STOCK EXCHANGE ANNOUNCEMENT

16 February 2016

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED 31 DECEMBER 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 December 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 100%-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 and an optimisation 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 2016, Bannerman is continuing 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.*

Bannerman Resources Limited and Controlled Entities

Financial Report
For the Quarter and Half Year Ended 31 December 2015

www.bannermanresources.com

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NON-EXECUTIVE CHAIRMAN
Ronnie Beevor

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR
Len Jubber

NON-EXECUTIVE DIRECTORS
Ian Burvill
Clive Jones
David Tucker

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STOCK EXCHANGE LISTINGS
Australian Securities Exchange (ASX Code: BMN)
Toronto Stock Exchange (TSX Code: BAN)
Namibian Stock Exchange (NSX Code: BMN)

The directors submit the consolidated financial report of Bannerman Resources Limited ("**Bannerman**" or the "**Company**") and its controlled entities (the "**Group**") for the half year ended 31 December 2015.

Amounts are expressed in Australian dollars unless otherwise noted.

DIRECTORS

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

Ronnie Beevor	Non-Executive Chairman
Len Jubber	Chief Executive Officer and Managing Director
Ian Burvill	Non-Executive Director
Clive Jones	Non-Executive Director
David Tucker	Non-Executive Director

COMPANY SECRETARY

Robert Dalton

REVIEW AND RESULTS OF OPERATIONS

Operating Result

The principal activities of the Group during the period comprised the feasibility assessment of the Group's 100% owned Etango Uranium Project in Namibia and transactions that deliver 100% project ownership, debt elimination and new funding.

On 11 November 2015, Bannerman announced it had completed an Optimisation Study ("**OS**") on the geological modelling and mine planning aspects of the Etango Definitive Feasibility Study ("D**FS**").

On 31 December 2015, the Company announced that, following gaining shareholder approval on 29 December 2015, it completed significant transactions with the Company's major shareholders, Resource Capital Fund IV L.P. and Resource Capital Fund VI L.P. ("**RCFIV"** and **"RCFVI"** respectively and "**RCF**" collectively), and with Mr Clive Jones, a director and shareholder of the Company.

The completed transactions entailed:

- acquisition of the minority interest (20%) in the Etango Project from the current owners (represented by Mr Clive Jones) for payment of approximately 123.4 million new Bannerman shares and A$1 million in cash;
- extinguishment of the A$12 million convertible notes through:
  - conversion of A$8 million of the convertible notes held by RCF into Bannerman shares at the given conversion price of A$0.075 per share;
  - sale of a 1.5% royalty over the Etango Project to RCF comprising A$2 million in cash and extinguishment of the residual convertible notes held by RCF (comprising A$4 million); and
- A$3 million capital raising through an equity placement of approximately 63.3 million new Bannerman shares to RCFVI at A$0.0474 per share.

The Group's net profit of A$1,182,000 for the half-year ended 31 December 2015 (December 2014: A$1,765,000 loss) was attributable primarily to the gain recognised on extinguishment of the convertible notes, offset by corporate and administrative expenses, borrowing costs and non-cash share-based compensation expenses.

Interest income for the half year was A$12,000 (December 2014: A$51,000).

Cash Position

Cash and cash equivalents were A$4,160,000 as at 31 December 2015 compared with A$2,291,000 as at 30 June 2015.

OVERVIEW

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 100% owned Etango Project situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and China General Nuclear Power Company's ("**CGNPC**") Husab uranium mine currently under construction. A DFS and OS have 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 2016, 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.

CORPORATE

Issued Securities

At the date of this report, Bannerman has 701,934,188 ordinary shares on issue.

As at 31 December 2015, Bannerman had on issue 42,497,924 performance share rights issued under the shareholder-approved Employee Incentive Plan ("**EIP**") and Non-Executive Director Share Incentive Plan ("**NEDSIP**"), and 16,014,400 unlisted options issued under the NEDSIP. The EIP performance rights are subject to various performance targets and continuous employment periods.

Project Financing

The results from Phase 1 and 2 of the demonstration plant program strongly support the heap leach assumptions and projections incorporated in the DFS, and are expected, therefore, to enhance the bankability of the project. The program scheduled for the coming quarters will focus on similarly demonstrating the solvent extraction component of the flow sheet as well as on value engineering opportunities identified to date.

On 31 December 2015, the Company completed the transaction to eliminate the A$12 million debt, acquire 100% ownership of the Etango Project and a capital raising, to enhance the ability to attract further cornerstone investors and development partners.

ETANGO PROJECT (Bannerman 100%)

DFS (completed in 2012)

Bannerman completed the 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.

DFS Optimisation Study ("OS") (completed in 2015)

The OS focused on the geology and mine planning aspects of the DFS and updated the Capital and Operating cost estimates to 2015 financial terms. The study was announced to the market on the 11 November 2015 and strongly enhanced the financial viability of the Etango project. The key outcomes of the study are compared with the DFS in the table below:

Item	Units	DFS Optimisation Study	Definitive Feasibility Study	% Change
Base Case Uranium Price	US$/lb U_3O_8	**75**	75	-
Mine Life	Years	**15.7**	15.0	4%
Total Mined Ore	Mt	**303**	280	8%
Life-of-mine stripping ratio	Waste : Ore	**2.78 : 1**	3.34 : 1	-17%
Annual Processing Throughput	Mt of ore	**20**	20	-
Processed grade	ppm U_3O_8	**195**	194	-
Processed grade (First 5 years of full production)	ppm U_3O_8	**241**	207	+16%
Processing recovery	%	**86.9**	86.9	-
Ave. Annual Production for first 5 full production years	Mlbs U_3O_8 pa	**9.18**	7.92	+16%
Average Annual Production (U_3O_8)	Mlbs U_3O_8 pa	**7.20**	6.90	+4%
Life-of-mine Production (U_3O_8)	Mlbs U_3O_8	**113**	104	+9%
Pre-production Capital Expenditure	US$ million	**793**	870	-9%
Sustaining Capital Expenditure	US$ million	**282**	381	-26%
Average Cash Operating Cost for first 5 years	US$/lb U_3O_8	**33**	41	-20%
Average Cash Operating Cost for life-of-mine	US$/lb U_3O_8	**38**	46	-17%
Net Present value (8%)	US$ million	**419**	69	+511%
Internal Rate of Return (at Base Case price)	%pa, post-tax	**15%**	9%	+66%
Net cash flow breakeven uranium price	US$/lb U_3O_8	**52**	61	-15%
Payback (from first production)	Years	**4.4**	6.0	-27%

Mineral Resource Estimates

The Mineral Resource Estimate was updated to include 3,419 metres of additional drilling not incorporated in the DFS models.

Uranium mineralization has been defined inside grade envelopes by categorical indicator kriging using a lower cut-off grade of 50 ppm U_3O_8 and lithological constraints.

In addition, the update considered the relevant operational aspects associated with open pit uranium mining, most notably the established practice of radiometric haul truck scanning as a means of discriminating between ore and waste material at the haul truck payload level. Uniform Conditioning (UC) was employed to model the selectivity associated with this mining method.

The updated Mineral Resource (which includes Ore Reserves) formed the basis of the optimization study and is tabulated below:

Mineral Resource Nov 2015		Measured			Indicated			Inferred		
Deposit	Cut Off Grade (U_3O_8 ppm)	Tonnes (Mt)	Grade (U_3O_8 ppm)	In-situ U_3O_8 (Mlbs)	Tonnes (Mt)	Grade (U_3O_8 ppm)	In-situ U_3O_8 (Mlbs)	Tonnes (Mt)	Grade (U_3O_8 ppm)	In-situ U_3O_8 (Mlbs)
Etango[1]	55	33.7	194	14.4	362	188	150.2	144.5	196	62.5

(EXPRESSED IN AUSTRALIAN DOLLARS)

Mineral Resource Nov 2015		Measured			Indicated			Inferred		
Deposit	**Cut Off Grade (U_3O_8 ppm)**	**Tonnes (Mt)**	**Grade (U_3O_8 ppm)**	**In-situ U_3O_8 (Mlbs)**	**Tonnes (Mt)**	**Grade (U_3O_8 ppm)**	**In-situ U_3O_8 (Mlbs)**	**Tonnes (Mt)**	**Grade (U_3O_8 ppm)**	**In-situ U_3O_8 (Mlbs)**
Ondjamba[2]	100							85.1	166	31.3
Hyena[3]	100							33.6	166	12.3
Total		**33.7**	**194**	**14.4**	**362**	**188**	**150.2**	**263.2**	**182**	**106.1**

Note 1: Refer to the Competent Persons Statement on page 8 for further information on the Etango Mineral Resource Estimate. The Etango estimate has been reported in accordance with JORC 2012. The figures may not add due to rounding.

