BANNERMAN RESOURCES
ABN 34 113 017 128

NOTICE OF
EXTRAORDINARY GENERAL MEETING

Date: **19 June 2014**

Time: **9:00 am (Perth Time)**

Place: **Level 2, 1 Altona Street, West Perth, Western Australia**

If you are attending the Extraordinary General Meeting and have not lodged a Proxy Form, please bring the Proxy Form with you to assist with registration.

If you are not attending the Extraordinary General Meeting, you can lodge a completed Proxy Form by returning it in the enclosed envelope or alternatively by facsimile.

Please be aware that the Proxy Form needs to be received by the Bannerman Share Registrar by no later than 9:00 am (Perth time) on **17 June 2014**. Further details on how to lodge your Proxy Form can be found on the reverse side of the Proxy Form.

The Notice of Extraordinary General Meeting, Explanatory Memorandum and Independent Expert's Report should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

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7 May 2014

Dear Shareholder

Extraordinary General Meeting of Shareholders

On behalf of the Board of Directors of Bannerman Resources Limited (**Bannerman** or **Company**), I am pleased to enclose the Notice of Meeting and related information for the Extraordinary General Meeting of Shareholders to be held on 19 June 2014.

Shareholders will be asked to consider a resolution to approve matters associated with the entry into a new A$4 million convertible note facility (**New Convertible Note**) with Resource Capital Fund VI L.P (**RCFVI**), as announced on 8 April 2014. The resolution is explained in detail in the enclosed Notice of Meeting and Explanatory Memorandum.

The New Convertible Note will be used to fund the construction and operation of a pilot plant at the Company's Etango project and to meet the Company's corporate working capital requirements. The Board believes that the pilot plant program is a cost effective way of further de-risking the Etango project by confirming key definitive feasibility study assumptions and should demonstrate the viability of the heap leaching concept to potential development partners and financiers. It should also progress the Etango project towards the detailed engineering stage and maintain the Etango project's early mover advantage.

The continued support of RCF as a strategic cornerstone investor in Bannerman is a beneficial and positive progression of its investment in the Company. The pilot plant program should help position the Etango project for fast track development in a strengthening uranium price environment. The investment by the recently established RCFVI is noteworthy given this fund is expected to still be in the early stages of its life cycle when the financing of the future development of the Etango project is required.

At the AGM in November 2013, approval was given for the roll over of the existing A$8m convertible note held by Resource Capital Fund IV L.P (**RCFIV**) and in doing so RCFIV was authorised to increase its shareholding up to a maximum of 36.04% by converting its convertible note and the associated share issues under that facility. Approval of the resolution will allow RCFIV, RCFVI and Resource Capital Funds Management Pty Ltd (**RCF Management**) to increase their collective voting power in Bannerman to a maximum of 43.0% by conversion of the convertible notes, the related share issues and the exercise of existing options held by RCF Management.

The Board considered a range of alternative funding options and concluded that the New Convertible Note was the most achievable and advantageous to all shareholders, given current market conditions and the strategic benefits that the enhanced relationship with RCF brings.

The Board engaged BDO Corporate Finance (WA) Pty Ltd (**BDO**) to provide an Independent Expert's Report, which is included with the Notice of Meeting. The Independent Expert's Report has concluded that the issue of shares under the RCF convertible notes and the options held by RCF Management (**Financing Transaction**) is not fair but reasonable, and the grant of new security to RCFVI is fair and reasonable, to the Company's shareholders (excluding any shareholder associated with RCFIV, RCFVI or RCF Management).

Under ASIC guidance, in essence, the ‘fairness’ assessment by BDO in respect of the Financing Transaction is based solely on a financial comparison of the consideration received by the Company against the value of shares to be acquired, while an assessment of ‘reasonableness’ is based on all relevant circumstances. In concluding that the Financing Transaction is ‘reasonable’, BDO has reached the conclusion that the New Convertible Note would have significant advantages for the Company.

The Directors (with the exception of Mr Ian Burvill, a Senior Vice President of RCF, who makes no recommendation) recommend that Shareholders vote in favour of the resolution at the upcoming Extraordinary General Meeting.

I strongly urge you to read carefully the attached Notice of Meeting and Independent Expert’s Report and either attend the Extraordinary General Meeting in person or lodge your vote using the enclosed proxy form. If you have any questions, please contact the Company Secretary of Bannerman, your stockbroker or other professional adviser.

Yours sincerely,

Ronnie Beevor
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting of Shareholders of Bannerman Resources Limited (**Bannerman** or the **Company**) will be held at Level 2, 1 Altona Street, West Perth, Western Australia Western Australia, on 19 June 2014 at 9:00 am (Perth time).

Terms used in this Notice and Explanatory Memorandum are defined in the Glossary on page 19 of this document.

The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the Extraordinary General Meeting.

AGENDA

Special Business

1. Approval of the New Convertible Note and the grant of security to RCFVI

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of item 7 of section 611 of the Corporations Act, ASX Listing Rule 10.1, and for all other purposes, approval is given for:

(a) the entry into the New Convertible Note;

(b) the Company to issue Shares to RCF Management on the valid exercise of the RCF Options;

(c) the Company to issue Shares to RCFVI in satisfaction of the Establishment Fee;

(d) the Company to issue Shares to the RCF Funds in satisfaction of interest payable under the New Convertible Note and/or Existing Convertible Note from time to time;

(e) the Company to issue Shares to the RCF Funds upon any conversion or prepayment of the New Convertible Note and/or Existing Convertible Note;

(f) the Company to grant Prepayment Options to the RCF Funds upon any prepayment of the New Convertible Note and/or Existing Convertible Note and to issue Shares to the RCF Funds on the valid exercise of those Prepayment Options;

(g) the Relevant RCF Entities and their Associates to increase their voting power in the Company to a maximum of 43.0%; and

(h) the Company to grant new security in favour of RCFVI in accordance with the terms and conditions of the New Convertible Note,

on the terms set out in the Explanatory Memorandum."

