefs, estimates and opinions as at the date of this MD&A, and no assurance can be given that these will prove to be correct. Furthermore, the Company undertakes no obligation to update or revise forward-looking information if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

## 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](http://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 Resources Limited ("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 was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