Note 2 & 3: Refer to the Competent Persons Statement on page 8 for further information on the Ondjamba and Hyena Mineral Resource Estimates. The Ondjamba and Hyena estimates remain unchanged from the previous declaration and therefore have been reported in accordance with JORC 2004. The figures may not add due to rounding.

Ore Reserve Estimates

As part of the OS, Bannerman updated the Ore Reserve Estimate which incorporated the following changes from the DFS:

- Updating the Mineral Resource model (as detailed above),
- Updating the operating cost estimates,
- Updating the capital cost estimates, and
- Updated mining studies including revised open pit designs (including geotechnical review) and mine schedules.

The updated Ore Reserve Estimate is tabulated below.

Ore Reserve Nov 2015		Proved			Probable			Total		
Deposit	**Cut Off Grade** (U_3O_8 ppm)	**Tonnes** (Mt)	**Grade** (U_3O_8 ppm)	**In-situ U_3O_8** (Mlbs)	**Tonnes** (Mt)	**Grade** (U_3O_8 ppm)	**In-situ U_3O_8** (Mlbs)	**Tonnes** (Mt)	**Grade** (U_3O_8 ppm)	**In-situ U_3O_8** (Mlbs)
Etango	55	32.3	196	14	271	194	116.1	303.3	195	130.1

Regulatory Approvals

Bannerman received Environmental Clearance in July 2012 for its plans to establish the Etango Project as a 20Mtpa heap leach operation as described in the DFS. The Environmental Clearance was valid for 3 years and expired in July 2015 upon which renewal of the Environmental Clearance was requested. The updated Environmental Clearance was granted on 11 November 2015, valid for 3 years.

Bannerman also lodged the DFS with the Ministry of Mines and Energy in July 2012, in support of the existing Etango Mining Licence application.

Heap Leach Demonstration Plant Program

The 18 – 24 month heap leach demonstration plant program, which commenced in April 2015, is a key component of the project's detailed engineering and financing phases. It is specifically aimed at demonstrating the design and projected performance reflected in the DFS, further enhancing the project knowledge and pursuing value engineering.

On 23 November 2015, Bannerman reported on the objectives and various phases of the Heap Leach Demonstration Plant Program, and the key observations, results and preliminary conclusions from Phase 2:

1. **Demonstrating the design and projected performance reflected in the DFS**
    - Fast and high average leach extraction of 93% for the two cribs (compared to the DFS projection for a scaled up heap of 86.9%) and 91% for the four columns within 20 days. Average sulphuric acid consumption was 15kg/tonne (compared to the DFS projection of 17.6kg/tonne).
    - Visual observations during the unloading of the cribs again confirmed uniform percolation through the material and integrity of the agglomerate.
    - Testing continues to confirm the simple chemistry and efficient leaching nature of the granite host rock and uranium mineralisation.
2. **Further enhancing project knowledge**
    - Improved the safe handling of the sulphuric acid by way of further reducing manual handling.
    - Platform scales installed under all of the pregnant liquor solution tanks to further enhance the metallurgical accounting and hence process control ability.
    - The metallurgical database continues to grow dramatically with the further testing of 60 tonnes of ore in the two cribs and 0.8 tonnes of material in the 4 column tests. The total sample tested in Phase 1 and Phase 2 now amounts to approximately 182 tonnes.
3. **Pursuing value engineering**
    - Rapid and uniform percolation, coupled with rapid and high leach extraction at a larger scale point towards the potential to further optimise the heap leach configuration.
    - Surprisingly no noticeable reduction in leach extraction performance was observed between the larger scale cribs and the smaller columns. This poses the question as to the appropriate scale up factors to be used in the detailed engineering of the heap leach operation. Further work is required to address this matter.

Phase 3 which aims to simulate the full scale heap operation by way of closed circuit operation of three cribs was commenced in September and completed during December 2015; the results are currently being reviewed.

SUBSEQUENT EVENTS

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

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the directors of Bannerman with an Independence Declaration in relation to the half year ended 31 December 2015. The Independence Declaration is attached to and forms part of this Directors' Report.

ROUNDING

Amounts in this report and the accompanying financial report have been rounded to the nearest thousand dollars (A$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

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

Len Jubber

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Len Jubber
Chief Executive Officer
Perth
16 February 2016

TECHNICAL DISCLOSURES

Certain disclosures in this report, including management's assessment of Bannerman's plans and projects, constitute forward looking statements that are subject to numerous risks, uncertainties and other factors relating to Bannerman's operation as a mineral development company that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Full descriptions of these risks can be found in Bannerman's various statutory reports, including its Annual Information Form available on the SEDAR website, sedar.com. Readers are cautioned not to place undue reliance on forward-looking statements. Bannerman expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Mineral Resources include Ore Reserves (Mineral Reserves).

Mineral Resources which are not Ore Reserves (Mineral Reserves) do not have demonstrated economic viability.

The information in this report relating to the Mineral Resources of the Etango Project is based on information prepared by Mr Ian Glacken, extracted from the Company's National Instrument 43-101 – Standards of Disclosure for Mineral Projects technical report entitled "Etango Uranium Project Optimisation Study", dated 24 December 2015 and the report entitled "Etango Uranium Project Optimisation Study November 2015" filed on 11 November 2015, which are available to view on the Company's SEDAR profile at www.sedar.com, and website at www.bannermanresources.com.au (the "Technical Reports"). Mr Glacken is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Glacken is a full-time employee of Optiro Pty Ltd. Mr Glacken 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 a Qualified Person as defined by Canadian National Instrument 43-101. Mr Glacken consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report relating to the Ore Reserves of the Etango Project is based on information prepared by Mr Leon Fouché, extracted from the Technical Reports. Mr Fouché is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Fouché is a full-time employee of the Company. Mr Fouché 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 a Qualified Person as defined by Canadian National Instrument 43-101. Mr Fouché consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report pertaining to Mineral Resources and Ore Reserves for the Etango deposit is extracted from the Technical Reports. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, which all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS Optimisation Study (as previously announced on 11 November 2015 in compliance with Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.

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

As lead auditor for the review of Bannerman Resources Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Robert A Kirkby
Partner
16 February 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2015
(EXPRESSED IN AUSTRALIAN DOLLARS)

		3 Months Ended 31 December		6 Months Ended 31 December	
		2015	2014	2015	2014
	Note	$'000	$'000	$'000	$'000
Other revenue	2	2	23	12	51
Other income	3	4,417	14	4,420	14
Employee benefits	4(a)	(396)	(355)	(770)	(748)
Borrowing costs	4(b)	(598)	(522)	(1,179)	(1,030)
Compliance and regulatory expenses		(76)	(93)	(177)	(164)
Depreciation expense		(19)	(22)	(40)	(43)
Other expenses	4(c)	(801)	(200)	(1,229)	(345)
Profit/(loss) before income tax		**2,529**	**(1,155)**	**1,037**	**(2,265)**
Income tax benefit	5	-	-	145	500
Net profit/(loss) for the period		**2,529**	**(1,155)**	**1,182**	**(1,765)**
Other comprehensive (loss)/income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation	13(b)	(8,345)	1,912	(10,642)	2,660
Other comprehensive (loss)/income for the period (net of tax)		**(8,345)**	**1,912**	**(10,642)**	**2,660**
Total comprehensive (loss)/income		**(5,816)**	**757**	**(9,460)**	**895**
Net profit/(loss) is attributable to:					
Equity holders of Bannerman Resources Limited		2,546	(1,132)	1,221	(1,721)
Non-controlling interest		(17)	(23)	(39)	(44)
		2,529	**(1,155)**	**1,182**	**(1,765)**
Total comprehensive (loss)/income is attributable to:					
Equity holders of Bannerman Resources Limited		(5,736)	764	(9,341)	918
Non-controlling interest		(80)	(7)	(119)	(23)
		(5,816)	**757**	**(9,460)**	**895**
Weighted average number of shares ('000)		**396,188**	**333,600**	**391,788**	**331,399**
Basic earnings/(loss) per share to the ordinary equity holders of the Company (cents per share)		**0.64**	**(0.34)**	**0.30**	**(0.52)**
Diluted earnings/(loss) per share to the ordinary equity holders of the Company (cents per share)		**0.57**	**(0.34)**	**0.28**	**(0.52)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
(EXPRESSED IN AUSTRALIAN DOLLARS)