VOTING EXCLUSION STATEMENTS

The Company will disregard any votes on the Resolution cast by or on behalf of the Relevant RCF Entities and any of their Associates. However, the Company need not disregard a vote cast on the Resolution if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

VOTING AT THE EXTRAORDINARY GENERAL MEETING

Voting entitlements

The Directors have determined that, for the purpose of voting at the Meeting, Shareholders eligible to:

(a) receive the Notice of Meeting are those persons who are the registered holders of Shares (**Registered Shareholders**) on 7 May 2014 (**Notice Record Date**); and

(b) vote at the Meeting are the Registered Shareholders at 9:00 am (Perth time) on 17 June 2014 (**Voting Record Date**).

Shareholders who become Registered Shareholders by acquiring Shares between the Notice Record Date and the Voting Record Date and wish to vote at the Meeting by proxy should contact Computershare on +61 1300 850 505 for further information and to request a Proxy Form.

Shareholders who become beneficial Shareholders (**Beneficial Shareholders**) of Shares by acquiring Shares between the Notice Record Date and the Voting Record Date and wish to vote at the Meeting by proxy should contact their broker or intermediary for instructions on how to do so.

How to vote

You may vote by attending the Meeting in person, by proxy, or by an authorised representative.

Voting in person

To vote in person, attend the Meeting on the date and at the place set out above. Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the Meeting, if possible, so that the Company may check their shareholdings against the Company's share register and note attendances.

Appointment of proxies

Each Shareholder is entitled to appoint a proxy. The proxy does not need to be a Shareholder.

A Shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion of votes each proxy is entitled to exercise. If a Shareholder appoints two proxies, each proxy may exercise half of the Shareholder's votes if no proportion or number of votes is specified.

Voting by proxy

A Shareholder can direct its proxy to vote for, against or abstain from voting on the Resolution by marking the appropriate box in the Item of Business section of the proxy form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

The Chairman will vote all undirected proxies in favour of the Resolution.

If you are in any doubt as to how to vote, you should consult your professional adviser.

Corporate representatives

Any corporate Shareholder wishing to appoint a person to act as its representative at the Meeting may do so by providing that person with:

(a) a letter or certificate executed in accordance with the Corporations Act authorising that person to act as the corporate Shareholder's representative at the Meeting; or

(b) a copy of the resolution appointing that person as the corporate Shareholder's representative at the Meeting, certified by a secretary or director of the corporate Shareholder.

The appointment of a corporate representative must be received by the Company, or the Company's share registrar, Computershare, before the Meeting or at the registration desk on the day of the Meeting. Certificates of appointment of corporate representatives are available at www.computershare.com or on request by calling Computershare on +61 1300 850 505.

Beneficial Shareholders

If you are a Beneficial Shareholder and have received these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or other intermediary.

Key dates

Event	Date
Determination of voting eligibility	9:00 am (Perth time) on Tuesday, 17 June 2014
Deadline for lodgement of proxy forms	9:00 am (Perth time) on Tuesday, 17 June 2014
Extraordinary General Meeting	9:00 am (Perth time) on Thursday, 19 June 2014

Enquiries

Shareholders are invited to contact the Company Secretary by telephone at +61 8 9381 1436 or by email at admin@bannermanresources.com.au if they have any queries in respect of the matters set out in these documents.

By order of the Board

Leigh-Ayn Absolom
Company Secretary
Dated 7 May 2014

EXPLANATORY MEMORANDUM

This Explanatory Memorandum and all Schedules and Annexures are important documents. They should be read carefully. If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice of Meeting, please contact the Company Secretary of Bannerman on +61 8 9381 1436, or consult your stockbroker or other professional adviser.

General Information

This Explanatory Memorandum and the Independent Expert's Report have been prepared for the Shareholders in connection with the EGM of the Company to be held on 19 June 2014. The Independent Expert's Report should be read in conjunction with this Explanatory Memorandum.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the Resolution detailed in the Notice.

The trading of the Company's ordinary shares in terms of value and volume principally occurs on the ASX, accordingly the TSX has not applied its standards in regards to the matters herein as provided under the exemption available under Section 602(g) of the TSX Company Manual.

Information regarding the Resolution

1.1 Background

Shareholders are being asked to consider a resolution to approve matters associated with the entry into a new A$4 million convertible note facility (**New Convertible Note**) with Resource Capital Fund VI L.P (**RCFVI**), as announced on 8 April 2014.

The New Convertible Note will be used to fund the construction and operation of a pilot plant at the Company's Etango Project and to meet the Company's corporate working capital requirements. The pilot plant program should progress the Etango Project towards the detailed engineering stage and maintain the Etango Project's early mover advantage.

The continued support of RCF as a strategic cornerstone investor in Bannerman, through the existing investment of Resource Capital Fund IV L.P (**RCFIV**) and proposed new investment by RCFVI, is a beneficial and positive progression of its investment in the Company. The pilot plant program should help position the Etango Project for fast track development in a strengthening uranium price environment. RCFVI is expected to still be in the early stages of its life cycle when the financing of the future development of the Etango Project is required.

The Board carefully considered a range of alternative funding options and concluded that the New Convertible Note was the most achievable and advantageous to all Shareholders given current market circumstances and the strategic benefits that the enhanced relationship with RCF brings.

At the AGM in November 2013, approval was given for the roll over of the existing A$8m convertible note (**Existing Convertible Note**) held by RCFIV until 30 September 2016 and in doing so RCFIV was authorised to increase its shareholding in Bannerman up to a maximum of 36.04% through the conversion of the Existing Convertible Note and the associated share issues under the Existing Convertible Note.

If this Resolution is not approved, RCFIV will still be able to increase its voting power up to a maximum of 36.04%. As a consequence of the Shares that may be issued to RCFVI under the New Convertible Note, Shareholders are now being asked to approve the potential for the Relevant RCF Entities to increase their combined voting power in Bannerman shares to a maximum of 43.0% (**Maximum Percentage**) by conversion of the Convertible Notes, the related share issues under the Convertible Notes and the exercise of the RCF Options.

The Maximum Percentage is based upon several assumptions outlined in **Schedule 3** - the actual level of voting power that may be obtained by the Relevant RCF Entities and their Associates may be lower depending upon the prevailing circumstances and future share prices.

The New Convertible Note will have materially the same terms as the Existing Convertible Note, with the following key terms:

- the Company must pay RCFVI an establishment fee of A$120,000, to be satisfied through the issue of Shares to RCFVI based on the 5 trading day VWAP of Bannerman's shares at close of trading on the date prior to the date of drawdown of the New Convertible Note;
- the facility will have a total commitment of A$4 million, with interest at a fixed coupon rate of 8% per annum paid quarterly in arrears (the Company may satisfy interest payments by the issue of Shares or in cash);
- a maturity date of 30 September 2016;
- obligations under the New Convertible Note will be secured by a charge over all the Company's present and after acquired property, interests and rights; a share charge over the Company's shares in Bannerman UK; a mortgage and fixed and floating charge over all of Bannerman UK's assets; and a pledge over the shares held by Bannerman UK in Bannerman Namibia; and
- the principal outstanding under the New Convertible Note will be convertible into Shares at the Conversion Price, calculated based on a VWAP prior to drawdown of funds under the facility, but will be between A$0.06 and A$0.095 per share.

Drawdown under the New Convertible Note will be subject to the satisfaction or waiver of the conditions precedent set out in **Schedule 1.** Additional information on the key terms of the New Convertible Note and Existing Convertible Note is also set out in **Schedule 1**.

1.2 Independent Expert's Report

To assist you in deciding how to vote on the Resolution, the Board engaged BDO Corporate Finance (WA) Pty Ltd (**BDO**) to prepare the Independent Expert's Report to provide an opinion on:

- whether or not the issue of Shares under the Existing Convertible Note, the New Convertible Note and the RCF Options (**Financing Transaction**) is 'fair and reasonable' to the Shareholders who are not associated with the Relevant RCF Entities; and
- whether or not the grant of new security to RCFVI in connection with the New Convertible Note is 'fair and reasonable' to the Shareholders who are not associated with the Relevant RCF Entities.

As part of the process, BDO commissioned Al Maynard & Associates to carry out a technical valuation of the Etango Project (**Technical Report**).

The Independent Expert's Report has been prepared in order to satisfy the requirements for Shareholder approval under item 7 of section 611 of the Corporations Act and also ASX Listing Rule 10.1.

BDO has concluded that the Financing Transaction is **not fair but reasonable**, and the grant of new security to RCFVI is **fair and reasonable**, to the Company's shareholders (excluding any Shareholder associated with the Relevant RCF Entities). Under ASIC guidance, in essence, the 'fairness' assessment by BDO in respect of the Financing Transaction is based solely on a financial comparison of the consideration received by the Company against the value of shares to be acquired, while an assessment of 'reasonableness' is based on all relevant circumstances. In concluding that the Financing Transaction is 'reasonable' BDO has reached the conclusion that the New Convertible Note would have significant advantages for the Company.

A complete copy of the Independent Expert's Report and the Technical Report is provided in **Annexure A** to the Notice of Meeting and is also available on the Company's website at www.bannermanresources.com. Shareholders who have received a copy of this notice electronically may request a hard copy of the Independent Expert's Report and the Technical Report from the Company at no cost by contacting the Company by telephone on +61 8 9381 1436.

BDO has consented to the use of their Independent Expert's Report, and the opinion which it contains, in the form and context used in the Notice of Meeting and this Explanatory Memorandum.

Al Maynard & Associates has consented to the use of their Technical Report in the form and context used in the Notice of Meeting and this Explanatory Memorandum.

1.3 Directors' recommendation

The Board (other than Mr Burvill, whose employer is an RCF entity and has therefore decided not to make a recommendation) approved the proposal to put this Resolution to Shareholders, and also recommend that Shareholders vote in favour of the Resolution.

The Board has made this recommendation having considered a range of alternative funding options and having concluded that the New Convertible Note was the most achievable and advantageous to all Shareholders given current market conditions and the strategic benefits that the enhanced relationship with RCF brings.

1.4 Background to the Existing Convertible Note

On 28 November 2008, Bannerman entered into a financing agreement with RCFIV for A$20 million through the Existing Convertible Note facility comprising an initial tranche of A$10 million (**First Tranche**) and a standby tranche of A$10 million available within 6 months from drawdown of the First Tranche. The First Tranche had a three year term and was drawn down on 16 December 2008. The standby tranche was not drawn down.

On 17 November 2011, Shareholders approved an amendment of the terms of the Existing Convertible Note to extend the maturity date from 16 December 2011 to 31 March 2012.

On 13 March 2012, Shareholders approved a reduction in the face value of the Existing Convertible Note to A$8 million through the issue of A$2 million in Shares and an extension of the maturity date of the Existing Convertible Note to 31 March 2014.