	Note	31 December 2015 $'000	30 June 2015 $'000
CURRENT ASSETS			
Cash and cash equivalents	6	4,160	2,291
Other receivables	7	104	166
Other		74	82
TOTAL CURRENT ASSETS		4,338	2,539
NON-CURRENT ASSETS			
Other receivables	7	15	15
Property, plant and equipment	8	694	872
Exploration and evaluation expenditure	9	46,204	61,262
TOTAL NON-CURRENT ASSETS		46,913	62,149
TOTAL ASSETS		**51,251**	**64,688**
CURRENT LIABILITIES			
Trade and other payables		1,063	693
Provisions		197	198
TOTAL CURRENT LIABILITIES		1,260	891
NON CURRENT LIABILITIES			
Interest bearing liabilities	10	-	10,281
Provisions	11	401	399
TOTAL NON CURRENT LIABILITIES		401	10,680
TOTAL LIABILITES		**1,661**	**11,571**
NET ASSETS		**49,590**	**53,117**
EQUITY			
Contributed equity	12	129,634	119,468
Reserves	13	19,649	35,590
Accumulated losses		(99,693)	(100,914)
TOTAL PARENT ENTITY INTEREST		**49,590**	**54,144**
Non-controlling interest		-	(1,027)
TOTAL EQUITY		**49,590**	**53,117**

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2015
(EXPRESSED IN AUSTRALIAN DOLLARS)

		3 Months Ended 31 December		6 Months Ended 31 December	
		2015	2014	2015	2014
	Note	$'000	$'000	$'000	$'000
CASHFLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(634)	(487)	(1,330)	(1,134)
Interest received		2	22	13	48
Other – R&D refund		-	-	145	500
Net cash utilised in operating activities		(632)	(465)	(1,172)	(586)
CASHFLOWS FROM INVESTING ACTIVITIES					
Payments for exploration and evaluation		(232)	(1,438)	(970)	(1,747)
Acquisition of interest in exploration project		(1,000)	-	(1,000)	
Sale of a royalty		2,000	-	2,000	-
Purchase of plant and equipment		-	(5)	(2)	(10)
Proceeds from disposal of plant and equipment		-	25	-	25
Net cash provided by/(utilised in) investing activities		768	(1,418)	28	(1,732)
CASHFLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		3,000	-	3,000	-
Net cash provided by financing activities		3,000	-	3,000	-
Net increase/(decrease) in cash and cash equivalents		3,136	(1,883)	1,856	(2,318)
Cash and cash equivalents at beginning of period		1,014	4,677	2,291	5,112
Effects of exchange rate changes on the balance of cash held in foreign currencies		10	(7)	13	(7)
Cash and cash equivalents at end of period	6	**4,160**	**2,787**	**4,160**	**2,787**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2015

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Share Based Payment Reserve	Convertible Note Reserve	Asset Revaluation Reserve	Equity Reserve	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2015	**119,468**	**(100,914)**	**(22,673)**	**54,058**	**4,038**	**167**	**-**	**(1,027)**	**53,117**
Profit/(loss) for the period	-	1,221	-	-	-	-	-	(39)	1,182
Other comprehensive loss	-	-	(10,562)	-	-	-	-	(80)	(10,642)
Total comprehensive income/(loss) for the period	-	1,221	(10,562)	-	-	-	-	(119)	(9,460)
Acquisition of Non-controlling interest	3,456	-	-	-	-	-	(5,602)	1,146	(1,000)
Shares issued during the period	6,710	-	-	-	-	-	-	-	6,710
Share-based payments	-	-	-	223	-	-	-	-	223
Total Equity at 31 December 2015	**129,634**	**(99,693)**	**(33,235)**	**54,281**	**4,038**	**167**	**(5,602)**	**-**	**49,590**

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Share Based Payment Reserve	Convertible Note Reserve	Asset Revaluation Reserve	Equity Reserve	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2014	**116,730**	**(96,777)**	**(25,648)**	**53,523**	**4,038**	**167**	**-**	**(947)**	**51,086**
Loss for the period	-	(1,721)	-	-	-	-	-	(44)	(1,765)
Other comprehensive income	-	-	2,639	-	-	-	-	21	2,660
Total comprehensive income for the period	-	(1,721)	2,639	-	-	-	-	(23)	895
Shares issued during the period	404	-	-	-	-	-	-	-	404
Share-based payments	-	-	-	224	-	-	-	-	224
Total Equity at 31 December 2014	**117,134**	**(98,498)**	**(23,009)**	**53,747**	**4,038**	**167**	**-**	**(970)**	**52,609**

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

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 half year ended 31 December 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 2015 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 2015, the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on 1 July 2015. 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 2015.

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 additional capital to enable it to meet its obligations as and when they fall due.

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

	3 Months Ended 31 December		6 Months Ended 31 December	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000

2. OTHER REVENUE

Interest income	2	23	12	51

3. OTHER INCOME

Profit on disposal of plant and equipment	-	14	-	14
Other	3	-	6	-
Gain on extinguishment of convertible note	4,414	-	4,414	-
	4,417	14	4,420	14

4. EXPENSES

(a) Employee benefits

Salaries and wages	231	204	421	386
Superannuation	8	14	20	28
Employee share-based payment expense	87	58	172	166
Other	-	2	-	6
Directors' fees	53	53	105	105
Directors' share-based payment expense	17	24	52	57
	396	355	770	748

(b) Borrowing costs

Interest accreted or payable	598	522	1,179	1,030
	598	522	1,179	1,030

(c) Other expenses

Corporate and overheads	86	71	149	120
Consulting - fees	622	25	869	51
Legal	2	4	52	24
Travel	51	35	73	47
Employer related taxes	2	1	9	2
Recruitment	-	26	-	26
Occupancy	26	26	52	50
Insurance	12	12	25	25
	801	200	1,229	345

	3 Months Ended 31 December		6 Months Ended 31 December	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000

5. INCOME TAX

Current income tax benefit	-	-	145	500

Current income tax benefit comprises the receipt of research and development incentive refunds from government authorities.

6. CASH & CASH EQUIVALENTS

	31 December 2015 $'000	30 June 2015 $'000
Cash on hand	3	3
Cash at bank and on call (interest bearing)	4,032	1,441
Short term cash deposits (interest bearing)	125	847
	4,160	2,291

7. OTHER RECEIVABLES

Current		
GST/VAT receivable	103	165
Other receivables	1	1
	104	166
Non Current		
Restricted cash	15	15
	15	15

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
31 December 2015			
Land and buildings	550	(11)	539
Vehicles	176	(146)	30
Plant and equipment	120	(106)	14
Office furniture and equipment	792	(681)	111
	1,638	(944)	694
30 June 2015			
Land and buildings	669	(9)	660
Vehicles	215	(168)	47
Plant and equipment	136	(116)	20
Office furniture and equipment	853	(708)	145
	1,873	(1,001)	872

9. EXPLORATION & EVALUATION EXPENDITURE

	Six months ended 31 December 2015 $'000	Year ended 30 June 2015 $'000
Opening balance	61,262	54,899
Expenditure incurred during the period	991	3,289
Foreign currency translation movements	(10,532)	3,074
Sale of royalty	(5,517)	-
	46,204	61,262

Expenditure incurred during the period comprises 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.

Etango Uranium Project – Bannerman 100%

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. Bannerman, in 2012, completed a Definitive Feasibility Study ("**DFS**") on a 7-9 million pounds U_3O_8 per annum open pit mining and heap leach processing operation at Etango. The DFS 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 commenced 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.

On 11 November 2015, the Company announced the results of the DFS Optimisation Study ("**OS**"). The OS focussed primarily on the geology and mining aspects of the project and incorporated an updated Mineral Resource model that simulates the selectivity associated with the established process of radiometric truck scanning in uranium mining. A relatively minor amount of additional drilling was also included in the model. Capital costs and operating costs were updated to ensure that these estimates remained current and reflect the prevailing economic climate. The mine plan was updated to incorporate the aforementioned changes and included updated pit optimisations, pit designs, geotechnical review and mine production schedules employing variable cut-off grade policies.

Financial analysis of the revised mine production schedules demonstrate improved economics with an NPV_8 of US$419 million and corresponding IRR of 15%.

In addition, on 11 November 2015, the Company announced the signing of agreements with RCF and with Mr Clive Jones. The agreements entailed grant of a 0.75% royalty to each of RCFIV and RCFVI over the Etango Project and to acquire the minority interest (20%) in the Etango Project from the current owners (represented by Mr Clive Jones) for payment of approximately 123.4 million new Bannerman shares and A$1 million in cash. The agreements were subsequently approved by shareholders on 29 December 2015 and completed on 31 December 2015.

The grant of a 0.75% royalty to each of RCFIV and RCFVI over the Etango Project has been credited against the exploration and evaluation asset. The payment of the royalty is contingent upon, amongst other things, the receipt of a mining licence, the completion of financing for the construction of the mine site and commencement of production at the Etango Project.

Both royalties are secured by a fixed and floating charge over the assets of the Company's wholly-owned subsidiary, Bannerman Resources Nominees (UK) Ltd ("**BMNUK**"), a pledge over the shares held by BMNUK in BMRN, and a security interest over the Company's beneficial interest in the BMRN shares.

The fair value of the royalty payable has been independently valued as at the date of the completion of the agreements and estimated using a DCF model adjusted for typical risk factors. The valuation requires assumptions to be made about the input parameters, including forecast cash flows and the discount rate. The significant unobservable valuation inputs are as follows:

- The receipt of a mining licence;
- The completion of financing of the construction of the project; and
- The commencement of production.

Significant increases (decreases) in estimated unobservable inputs in isolation would result in significantly higher (lower) fair value.

The Etango Project comprises one Exclusive Prospecting Licence ("EPL") 3345 in Namibia. An application to renew the EPL, which expired on 26 April 2015, was lodged on 26 January 2015.

Notice has been received from the Namibian Ministry of Mines and Energy ("MME") outlining the terms and conditions under which the Ministry is willing to renew the licence. The notice has additional terms and conditions relating to Bannerman submitting a proposal on local Namibian ownership (5%) and employment of historically disadvantaged Namibians in management of the Etango project, coupled with a broader corporate social responsibility plan. It would appear that the additional terms and conditions are applicable to licence applications industry wide, and hence are not unique to Bannerman's application. A 4 – 5 month timetable has been outlined by the Ministry to reach agreement on these additional conditions.

The delayed renewal is not deemed to be an issue as Regulation 71(3)(a) from the Minerals (Prospecting and Mining) Act (Act 33 of 1992), which states *"an exclusive prospecting licence shall not expire during a period during which an application for the renewal of such licence is being considered, until such application is refused or the application is withdrawn or has lapsed, whichever occurs first……"*, still applies. The company has met all its reporting obligations and no known breaches of any regulations have occurred. Therefore, the Directors are satisfied that the requirements with regard to tenure have been met.

Exploration & Evaluation Expenditure for the Etango Project

	Six months ended 31 December 2015 $'000	Year ended 30 June 2015 $'000
Opening balance	**61,262**	**54,899**
Drilling and consumables	-	4
Assays and freight	2	-
Salaries and wages	352	675
Consultants and contractors	264	181
Demonstration plant construction cost	39	1,631
Demonstration plant change in rehabilitation provision	17	399
Demonstration plant operational cost	237	317
Travel and accommodation	3	15
Other	77	67
Total expenditure for the period	**991**	**3,289**
Foreign currency translation movements	(10,532)	3,074
Exploration expenditure written off	-	-
Sale of a royalty	(5,517)	-
Closing balance	**46,204**	**61,262**

10. INTEREST BEARING LIABILITIES

	31 December 2015 $'000	30 June 2015 $'000
Non Current liabilities		
Secured convertible note	-	10,281

RCFIV and RCFVI convertible notes

On 11 November 2015, the Company announced the signing of agreements with RCF and approved by shareholders on 29 December 2015 and completed on 31 December 2015, to extinguish the convertible notes. The agreement entailed the conversion of A$8 million of the convertible notes held by RCF into Bannerman shares at the given conversion price of A$0.075 per share; grant of a 0.75% royalty to each of RCFIV and RCFVI over the Etango Project comprising A$2 million in cash and extinguishment of the residual convertible notes held by RCF (A$4 million).

11. PROVISIONS – NON-CURRENT

		Six months ended 31 December 2015 $'000	Year ended 30 June 2015 $'000
Rehabilitation provision	(a)	341	399
Employee benefits provision	(b)	60	-
		401	399
(a) Rehabilitation provision			
Balance 1 July 2015		399	-
Arising during the year		-	399
Unwinding of discount		16	-
Foreign exchange translation movements		(74)	-
		341	399

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

(b) Employee benefits provision		
Arising during the year	60	-
	60	-

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

12. CONTRIBUTED EQUITY

(a) Issued and outstanding:

	December 2015	December 2014	December 2015	December 2014
	Number of Shares		Amount	
	'000	'000	$'000	$'000
Ordinary shares				
Issued and fully paid	701,934	335,262	129,634	117,134

Movements in ordinary shares on issue	No. of Shares '000	Amount $'000
Balance 1 July 2014	326,653	116,730
- Issue of shares (i)	2,810	-
- Issue of shares (ii)	5,799	404
Balance 31 December 2014	**335,262**	**117,134**
Balance 1 July 2015	382,914	119,468
- Issue of shares (iii)	4,719	-
- Issue of shares (iv)	20,918	723
- Issue of shares (v)	66,667	1,867
- Issue of shares (vi)	40,000	1,120
- Issue of shares (vii)	63,291	3,000
- Issue of shares (viii)	123,425	3,456
Balance 31 December 2015	**701,934**	**129,634**

(i) 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.

(ii) 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.

(iii) On 21 December 2015, 4,719,509 ordinary shares were issued upon vesting of share and performance rights in accordance with the terms of the Non-Executive Director Share Incentive Plan and Employee Incentive Plan.

(iv) 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 7 July 2015, 3,191,233 shares were issued in satisfaction of the A$159,562 interest payable on the convertible note with RCFIV for the period 1 April 2015 to 30 June 2015.
   b. On 7 July 2015, 1,595,616 shares were issued in satisfaction of the A$79,781 interest payable on the convertible note with RCFVI for the period 1 April 2015 to 30 June 2015.
   c. On 11 November 2015, 5,377,169 shares were issued in satisfaction of the A$161,315 interest payable on the convertible note with RCFIV for the period 1 July 2015 to 30 September 2015.
   d. On 11 November 2015, 2,688,584 shares were issued in satisfaction of the A$80,658 interest payable on the convertible note with RCFVI for the period 1 July 2015 to 30 September 2015.
   e. On 31 December 2015, 5,377,169 shares were issued in satisfaction of the A$161,315 interest payable on the convertible note with RCFIV for the period 1 October 2015 to 31 December 2015.
   f. On 31 December 2015, 2,688,584 shares were issued in satisfaction of the A$80,658 interest payable on the convertible note with RCFVI for the period 1 October 2015 to 31 December 2015.

(v) On 31 December 2015, 66,666,667 shares were issued to RCFIV as satisfaction for the conversion of the outstanding amounts under the RCFIV Convertible Note Facility.

(vi) On 31 December 2015, 40,000,000 shares were issued to RCFVI as satisfaction for the conversion of the outstanding amounts under the RCFVI Convertible Note Facility.

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(vii) On 31 December 2015, 63,291,139 shares were issued to RCFVI pursuant to a A$3 million placement at $0.0474.
(viii) On 31 December 2015, 123,424,534 shares were issued to Clive Jones (and his nominees) as satisfaction for the part-consideration for the remaining 20% interest in the Company's Etango Project.

(b) Share options on issue:

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

Expiry Dates	Exercise Price	Balance 1 Jul 15	Granted	Exercised	Expired / Cancelled	Balance 31 Dec 15	Vested 31 Dec 15
November 21, 2015	A$0.12	1,795,200	-	-	(1,795,200)	-	-
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	3,664,400
November 15, 2018	A$0.044	-	7,846,000	-	-	7,846,000	-
		9,963,600	7,846,000	-	(1,795,200)	16,014,400	8,168,400
Weighted average exercise price ($)		0.09	0.04	-	0.12	0.06	0.08
Average life to expiry (years)		1.39	2.88	-	-	1.6	1.4

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

Directors held 16,014,400 share options as at 31 December 2015 with an average exercise price of A$0.06 per share and an average life to expiry of 1.6 years.

(c) Share rights on issue

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

Vesting Dates	Balance 1 Jul 15	Granted	Vested	Cancelled	Balance 31 Dec 15
November 11, 2015	170,000	-	(170,000)	-	-
November 15, 2015	686,344	-	(686,344)	-	-
November 21, 2015	3,502,674	-	(3,288,212)	(214,462)	-
November 22, 2015	759,519	-	(574,953)	(184,566)	-
November 15, 2016	2,132,015	1,335,300	-	(210,150)	3,257,165
November 22, 2016	5,095,630	-	-	-	5,095,630
November 15, 2017	7,729,029	4,933,800	-	-	12,662,829
November 15, 2018	-	21,482,300			21,482,300
	20,075,211	27,751,400	(4,719,509)	(609,178)	42,497,924
Average life to vesting (years)	1.08	1.63	-	-	1.43

Note: Share rights have no exercise price.