On 22 November 2013, Shareholders approved a further amendment and restatement of the Existing Convertible Note to extend the maturity date from 31 March 2014 to 30 September 2016. At the annual general meeting, Shareholders approved the issue of Shares in the circumstances described in **section 1.5,** and approved an increase in RCFIV's voting power up to a maximum percentage of 36.04% by conversion of the Existing Convertible Note and the related share issues under it.

1.5 The issue of Shares under the Convertible Notes

The table below outlines the circumstances under which the Company may be required to issue additional Shares to RCFIV and RCFVI under the Existing Convertible Note and the New Convertible Note, respectively.

Share issues under the Existing Convertible Note and New Convertible Note

	Issue to RCFIV under the Existing Convertible Note	Issue to RCFVI under the New Convertible Note
Fees	No further fees payable.	The Company will satisfy the establishment fee of A$120,000 through the issue of Shares. The number of Shares to be issued will depend on the 5 trading day VWAP of Bannerman's Shares on the ASX at close of trading on the trading day before drawdown of the New Convertible Note.
Satisfaction of interest	The Company must satisfy interest payments by the issue of Shares (except in certain limited circumstances). The number of Shares to be issued will depend on the amount of interest payable and the 5 day VWAP of Bannerman's Shares on the ASX on the trading day before the relevant interest payment date.	The Company may satisfy interest payments by the issue of Shares or in cash. The number of Shares to be issued will depend on the amount of interest payable and the 5 day VWAP of Bannerman's Shares on the ASX on the trading day before the relevant interest payment date.
Upon conversion	If the convertible note is converted by RCFIV at any time up until the Maturity Date. The number of Shares to be issued will be calculated by dividing the amount outstanding under the convertible note at the time of conversion by a fixed Conversion Price of A$0.095.	Same as the Existing Convertible Note, other than the Conversion Price which will be calculated based on the VWAP of the Company's shares on ASX at drawdown of the New Convertible Note but will be between A$0.06 and A$0.095. The method of calculation of the Conversion Price is set out in **Schedule 1**.
Exercise of Prepayment Options	If the Company elects to prepay the amounts owing under the convertible note, then it is also required to grant RCF the number of options that is equal to the principal outstanding under the convertible note divided by the Conversion Price (**Prepayment Options**). The key terms of the Prepayment Options are summarised in **Schedule 2**. The number of Shares to be issued will depend on the number of Prepayment Options exercised by RCFIV.	Same as the Existing Convertible Note.

1.6 The issue of Shares under the RCF Options

The RCF Options were issued to Mr Ian Burvill and Mr Mason Hills (current and previous directors of the Company, respectively) under the NEDSIP for services provided as directors of the Company. Messrs Burvill and Hills directed the Company to issue those options to RCF Management.

Any exercise of the RCF Options will result in RCF Management acquiring a relevant interest in Shares, increasing the voting power of the Relevant RCF Entities on the basis that RCF Management is associated with the RCF Funds in relation to the Company.

Shareholders are being asked to approve the exercise of the RCF Options by RCF Management as part of this Resolution for the purposes of item 7 of section 611 of the Corporations Act. Any Shares issued by the Company in respect of the exercise of the RCF Options would count towards the Maximum Percentage approved by Shareholders.

1.7 The grant of security under the New Convertible Note

The Company and its subsidiaries (the **Group**) have already granted security to RCFIV to secure the Company's obligations under the Existing Convertible Note. Shareholders are now being asked to approve a new grant of security by the Group in favour of RCFVI to secure the Company's obligations under the New Convertible Note on similar terms as the existing security granted in favour of RCFIV over the same assets of the Group. This Shareholder approval is being sought under part (h) of the Resolution for the purposes of ASX Listing Rule 10.1 (see **section 1.13** below for further details). The new security will comprise:

- a charge over all of the Company's present and after acquired property, interests and rights;
- a charge over the Company's shares, dividends and other rights in respect of Bannerman UK;
- a mortgage and fixed and floating charge over all of Bannerman UK's assets and undertakings; and
- a pledge over the rights, title and interests held by Bannerman UK in the shares of Bannerman Namibia.

Both the Existing Convertible Note and the New Convertible Note contain provisions to regulate the priority of the RCF Funds' interests behind any project finance lender. The respective priorities as between RCFIV and RCFVI will be regulated by separate inter-creditor arrangements.

1.8 Advantages if the Resolution is approved

The key advantages to Shareholders if the Resolution is approved are:

- The New Convertible Note will provide the Company with cash resources on hand to construct and operate the pilot plant for the Etango Project and meet its corporate working capital requirements.
- The continued involvement of RCF as a strategic investor in the Company and the new relationship with the fully capitalised US$2.04 billion RCFVI is important to building a project finance model for the Etango Project.
- The Company will not be required to seek alternative sources of fundraising in the short term, such as a potentially dilutive capital raising or the sourcing of third party finance, the availability of which would not be guaranteed.
- The conversion of the Convertible Notes would increase the RCF Funds' overall interest in the Company which would generally be expected to further incentivise RCF to work towards the future success of Bannerman.

1.9 Disadvantages if the Resolution is approved

The Relevant RCF Entities may obtain a greater level of control in respect of the Company, above the level which Shareholders had previously approved. As a consequence:

- the Relevant RCF Entities may have a greater degree of influence over the Board;
- the percentage voting power of Shareholders which are not associated with the Relevant RCF Entities will be reduced if and when Shares are issued in accordance with the Convertible Notes and the RCF Options;
- the Relevant RCF Entities' significant shareholding may reduce any takeover premium being factored into the price of Shares; and
- the Relevant RCF Entities' fully diluted equity interest may discourage other investors from acquiring further Shares, which would result in a decrease in liquidity of Shares on ASX and TSX.