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

Directors held 23,489,960 share rights as at 31 December 2015 with an average life to vesting of 1.63 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 December 2015 $'000	30 June 2015 $'000
Share-based payment reserve	(a)	54,281	54,058
Foreign currency translation reserve	(b)	(33,235)	(22,673)
Asset revaluation reserve	(c)	167	167
Convertible note reserve	(d)	4,038	4,038
Equity reserve	(e)	(5,602)	-
Total Reserves		**19,649**	**35,590**

	Six months ended 31 December 2015 $'000	Year ended 30 June 2015 $'000
(a) Share-based payment reserve		
Balance at the beginning of the reporting period	**54,058**	**53,523**
Share-based payment vesting expense during the period	223	535
Balance at the end of the reporting period	**54,281**	**54,058**

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	**(22,673)**	**(25,648)**
Currency translation differences arising during the period	(10,562)	2,975
Balance at the end of the reporting period	**(33,235)**	**(22,673)**

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

Over the 6 month period ended 31 December 2015, the Australian dollar strengthened by approximately 18% against the Namibian dollar, from the rate of A$1:N$9.42 as at 30 June 2015 to the rate of A$1:N$11.47 as at 31 December 2015. As per the Statement of Comprehensive Income, the consequential foreign currency translation difference arising for the 6 month period ended 31 December 2015 amounted to $10,642,000, allocated between non-controlling interests $80,000 and the Group $10,562,000.

Over the quarter ended 31 December 2015, the Australian dollar strengthened by approximately 15% against the Namibian dollar, from the rate of A$1:N$9.79 as at 30 September 2015 to A$1:N$11.47 as at 31 December 2015. As per the Statement of Comprehensive Income, the consequential foreign currency translation difference arising for the quarter ended 31 December 2015 amounted to $8,345,000, allocated between non-controlling interests $63,000 and the Group $8,282,000.

(c) Asset revaluation reserve

Reserves at the beginning of the reporting period	**167**	**167**
Balance at the end of the reporting period	**167**	**167**

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.

	Six months ended 31 December 2015 $'000	Year ended 30 June 2015 $'000
(d) Convertible note reserve		
Balance at the beginning of the reporting period	**4,038**	**4,038**
Balance at the end of the reporting period	**4,038**	**4,038**

The convertible note reserve records the equity portion of the RCFIV convertible note issued on 16 December 2008, refinanced on 31 March 2012 and 22 November 2013, and the RCFVI convertible note issued on 19 June 2014, as described in Note 10. The convertible notes were extinguished on 31 December 2015.

(e) Equity reserve

Balance at the beginning of the reporting period	-	-
Non-controlling interest acquired during the period	**(5,602)**	-
Balance at the end of the reporting period	**(5,602)**	-

On 11 November 2015, the Company announced the signing of an agreement with Mr Clive Jones, subject to shareholders approval, to acquire the minority interest (20%) in the Etango Project from the current owners (represented by Mr Clive Jones) for payment of approximately 123.4 million new Bannerman shares and A$1 million in cash. The acquisition was subsequently approved by shareholders at Extraordinary General Meeting on 29 December 2015 and the Company moved to 100% ownership of the Etango Uranium Project.

The group recognised a decrease in non-controlling interests of A$1,146,000 and a decrease in equity attributable to the owners of the parent of A$5,602,000. The effect on the equity attributable to the owners of the Group during the period is summarised as follows:

	$'000
Carrying amount of non-controlling interest acquired	(1,146)
Consideration paid to non-controlling interests	(4,456)
Excess of consideration paid recognised in equity	**(5,602)**

14. SUBSEQUENT EVENTS

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

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 December 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 December 2015.

16. COMMITMENTS

(a) Exploration and evaluation expenditure

Statutory two-year renewal of the Etango (EPL 3345) Exclusive Prospecting Licence can be applied for under applicable Namibian minerals legislation. An application to renew the EPL, which expired on 26 April 2015, was lodged on 26 January 2015 and is expected to be renewed 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 December 2015 $'000	30 June 2015 $'000
Not longer than one year	662	801
Longer than one year, but not longer than five years	211	663
Longer than five years	-	-
	873	1,494

If the Group decides to relinquish EPL 3345 and/or does not meet these minimum expenditure obligations or obtain appropriate waivers, assets recognised in the Consolidated Statement of Financial Position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

(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 December 2015 $'000	30 June 2015 $'000
Not longer than one year	15	57
Longer than one year, but not longer than five years	-	-
Longer than five years	-	-
	15	57

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.

(EXPRESSED IN AUSTRALIAN DOLLARS)

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 December 2015	30 June 2015
Bannerman Mining Resources (Namibia) (Pty) Ltd	Namibia	100	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 an 80% interest in Bannerman Mining Resources (Namibia) (Pty) Ltd ("**BMRN**"), the 20% non-controlling interest was sole funded by Bannerman to completion of a bankable feasibility study on one of BMRN's projects. After that time, should the 20% shareholder have elected not to contribute the 20% share of post-bankable feasibility study expenditure but instead elected to dilute the interest in accordance with the Share Sale Agreement then, upon the interest being diluted to less than a 5% shareholding, it would have automatically converted into a 2% net revenue royalty on future production from the Etango Project. The registered holder of the 20% non-controlling interest in BMRN was Mr Jones, a director of Bannerman, who held that 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, which have management agreements with RCFM's parent company, hold 268,524,434 Bannerman shares representing 38.25% of the voting capital in Bannerman as at the date of this report.

On 11 November 2015, the Company announced the signing of agreements with RCF and Mr Clive Jones to deliver 100% project ownership, debt elimination and new funding. The agreements were subsequently approved by shareholders on 29 December 2015 and completed on 31 December 2015, on the terms below:

- acquisition of the minority interest (20%) in the Etango Project from the current owners (represented by Mr Clive Jones) for payment of approximately 123.4 million new Bannerman shares and A$1 million in cash;
- extinguishment of the A$12 million convertible notes through:
    - conversion of A$8 million of the convertible notes held by RCF into Bannerman shares at the given conversion price of A$0.075 per share;
    - sale of a 1.5% royalty over the Etango Project to RCF comprising A$2 million in cash and extinguishment of the residual convertible notes held by RCF (comprising A$4 million); and
- A$3 million capital raising through an equity placement of approximately 63.3 million new Bannerman shares to RCFVI at A$0.0474 per share.

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 December 2015.

	31 December 2015 $'000 Loans and receivables	30 June 2015 $'000 Loans and receivables
Financial assets		
Trade and other receivables	15	15
Total non-current	**15**	**15**
Trade and other receivables	104	166
Total current	**104**	**166**
Total	**119**	**181**
Financial liabilities		
Interest bearing liabilities	-	10,281
Total non-current	**-**	**10,281**
Trade and other payables	1,063	693
Total current	**1,063**	**693**
Total	**1,063**	**10,974**

Foreign Currency Risk

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

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

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

Net Fair Values

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

	31 December 2015		30 June 2015	
	Carrying Amount $'000	Net fair Value $'000	Carrying Amount $'000	Net fair Value $'000
Financial assets				
Trade and other receivables	15	15	15	15
Total non-current	**15**	**15**	**15**	**15**
Trade and other receivables	104	104	166	166
Total current	**104**	**104**	**166**	**166**
Total	**119**	**119**	**181**	**181**
Financial liabilities				
Interest bearing liabilities	-	-	10,281	10,281
Total non-current	**-**	**-**	**10,281**	**10,281**
Trade and other payables	1,063	1,063	693	693
Total current	**1,063**	**1,063**	**693**	**693**
Total	**1,063**	**1,063**	**10,974**	**10,974**

Directors' Declaration

for the quarter and half year ended 31 December 2015

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

In the opinion of the directors:

(a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position as at 31 December 2015 and the performance for the half year ended on that date of the Group; and

   (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) at the date of this declaration, subject to the disclosure in Note 1 "Going Concern", there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

____
Len Jubber
Chief Executive Officer

PERTH
16 February 2016

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Report on the half-year financial report

We have reviewed the accompanying quarter and half-year financial report of Bannerman Resources Limited, which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and cash flow statement for the quarter and half-year ended on that date, notes comprising a description of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the quarter and half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the accompanying financial report does not present fairly the consolidated entity's financial position as at 31 December 2015 and its performance for the quarter and half-year ended on that date; and complies with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bannerman Resources Limited and the entities it controlled during the half-year, ASRE 2410 also requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bannerman Resources Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the quarter and half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without qualifying our conclusion, we draw attention to the following:

- Note 1 to the financial report details the conditions that indicate the existence of a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

- As detailed in Note 9 to the financial report the company has an asset representing exploration and evaluation expenditure relating to the Etango Project of $46,204,000. The carry forward of this asset is dependent upon, amongst other matters, the continued right to tenure over the Etango Project via an Exclusive Prospecting License ("EPL"). The existing EPL expired on 26 April 2015. An application to renew the EPL was lodged on 26 January 2015 and the right to tenure continues whilst the renewed application is determined. As at the date of this report no determination in respect to the renewal application has occurred.

Ernst & Young

Ernst & Young

Robert A Kirkby
Partner
Perth
16 February 2016

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED DECEMBER 31, 2015

This Management's Discussion and Analysis ("**MD&A**") of Bannerman Resources Limited ("**Bannerman**" or the "**Company**") is dated February 16, 2016 and provides an analysis of the Company's performance and financial position for the three months ended December 31, 2015 (the "**Quarter**"). This MD&A should be read in conjunction with the Company's June 30, 2015 audited annual financial statements and notes thereto and the reviewed December 31, 2015 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.

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 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 100%-owned Etango Project situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and China General Nuclear Power Company's ("**CGNPC**") Husab uranium mine currently under construction.

In 2016, 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. In addition, Bannerman conducted a DFS optimisation study (November 2015) which updated the Mineral Resource model, operating cost estimates, capital cost estimates, mine design, mine production schedules and updated Mineral Reserves.

The Etango Project area forms part of Exclusive Prospecting Licence ("**EPL**") 3345 which was granted to Bannerman's 100% subsidiary, Bannerman Mining Resources (Namibia) (Pty) Ltd, on April 27, 2006 to explore for nuclear fuels, including uranium, expressed as uranium oxide (U_3O_8). An application to renew the EPL, which expired on 26 April 2015, was lodged on 26 January 2015.

Notice has been received from the Namibian Ministry of Mines and Energy ("MME") outlining the terms and conditions under which the Ministry is willing to renew the licence. The notice has additional terms and conditions relating to Bannerman submitting a proposal on local Namibian ownership (5%) and employment of historically disadvantaged Namibians in management of the Etango project, coupled with a broader corporate social responsibility plan. It would appear that the additional terms and conditions are applicable to licence applications industry wide, and hence are not unique to Bannerman's application. A 4 – 5 month timetable has been outlined by the Ministry to reach agreement on these additional conditions.

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HIGHLIGHTS OF THE QUARTER

- Optimisation Study significantly reduced the Etango operating and capital costs and increased the first 5 full production years profile.
- Eliminated the A$12 million convertible note debt.
- Raised A$4 million new funding.
- Achieved 100% Etango project ownership through acquiring 20% vendor interest.
- Results from Phase 2 of the Heap Leach Demonstration Plant Program further highlights the robustness of the Etango DFS and Optimisation Study.

On 11 November 2015 Bannerman announced it had completed an Optimisation Study ("OS") on the geological modelling and mine planning aspects of the Etango Definitive Feasibility Study ("DFS"). Key outcomes of the OS (at a life-of-mine price of US$75/lb U_3O_8):

- **Project net present value (NPV8%) of US$419M** (previously US$69M).
- **Post-tax internal rate of return ("IRR") of 15%** (previously 9%).
- Average annual production of 7.2Mlbs U_3O_8 over an initial 15.7 year open pit mine life;
  - **9.2Mlbs U_3O_8 per annum over the first five full production years** (previously 7.9Mlbs).
- Average life-of-mine cash operating costs of US$38/lb U_3O_8 (reduced 17%);
  - **US$33/lb U_3O_8 over the first five full production years** (reduced 20%).
- Pre-production capital of US$793M including mining fleet (reduced 9%).
- **Rapid payback from first production (4.4 years)** and initial mine life to payback ratio of 3.6 times.
- Total operating cash flow of US$3.7B before capital and tax, and free cash flow of US$1.6B after capital and tax. From production commencement, average annual operating cash flow of US$236M and free cash flow of US$150M. **Peak annual free cash flow of US$392M.**
- Potential upside from heap leach demonstration plant results and other identified opportunities still to be incorporated via additional optimisation work.

On 31 December 2015, the Company announced that it completed significant transactions with the Company's major shareholders, Resource Capital Fund IV L.P. and Resource Capital Fund VI L.P. ("**RCFIV"** and **"RCFVI"** respectively and "**RCF**" collectively), and with Mr Clive Jones, a director and shareholder of the Company, that deliver significant project ownership and balance sheet restructure.

The completed transactions entailed:

- **Acquisition of the minority interest (20%) in the Etango Project** from the current owners (represented by Mr Clive Jones) for payment of approximately 123.4 million new Bannerman shares and A$1 million in cash;
- **Extinguishment of the A$12 million convertible notes** through:
  - conversion of A$8 million of the convertible notes held by RCF into Bannerman shares at the given conversion price of A$0.075 per share;
  - sale of a 1.5% royalty over the Etango Project to RCF comprising A$2 million in cash and extinguishment of the residual convertible notes held by RCF (comprising A$4 million); and
- **A$3 million capital raising** through an equity placement of approximately 63.3 million new Bannerman shares to RCFVI at A$0.0474 per share.

Etango Project (Bannerman 100%)

DFS (completed in 2012)

Bannerman completed the 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.

DFS Optimisation Study ("OS") (completed in 2015)

The OS focused on the geology and mine planning aspects of the DFS and updated the Capital and Operating cost estimates to 2015 financial terms. The study was announced to the market on the 11 November 2015 and strongly enhanced the financial viability of the Etango project. The key outcomes of the study are compared with the DFS in the table below:

Item	Units	DFS Optimisation Study	Definitive Feasibility Study	% Change
Base Case Uranium Price	US$/lb U_3O_8	**75**	75	-
Mine Life	Years	**15.7**	15.0	4%
Total Mined Ore	Mt	**303**	280	8%
Life-of-mine stripping ratio	Waste : Ore	**2.78 : 1**	3.34 : 1	-17%
Annual Processing Throughput	Mt of ore	**20**	20	-
Processed grade	ppm U_3O_8	**195**	194	-
Processed grade (First 5 years of full production)	ppm U_3O_8	**241**	207	+16%
Processing recovery	%	**86.9**	86.9	-
Ave. Annual Production for first 5 full production years	Mlbs U_3O_8 pa	**9.18**	7.92	+16%
Average Annual Production (U_3O_8)	Mlbs U_3O_8 pa	**7.20**	6.90	+4%
Life-of-mine Production (U_3O_8)	Mlbs U_3O_8	**113**	104	+9%
Pre-production Capital Expenditure	US$ million	**793**	870	-9%
Sustaining Capital Expenditure	US$ million	**282**	381	-26%
Average Cash Operating Cost for first 5 years	US$/lb U_3O_8	**33**	41	-20%
Average Cash Operating Cost for life-of-mine	US$/lb U_3O_8	**38**	46	-17%
Net Present value (8%)	US$ million	**419**	69	+511%
Internal Rate of Return (at Base Case price)	%pa, post-tax	**15%**	9%	+66%
Net cash flow breakeven uranium price	US$/lb U_3O_8	**52**	61	-15%
Payback (from first production)	Years	**4.4**	6.0	-27%

Mineral Resource Estimates

The Mineral Resource Estimate was updated to include a 3,419m of additional drilling not incorporated in the DFS models.

Uranium mineralization has been defined inside grade envelopes by categorical indicator kriging using a lower cut-off grade of 50 ppm U_3O_8 and lithological constraints.

In addition, the update considered the relevant operational aspects associated with open pit uranium mining, most notably the established practice of radiometric haul truck scanning as a means of discriminating between ore and waste material at the haul truck payload level. Uniform Conditioning (UC) was employed to model the selectivity associated with this mining method.

The updated Mineral Resource (which includes Ore Reserves) formed the basis of the optimization study and is tabulated below:

Mineral Resource Nov 2015		Measured			Indicated			Inferred		
Deposit	**Cut Off Grade** (U_3O_8 ppm)	**Tonnes** (Mt)	**Grade** (U_3O_8 ppm)	**In-situ U_3O_8** (Mlbs)	**Tonnes** (Mt)	**Grade** (U_3O_8 ppm)	**In-situ U_3O_8** (Mlbs)	**Tonnes** (Mt)	**Grade** (U_3O_8 ppm)	**In-situ U_3O_8** (Mlbs)
Etango[1]	55	33.7	194	14.4	362	188	150.2	144.5	196	62.5
Ondjamba[2]	100							85.1	166	31.3
Hyena[3]	100							33.6	166	12.3
Total		**33.7**	**194**	**14.4**	**362**	**188**	**150.2**	**263.2**	**182**	**106.1**

Note 1: Refer to the Competent Persons Statement at the end of this document for further information on the Etango Mineral Resource Estimate. The Etango estimate has been reported in accordance with JORC 2012. The figures may not add due to rounding.