1.10 Financial impact if the Resolution is approved

If the Resolution is approved by Shareholders, the primary financial impact will be an increase in cash assets by A$4 million (excluding transaction costs) and a corresponding increase of A$4 million in the non-current liabilities of the Company.

1.11 Financial impact if the Resolution is not approved

The Company held cash reserves of approximately A$1.85 million as at 31 March 2014 and does not expect to derive any significant cash inflows in the near future. If the Resolution is not approved, the construction of the pilot plant for the Etango Project will be put on hold and the Company will need to seek alternative sources of finance in the short term to meet its working capital requirements.

Alternative sources of finance may include a potentially dilutive capital raising or third party finance. There is no guarantee that the Company would be able to raise sufficient funds through either process.

In the absence of a capital raising, the Company would also likely breach its covenant in the Existing Convertible Note to maintain a minimum cash level of A$1.25 million.

1.12 The Relevant RCF Entities' intentions regarding the Company

The Relevant RCF Entities have confirmed that they have no intention to:

- make any change to the business of the Company;
- inject any further capital into the Company, however the RCF Funds will continue to monitor the financial position of the Company and reserve the right to inject further capital into the Company should it be required;
- make changes to the Company's existing employees;
- transfer any of the Company's assets between the Company and the Relevant RCF Entities or their Associates;
- redeploy any of the Company's fixed assets;
- change the Company's financial or dividend distribution policies; or
- appoint an additional director to the Board if Shareholders approve the Resolution (although RCFVI reserves its contractual right to do so under the New Convertible Note). Mr Burvill will therefore remain the Relevant RCF Entities' sole representative on the Board.

The statements set out above are statements of the Relevant RCF Entities' current intention only and may vary as new information becomes available or circumstances change. The Relevant RCF Entities have provided the Company with the above information to assist it to meet its obligations under ASIC Regulatory Guide 74.

The Company takes no responsibility for any omission from, or any error or false or misleading statement in this section.

1.13 Reasons for seeking shareholder approval

Corporations Act

As illustrated in **section 1.14(b)** and **Schedule 3** below, the Relevant RCF Entities' voting power in the Company may increase to over 20% pursuant to the issue of Shares under the Convertible Notes and on exercise of the RCF Options.

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting securities in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by, or on behalf of, the person and because of that transaction, that person's or someone else's voting power increases:

(a) from 20% or below to more than 20%; or

(b) from a starting point that is above 20% to below 90%.

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606(1) of the Corporations Act. The exception provides that a person may acquire a relevant interest in a company's voting shares that would otherwise breach section 606(1) of the Corporations Act if shareholders of the company approve the transaction.

The Company is seeking the approval of Shareholders under the Resolution to ensure that the Company may issue Shares to the RCF Funds in accordance with the terms of the New Convertible Note and Existing Convertible Note and issue Shares to RCF Management upon the exercise of the RCF Options, irrespective of whether this would increase the Relevant RCF Entities' voting power in the Company's above the 20% threshold.

ASX Listing Rules

(a) Reason for seeking Shareholder approval under ASX Listing Rule 10.1

Under part (h) of the Resolution, Shareholders are being asked to approve the grant of security to RCFVI over the Group's assets to secure the Company's obligations under the New Convertible Note. Additional information on the grant of security to RCFVI is set out in **section 1.7.**

The grant of security will constitute the disposal of a 'substantial asset' to a 'substantial holder' under ASX Listing Rule 10.1. A transaction of this kind is prohibited by the ASX Listing Rules, unless the Company has obtained Shareholder approval. Accordingly, Shareholder approval is being sought under part (h) of the Resolution for the purposes of ASX Listing Rule 10.1.

(b) Substantial holder

ASX Listing Rule 10.1 provides that an entity, or any of its subsidiaries, must not acquire a substantial asset from, or dispose of a substantial asset to a 'substantial holder', if that person and their Associates have a relevant interest (or had a relevant interest at any time in the six months before the transaction) in at least 10% of the total votes attaching to the voting securities.

Given that RCFVI is an Associate of RCFIV and RCF Management in relation to the Company, which together held a relevant interest in 13.97% of the Company's voting securities as at 6 May 2014 (being the last date practicable prior to finalising this Notice of Meeting), RCFVI constitutes a 'substantial holder' for the purposes of ASX Listing Rule 10.1.

(c) Disposal

Under the ASX Listing Rules, 'dispose' is defined as meaning to dispose of something, or agree to dispose of something by any means, whether directly or through another person, and includes the use of an asset as collateral. Accordingly, the granting of the security to RCFVI under the New Convertible Note will be considered a disposal of an asset of the Company for the purposes of ASX Listing Rule 10.1.

(d) Substantial Asset

Pursuant to ASX Listing Rule 10.2, an asset is 'substantial' if its value is 5% or more of the equity interest of the company as set out in the latest accounts given to ASX under the ASX Listing Rules. The New Convertible Note requires as a condition precedent to drawdown the execution of several security documents including a charge over all the Company's present and future assets and a share charge over the Company's shares in Bannerman UK. On this basis, the grant of the Security will be considered the disposal of a substantial asset for the purposes of ASX Listing Rule 10.1.

1.14 Additional information required by the Corporations Act and ASIC Regulatory Guide

For the exemption in item 7 of section 611 of the Corporations Act to apply, shareholders must be given all information known to the person proposing to make the acquisition or their Associates, or known to the company, that is material to the decision of how to vote on the resolution. In ASIC Regulatory Guide 74, ASIC has indicated what additional information should be provided to Shareholders in these circumstances.