Note 2 & 3: Refer to the Competent Persons Statement at the end of this document for further information on the Ondjamba and Hyena Mineral Resource Estimates. The Ondjamba and Hyena estimates remain unchanged from the previous declaration and therefore have been reported in accordance with JORC 2004. The figures may not add due to rounding.

Ore Reserve Estimates

As part of the OS, Bannerman updated the Ore Reserve Estimate which incorporated the following changes from the DFS:

- Updating the Mineral Resource model (as detailed above),
- Updating the operating cost estimates,
- Updating the capital cost estimates, and
- Updated mining studies including revised open pit designs (including geotechnical review) and mine schedules.

The updated Ore Reserve Estimate is tabulated below.

Ore Reserve Nov 2015		Proved			Probable			Total		
Deposit	**Cut Off Grade** (U_3O_8 ppm)	**Tonnes** (Mt)	**Grade** (U_3O_8 ppm)	**In-situ U_3O_8** (Mlbs)	**Tonnes** (Mt)	**Grade** (U_3O_8 ppm)	**In-situ U_3O_8** (Mlbs)	**Tonnes** (Mt)	**Grade** (U_3O_8 ppm)	**In-situ U_3O_8** (Mlbs)
Etango	55	32.3	196	14	271	194	116.1	303.3	195	130.1

Regulatory Approvals

Bannerman received Environmental Clearance in July 2012 for its plans to establish the Etango Project as a 20Mtpa heap leach operation as described in the DFS. The Environmental Clearance was valid for 3 years and expired in July 2015 upon which renewal of the Environmental Clearance was requested. The updated Environmental Clearance was granted on 11 November 2015, valid for 3 years.

Heap Leach Demonstration Plant Program

The 18 – 24 month heap leach demonstration plant program, which commenced in April 2015, is a key component of the project's detailed engineering and financing phases. It is specifically aimed at demonstrating the design and projected performance reflected in the DFS, further enhancing the project knowledge and pursuing value engineering.

On 23 November 2015, Bannerman reported on the objectives and various phases of the Heap Leach Demonstration Plant Program, and the key observations, results and preliminary conclusions from Phase 2:

1. **Demonstrating the design and projected performance reflected in the DFS**
   - Fast and high average leach extraction of 93% for the two cribs (compared to the DFS projection for a scaled up heap of 86.9%) and 91% for the four columns within 20 days. Average sulphuric acid consumption was 15kg/tonne (compared to the DFS projection of 17.6kg/tonne).
   - Visual observations during the unloading of the cribs again confirmed uniform percolation through the material and integrity of the agglomerate.
   - Testing continues to confirm the simple chemistry and efficient leaching nature of the granite host rock and uranium mineralisation.
2. **Further enhancing project knowledge**
   - Improved the safe handling of the sulphuric acid by way of further reducing manual handling.
   - Platform scales installed under all of the pregnant liquor solution tanks to further enhance the metallurgical accounting and hence process control ability.
   - The metallurgical database continues to grow dramatically with the further testing of 60 tonnes of ore in the two cribs and 0.8 tonnes of material in the 4 column tests. The total sample tested in Phase 1 and Phase 2 now amounts to approximately 182 tonnes.
3. **Pursuing value engineering**
   - Rapid and uniform percolation, coupled with rapid and high leach extraction at a larger scale point towards the potential to further optimise the heap leach configuration.
   - Surprisingly no noticeable reduction in leach extraction performance was observed between the larger scale cribs and the smaller columns. This poses the question as to the appropriate scale up factors to be used in the detailed engineering of the heap leach operation. Further work is required to address this matter.

Phase 3 which aims to simulate the full scale heap operation by way of closed circuit operation of three cribs was commenced in September and completed during December 2015; the results are currently being reviewed.

CORPORATE

PROJECT FINANCING

The results from Phase 1 and 2 of the demonstration plant program strongly support the heap leach assumptions and projections incorporated in the DFS, and are expected, therefore, to enhance the bankability of the project. The program scheduled for the coming quarters will focus on similarly demonstrating the solvent extraction component of the flow sheet as well as on value engineering opportunities identified to date.

On 31 December 2015, the Company completed the transaction to eliminate the A$12 million debt, acquire 100% ownership of the Etango Project and a capital raising, to enhance the ability to attract further cornerstone investors and development partners.

KEY ECONOMIC TRENDS IN THE URANIUM INDUSTRY

In December 195 nations reached agreement on a new climate change policy at the United Nations Climate Change Conference held in Paris. This agreement heralds a renewed global focus on reducing greenhouse gas emissions and a move away from fossil fuels. Nuclear energy remains the only credible alternate base load energy source to satisfy the need secure and clean energy.

The nuclear power development program in China proceeded largely to plan in 2015, with 8 new reactors commissioned during past year. China had 30 reactors in operation by end 2015 with another 24 units under construction, 40 on order or planned and 136 proposed. China is planning to double its current nuclear capacity by 2020 and yet again thereafter by 2030.

In Japan, Sendai reactors #1 & 2 and Kansai's Takahama reactor #3 are now fully operational whilst refuelling has begun at Kansai's Takahama #4 reactor. A further 5 reactors were approved by the Nuclear Regulation Authority for restart and applications have been submitted for another 25.

RESULTS OF OPERATIONS

The Company incurred a net profit of A$2.5 million for the Quarter compared with the net loss of A$1.2 million for the prior corresponding quarter ended December 31, 2014. The result for the Quarter was attributable primarily to the gain recognised on extinguishment of the convertible notes, offset by administrative and corporate expenses, employee costs, borrowing costs and non-cash share-based compensation expenses.

Operating expenses for the Quarter totalled A$1.9 million versus A$1.2 million for the prior corresponding period, with the key items including administrative costs of A$0.8 million (A$0.2 million in the prior period), employee costs of A$0.4 million (A$0.3 million) and interest expenses of A$0.6 million (A$0.5 million).

Interest income for the Quarter was A$0.002 million, versus A$0.02 million in the prior corresponding period.

Total capitalised exploration and evaluation expenditure for the Quarter decreased by A$15 million compared to the prior Quarter, reflecting costs of A$1m related to the operating of the heap leach demonstration plant, assays, feasibility study activities and project personnel costs, foreign exchange translation movements of A$10.5 million and A$5.5 million due to the sale of a royalty over the Etango Project.

SUMMARY OF QUARTERLY RESULTS

	Dec 2015	Sep 2015	Jun 2015	Mar 2015	Dec 2014	Sept 2014	Jun 2014	Mar 2014
Interest income (A$'000)	2	10	10	14	23	28	9	13
Net profit/(loss) (A$'000)	2,529	(1,348)	(1,233)	(1,242)	(1,155)	(610)	557	(1,199)
Basic/Diluted earnings/(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)	4,160	1,014	2,291	1,763	2,787	4,677	5,112	1,857
Total assets (A$'000)	51,251	61,716	64,688	62,867	63,271	61,502	60,998	58,538
Total liabilities (A$'000)	1,661	11,494	11,571	11,241	10,662	9,973	9,912	6,860
Net assets (A$'000)	49,590	49,831	53,117	51,626	52,609	51,529	51,086	51,678

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 extinguishment of the A$12m convertible notes and sale of a 1.5% royalty;
- the impact of foreign currency fluctuations, notably, the movement of the A$ to the N$;
- administrative and corporate expenses incurred by the Company and recognised through the income statement; and
- The losses incurred in each quarter reflect 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	December Quarter 2015	December Quarter 2014	December YTD (six months) 2015	December YTD (six months) 2014
Operating activities	(632)	(465)	(1,172)	(586)
Investing activities	768	(1,418)	28	(1,732)
Financing activities	3,000	-	3,000	-

Cash outflow from operating activities during the Quarter was A$0.6 million compared with A$0.5 million for the prior corresponding period.

Cash inflow from investing activities during the Quarter was A$0.768 million compared with A$1.4 million outflow in the prior corresponding period. The inflow related primarily to the sale of a royalty over the Etango project (A$2m) offset by the cash consideration for the remaining 20% interest in the Etango Project (A$1m), the operation of the heap leach demonstration plant and feasibility study activities (A$0.2m).

Cash inflow from financing activities during the Quarter was A$3.0 million compared with A$nil for the prior corresponding period. The inflow related to the A$3m receipts from the placement of shares during the quarter. Interest 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$4.2 million as at December 31, 2015 versus A$2.3 million as at June 30, 2015. The increase reflects the cash received from corporate activities offset by the expenditure incurred on exploration, feasibility and corporate activities.