In addition to the information already outlined above and the Independent Expert's Report, the following information is provided to Shareholders in compliance with item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 in relation to the Resolution.

(a) Details regarding RCF

The Company will issue Shares to the Relevant RCF Entities, in accordance with the terms of the Existing Convertible Note, the New Convertible Note and on exercise of the RCF Options.

Resource Capital Funds (**RCF**) are private equity funds with mandates to make investments exclusively in the mining sector across a diversified range of hard mineral commodities and geographic regions. The funds are managed by RCF Management L.L.C. which has its principal office in Denver and additional offices in Perth, New York (Long Island) and Toronto. RCF pioneered the concept of mining-focused private equity funds and strives to produce superior returns to its investors, portfolio companies and fellow equity investors. Since inception, RCF has supported 120 mining companies (and several mining-services companies) involving projects located in 40 countries and relating to 28 commodities.

RCF has experience in building management teams specifically suited to develop and or operate assets and has the resources and networks to draw upon top talent from around the world. In addition to providing financing, RCF has the in-house technical and financial expertise to actively guide a mining company's management team through the process of raising capital in the public equity and project financing markets. RCF's management team consists of individuals with extensive commercial and technical experience in the mining industry.

RCF is currently investing its sixth fund, Resource Capital Fund VI L.P., with committed capital of US$2.04 billion and currently manages three other active private equity funds, Resource Capital Fund V L.P., Resource Capital Fund IV L.P. and Resource Capital Fund III L.P.. The Funds' committed capital is sourced primarily from US-based institutional investors. Further information about RCF can be found on its website www.resourcecapitalfunds.com.

RCFIV is represented on the Board by Mr Burvill and the Company understands that RCFVI will also be represented by him, although RCFVI has the right to appoint an additional director under the New Convertible Note.

For the purposes of the Corporations Act, each of the Relevant RCF Entities are Associates of one another in relation to the Company. RCF has confirmed that the Relevant RCF Entities do not have any other 'Associates' in relation to the Company.

(b) Effect on the voting power of the Relevant RCF Entities and their Associates

Schedule 3 sets out the indicative number of Shares that the Relevant RCF Entities and their Associates would acquire in the Company and the corresponding effect on their voting power and the capital structure of the Company (on the basis of the assumptions set out in the notes) as a result of the various share issues contemplated by the Existing Convertible Note, New Convertible Note (as set out in **section 1.5** above) and the exercise of the RCF Options. The actual number of Shares and Prepayment Options is likely to vary based on the application of the terms of the Existing Convertible Note and New Convertible Note.

Given that Relevant RCF Entities are Associates of each other in relation to the Company, the same maximum voting power outlined in this **section 1.14(b)** applies to all RCF Entities and their Associates.

By way of summary (please refer to **Schedule 3** for a more detailed analysis):

- As at the date of this Explanatory Memorandum, the Relevant RCF Entities and their Associates hold 45,405,704 Shares which equates to voting power of 13.97%.

- Assuming that (i) the Conversion Price under the New Convertible Note is A$0.095 (the Conversion Price will not be finalised until drawdown) and (ii) the Bannerman Share price were to remain constant at A$0.067 (being an approximately 20% discount to the closing 5-day VWAP of the Company's shares on the ASX on the date of finalising the Independent Expert's Report) until the Maturity Date, the voting power of the Relevant RCF Entities and their Associates could increase by a maximum of 29.03% by conversion of the Convertible Notes, the related share issues and the exercise of the RCF Options.

Accordingly, under the Resolution, Shareholders are being asked to approve the potential for the Relevant RCF Entities and their Associates to increase their voting power in Bannerman up to a maximum of 43.0% (**Maximum Percentage**) by conversion of the convertible notes, the related share issues and exercise of the RCF Options.

The Convertible Notes are issued on the understanding that circumstances may change between the date of issue and conversion; irrespective of any such change the subsequent conversion by the relevant RCF Fund of the relevant Convertible Note will be valid, provided that the Relevant RCF Entities' (and their Associates') voting power remains below the Maximum Percentage.

If the Relevant RCF Entities' circumstances change and the Relevant RCF Entities' (and their Associates') voting interest increases as a result of an acquisition of Shares other than under the Existing Convertible Note or New Convertible Note or on exercise of the RCF Options (e.g. by way of taking up its rights under a rights issue), this will not affect the Maximum Percentage that the Relevant RCF Entities are entitled to increase their voting power to following Shareholder approval under the Resolution.

In other words, the Relevant RCF Entities' (and their Associates') interest must not exceed the Maximum Percentage (without further Shareholder approval) but how they reach the Maximum Percentage is irrelevant – it can be through Shares issued under the Existing Convertible Note, the New Convertible Note, the RCF Options, or otherwise.

If the Resolution is passed, the Company will include a statement in subsequent Annual Reports reminding Shareholders of the approval granted to the Relevant RCF Entities (and their Associates) to increase their voting power in the Company to the Maximum Percentage.

(c) Details of other relevant agreements between the Relevant RCF Entities and Bannerman that are conditional on Shareholder approval

There are no contracts or proposed contracts between the Relevant RCF Entities (or any of their Associates) and the Company that are conditional on, or directly or indirectly dependent on, Shareholder approval of the issue of Shares to the Relevant RCF Entities under the Existing Convertible Note, New Convertible Note or RCF Options.

(d) Interests of Directors

Other than Mr Burvill, whose employer is an RCF entity, no Director has any interest in the Existing Convertible Note or the New Convertible Note, or the acquisition of Shares by the Relevant RCF Entities under the terms of the Existing Convertible Note, the New Convertible Note or the RCF Options.

(e) Nominee Directors

The RCF Funds currently intend that Mr Burvill will remain their sole representative on the Board. However, RCFVI reserves its contractual right to appoint a separate nominee director under the New Convertible Note.

Mr Burvill is a Senior Vice President of RCF and has over 25 years of mining industry experience, starting as a mechanical engineer in the design and construction of mineral process plants. In representing RCF, Mr Burvill has acted as a non-executive director of a number of mining companies including Pan Australian Resources NL, Highlands Pacific Limited and Murchison Metals Ltd. Mr Burvill has also worked as an Associate Director of Rothschild Australia Limited, providing project finance for mining projects.

Other than as described above, Mr Burvill has no current associations with the Relevant RCF Entities, the Company or any of their Associates and does not have any further interest in the Existing Convertible Note, New Convertible Note, RCF Options or any other relevant agreement.

1.15 ASX Listing Rule 7.1

Subject to certain exceptions, ASX Listing Rule 7.1 provides that a company may not issue more than 15% of its issued capital in any 12 month period without shareholder approval. ASX Listing Rule 7.2 provides that this restriction does not apply in certain circumstances, including in relation to an issue of securities approved for the purposes of Item 7 of section 611 of the Corporations Act.

As Shareholder approval is being sought for the issue of Shares under the New Convertible Note and the Existing Convertible Note under item 7 of section 611 of the Corporations Act, if Shareholders pass the

Resolution then separate approval will not be required under ASX Listing Rule 7.1 and as such the issue of Shares under the Existing Convertible Note and/or the New Convertible Note will not reduce the Company's capacity to issue up to 15% of its issued capital in any 12 month period without shareholder approval.

1.16 ASIC and ASX's role

The fact that the accompanying Notice of Meeting, this Explanatory Memorandum and other relevant documentation has been received by ASX and ASIC is not to be taken as an indication of the merits of the Resolutions or the Company. ASIC, ASX and their respective officers take no responsibility for any decision a Shareholder may make in reliance on any of that documentation.

Other information

Neither the Company nor the Directors are aware of any additional information not set out in this Explanatory Memorandum or the Independent Expert's Report that would be relevant to Shareholders in deciding how to vote on the Resolution.

GLOSSARY

A$, dollars or $	means Australian dollars.
Annexure	refers to an Annexure attached to this Notice.
Associate	has the meaning given to it in section 12 of the Corporations Act.
ASX	means ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market operated by it.
ASX Listing Rules	means the Listing Rules of ASX.
Bannerman Namibia	means Bannerman Mining Resources (Namibia) (Pty) Ltd.
Bannerman UK	means Bannerman Resources Nominees (UK) Limited.
Beneficial Shareholders	means persons who are or become holders of beneficial interests in Shares, either directly or through nominee or other holders.
Board	means the board of Directors of the Company.
Chairman	means the Chairman of the Extraordinary General Meeting.
Company or **Bannerman**	means Bannerman Resources Limited (ACN 113 017 128).
Computershare	means Computershare Investor Services, Bannerman's share registrar.
Conditions Precedent	means the conditions which must be satisfied in order to drawdown under the New Convertible Note.
Conversion Price	means the price which the relevant RCF Fund may elect to convert all or part of the Principal Outstanding into Shares.
Convertible Notes	means the Existing Convertible Note and the New Convertible Note.
Corporations Act	means the *Corporations Act 2001* (Cth).
Director	means a director of the Company.
Establishment Fee	means the A$120,000 fee payable by the Company to RCFVI on the date of drawdown of the New Convertible Note.
Etango Project	means the uranium project of the Company located in Namibia.
Existing Convertible Note	means the convertible note with a face value of A$8 million provided by RCFIV to the Company.
Existing Facility	means the A$8,000,000 convertible note facility provided by RCFIV.
Explanatory Memorandum	means the Explanatory Memorandum attached to the Notice of Meeting.
Extraordinary General Meeting or **EGM** or **Meeting**	means the Extraordinary General Meeting of Shareholders of the Company to be held at Level 2, 1 Altona Street, West Perth, Western Australia, on 19 June 2014 at 9:00 am (Perth time), or any adjournment thereof.
Group	means Bannerman and its subsidiaries.
Independent Expert's Report	means the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd in connection with the Resolution and attached to this Notice at **Annexure A**.
Maximum Percentage	means the Relevant RCF Entities' maximum potential voting power in Bannerman, being 43.0%.
Mining Licence	means the mining licence to be granted by the Minister of Mines and

	Energy of Namibia in respect of the Etango Project within EPL 3345.
Maturity Date	30 September 2016.
NEDSIP	means the Non-Executive Director Share Incentive Plan as amended from time to time.
New Convertible Note or New Facility	means the proposed A$4,000,000 convertible note facility to be provided by RCFVI.
Notice or **Notice of Meeting**	means the notice of Meeting and the Explanatory Memorandum.
Notice Record Date	means 7 May 2014.
Prepayment Options	means the Options that become issuable by the Company to the relevant RCF Fund upon prepayment of the Existing Convertible Note or New Convertible Note, with the terms thereof set out in the **Schedule 2** to this Notice of Meeting.
Principal Outstanding	means the amount outstanding under the New Convertible Note to RCFVI and/or Existing Convertible Note to RCFIV (as applicable) from time to time.
Proxy Form	means the proxy form included with this Notice at **Annexure B**.
RCF	has the meaning given to it in **section 1.14(a).**
RCF Funds	means RCFIV and RCFVI (each a **RCF Fund**).
RCFIV	means Resource Capital Fund IV L.P.
RCF Management	means Resource Capital Funds Management Pty Ltd.
RCF Options	means the 2,203,800 options to acquire a Share issued to Mr Burvill and Mr Hills under the NEDSIP and held by RCF Management.
RCFVI	means Resource Capital Fund VI L.P.
Registered Shareholders	means those persons who are registered holders of Shares as at the applicable date.
Relevant RCF Entities	means RCF Management and the RCF Funds.
Resolution	means the resolution set out in the Notice of Meeting.
Schedule	refers to a Schedule at the end of this Notice of Meeting.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a person, corporation or body holding a Share on the Bannerman share register.
Technical Report	means the technical report prepared by Al Maynard & Associates in connection with the Resolution and attached to this Notice at **Annexure A**.
TSX	means Toronto Stock Exchange, or as the context requires, the financial market operated by it.
Voting Record Date	means 9:00 am on 17 June 2014.
VWAP	means Volume Weighted Average Price.