TRADE AND OTHER RECEIVABLES

Trade and other receivables were A$0.1 million as at December 31, 2015 (June 30, 2015: A$0.2 million) with the balance primarily reflecting GST and VAT receivables.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment was A$0.7 million as at December 31, 2015 (June 30, 2015: 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$46.2 million as at December 31, 2015 (June 30, 2015: A$61.2 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 and sale of a royalty. Significant items for the Quarter included the operation of the heap leach demonstration plant (A$0.2 million) and salaries and wages (A$0.4 million) and a sale of a royalty resulting in a A$5.5 million decrease in carrying value. A foreign exchange translation adjustment of A$10.5 million resulting in an decrease in carrying value, was also recorded for the Quarter. This adjustment reflects the strengthening of the A$ against the N$ over the period.

TRADE AND OTHER PAYABLES

Trade and other payables were A$1.1 million as at December 31, 2015 (June 30, 2015: A$0.7 million).

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities were A$nil as at December 31, 2015 (June 30, 2015: A$10.3 million), the movement was attributable to the elimination of the convertible notes.

On 11 November 2015, the Company announced the signing of agreements with RCF, to extinguish the convertible notes. The agreement entailed the conversion of A$8 million of the convertible notes held by RCF into Bannerman shares at the given conversion price of A$0.075 per share; grant of a 0.75% royalty to each of RCFIV and RCFVI over the Etango Project to RCF comprising A$2 million in cash and extinguishment of the residual convertible notes held by RCF (A$4 million). The agreements were subsequently approved by shareholders on 29 December 2015 and completed on 31 December 2015.

PROVISIONS – NON-CURRENT

Non-Current Provisions were A$0.4 million as at December 31, 2015 (June 30, 2015: A$0.4 million). The balance as at 31 December 2015 is split into a rehabilitation provision of A$0.3 million and employee benefits provision of A$0.1 million.

Rehabilitation provision

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

Employee benefits provision

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

EQUITY

Issued capital was A$129.6 million as at December 31, 2015 (June 30, 2015: A$119.5 million). The increase reflects the following transactions:

- The issue of 3,191,233 shares in satisfaction of the A$159,562 interest payable on the convertible note with RCFIV for the period 1 April 2015 to 30 June 2015.
- The issue of 1,595,616 shares in satisfaction of the A$79,781 interest payable on the convertible note with RCFVI for the period 1 April 2015 to 30 June 2015.
- The issue of 5,377,169 shares in satisfaction of the A$161,315 interest payable on the convertible note with RCFIV for the period 1 July 2015 to 30 September 2015.
- The issue of 2,688,584 shares in satisfaction of the A$80,658 interest payable on the convertible note with RCFVI for the period 1 July 2015 to 30 September 2015.
- The issue of 5,377,169 shares in satisfaction of the A$161,315 interest payable on the convertible note with RCFIV for the period 1 October 2015 to 31 December 2015.
- The issue of 2,688,584 shares in satisfaction of the A$80,658 interest payable on the convertible note with RCFVI for the period 1 October 2015 to 31 December 2015.
- The issue of 66,666,667 shares to RCFIV as satisfaction for the conversion of the outstanding amounts under the RCFIV Convertible Note Facility.
- The issue of, 40,000,000 shares to RCFVI as satisfaction for the conversion of the outstanding amounts under the RCFVI Convertible Note Facility.
- The issue of 63,291,139 shares to RCFVI pursuant to a A$3 million placement at $0.0474.

- The issue of 123,424,534 shares to Clive Jones (and his nominees) as satisfaction for the part-consideration for the remaining 20% interest in the Company's Etango Project.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The Company's cash reserves as at December 31, 2015 totalled A$4.2 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.

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

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

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 classified as current approximates their fair values because of the short term maturities and normal trade term of these instruments.

(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 December 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
Litigation settlement*	612	612	-	-	-
Tenement expenditure	873	662	211	-	-
Operating and office leases	15	15	-	-	-
Total Contractual Obligations	1,500	1,289	211	-	-

* 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$0.028 per share, being the Company's last traded share price on the ASX at the end of the Quarter).

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 December 31, 2015, approximately 0.4% 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 December 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 December 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 an 80% interest in BMRN, the 20% non-controlling interest was sole funded by Bannerman to completion of a bankable feasibility study on one of BMRN's projects. After that time, should the 20% shareholder have elected not to contribute the 20% share of post-bankable feasibility study expenditure but instead elected to dilute the interest in accordance with the Share Sale Agreement then, upon the interest being diluted to less than a 5% shareholding, it would have automatically converted into a 2% net revenue royalty on future production from the Etango Project. The registered holder of the 20% non-controlling interest in BMRN was Mr Jones, a director of Bannerman, who held that 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, which has a management agreement with RCFM's parent company, hold 268,524,434 Bannerman shares representing 38.25% of the voting capital in Bannerman as at the date of this report.

On 11 November 2015, the Company announced the signing of agreements with RCF and Mr Clive Jones to deliver 100% project ownership, debt elimination and new funding. The agreements were subsequently approved by shareholders on 29 December 2015 and completed on 31 December 2015, on the terms below:

- acquisition of the minority interest (20%) in the Etango Project from the current owners (represented by Mr Clive Jones) for payment of approximately 123.4 million new Bannerman shares and A$1 million in cash;
- extinguishment of the A$12 million convertible notes through:
  - conversion of A$8 million of the convertible notes held by RCF into Bannerman shares at the given conversion price of A$0.075 per share;
  - sale of a 1.5% royalty over the Etango Project to RCF comprising A$2 million in cash and extinguishment of the residual convertible notes held by RCF (comprising A$4 million); and
- A$3 million capital raising through an equity placement of approximately 63.3 million new Bannerman shares to RCFVI at A$0.0474 per share.

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$0.1 million for the quarter (December 2014 quarter: A$0.08 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, 2015 the Company has adopted all standards and Interpretations mandatory for annual periods beginning on July 1, 2015. 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, 2015, available on the Bannerman website at www.bannermanresources.com or on SEDAR at www.sedar.com.

OUTSTANDING SECURITIES DATA

The Company has on issue ordinary shares, stock options and share rights. 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	701,934,188
Options on issue over Unissued Shares	16,014,400
Rights on issue over Unissued Shares	42,497,924
Contingent – Shares	4,000,000
Total Fully Diluted	**764,446,512**

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 22, 2016	A$0.072	4,504,000	4,504,00
November 15, 2017	A$0.089	3,664,400	3,664,400
November 15, 2018	A$0.044	7,846,000	-
		16,014,400	8,168,400
Weighted average exercise price (A$)		0.06	0.08
Average life to expiry (years)		1.47	1.3

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

As at the date of this MD&A, the Directors hold 16,014,400 options with an average exercise price of A$0.06 per share and an average life to expiry of approximately 1.5 years.

SHARE RIGHTS

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

Vesting Dates	Balance	Vested
November 15, 2016	3,257,165	-
November 22, 2016	5,095,630	-
November 15, 2017	12,662,829	-
November 15, 2018	21,482,300	-
	42,497,924	-
Average life to vesting	1.31	-

The 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 23,489,960 share rights with an average life to vesting of approximately 1.5 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 apply 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 apply 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 fulfills its role of ensuring the integrity of the reported information through its review of the interim and annual financial statements. As at December 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. 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 include Ore Reserves (Mineral Reserves).

Mineral Resources which are not Ore Reserves (Mineral Reserves) do not have demonstrated economic viability.

The information in this report relating to the Mineral Resources of the Etango Project is based on information prepared by Mr Ian Glacken, extracted from the Company's National Instrument 43-101 – Standards of Disclosure for Mineral Projects technical report entitled "Etango Uranium Project Optimisation Study", dated 24 December 2015 and the report entitled "Etango Uranium Project Optimisation Study November 2015" filed on 11 November 2015, which are available to view on the Company's SEDAR profile at www.sedar.com, and website at www.bannermanresources.com.au (the "Technical Reports"). Mr Glacken is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Glacken is a full-time employee of Optiro Pty Ltd. Mr Glacken 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 a Qualified Person as defined by Canadian National Instrument 43-101. Mr Glacken consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report relating to the Ore Reserves of the Etango Project is based on information prepared by Mr Leon Fouché, extracted from the Technical Reports. Mr Fouché is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Fouché is a full-time employee of the Company. Mr Fouché 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 a Qualified Person as defined by Canadian National Instrument 43-101. Mr Fouché consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report pertaining to Mineral Resources and Ore Reserves for the Etango deposit is extracted from the Technical Reports. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, which all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS Optimisation Study (as previously announced on 11 November 2015 in compliance with Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.