SCHEDULE 1 - KEY TERMS OF THE EXISTING CONVERTIBLE NOTE AND NEW CONVERTIBLE NOTE

The key commercial terms of the Existing Convertible Note and New Convertible Note are summarised below. Where the terms of the New Convertible Note are stated to be the same as the Existing Convertible Note, this indicates that that the specific contractual terms are the same except for the difference in lenders and other consequential amendments.

Term	Existing Convertible Note	New Convertible Note
Lender	RCFIV	RCFVI
Facility	A facility with a total commitment of A$8,000,000 (**Existing Facility**).	A facility with a total commitment of A$4,000,000 (**New Facility**).
Use of funds	Bannerman will not receive any new funds as the Existing Facility is already fully drawn down.	Meeting the Company's working capital requirements, and the construction and operation of the proposed pilot plant for the Etango Project.
Commencement Date	The Existing Convertible Note was entered into on 28 November 2008. The amendment and restatement to the Existing Facility commenced on 31 March 2014.	Drawdown will be available upon 15 business days' notice, with such notice to be given within 30 days after satisfaction of the conditions precedent (see below). If the Company does not proceed with a draw down of the New Facility where all Conditions Precedent have been satisfied (and the New Facility is available for drawdown) or the Company has not acted in good faith in seeking to satisfy the Conditions Precedent, the Company must pay to RCF Management L.L.C. a break fee of A$120,000.
Maturity Date	30 September 2016 or such later date as Bannerman and RCFIV may otherwise agree.	30 September 2016
Conditions Precedent	All conditions precedent have been satisfied in order to give effect to the extension of the maturity date to 30 September 2016.	The Company must satisfy the following Conditions Precedent in order to draw down under the New Facility: (a) customary documentary conditions; (b) technical, legal, financial and permitting due diligence report in respect to the Company and the Etango Project, which is satisfactory to RCFVI; (c) all necessary governmental, RCFVI investment committee and regulatory approvals and shareholder approval by the Company in relation to the New Facility (including notifications and consent requirements in Namibia); (d) the Company confirming that it is in compliance with relevant securities regulations (including the Namibian Stock Exchange), and that all material information has been publicly disclosed; (e) executed formal legal documentation satisfactory to RCFVI, including evidence

		that all taxes have been paid; (f) granting and perfection of security in favour of RCFVI (see below); (g) all necessary consents in relation to the granting of security in favour of RCFVI, including any pre-emptive rights; (h) all necessary consents and, if applicable, waivers of any rights of pre-emption required to enable RCFVI to exercise its rights under the security; (i) receipt by RCFVI of such legal opinions from its counsel as it may require; (j) payment of all fees and expenses, including legal costs and the issue of the establishment fee shares; (k) no material adverse change in the Company's financial condition or operations; (l) RCFVI being provided with a copy of the relevant audited financial reports of the Company; (m) evidence of good title to the Etango Project and lodgment of title documents with RCFVI; (n) RCFVI being satisfied with the corporate budget of the Company; (o) no event of default having occurred that remains subsisting; and (p) the accuracy of customary representations and warranties.
Interest	Interest is payable on Principal Outstanding at a fixed coupon rate of 8% per annum and is paid quarterly in arrears. The Company must satisfy interest payments by the issue of Shares to RCFIV except in certain limited circumstances where Bannerman can satisfy interest in cash. The number of Shares to be issued to satisfy interest payments is equal to the amount of interest due on the applicable interest payment date, divided by the 5 day VWAP ending the trading day immediately preceding the relevant interest payment date. The Shares to be issued to satisfy interest payments will be issued progressively on or around the relevant interest payment date. If, in certain circumstances, Bannerman is unable	Interest is payable on Principal Outstanding at a fixed coupon rate of 8% per annum and is paid quarterly in arrears. The Company may satisfy interest payments by the issue of Shares to RCFVI or in cash. If the Company elects to satisfy interest payments by the issue of Shares, the number of Shares to be issued is equal to the amount of interest due on the applicable interest payment date, divided by the 5 day VWAP ending the trading day immediately preceding the relevant interest payment date. The Shares to be issued to satisfy interest payments will be issued progressively on or around the relevant interest payment date.

	to issue Shares to pay interest, then it can satisfy the interest in cash.	
Bannerman repayment of the Convertible Notes	On the Maturity Date, if RCFIV has not elected to convert the Principal Outstanding into equity (see below), Bannerman will repay to RCFIV the Principal Outstanding, accrued interest and any other amounts which are secured and outstanding in cash under the relevant convertible note.	Same as the Existing Convertible Note.
RCF conversion of Principal Outstanding	RCFIV may, any time prior to the Maturity Date, elect to convert all or part of the Principal Outstanding into Shares at the conversion price (**Conversion Price**). The Conversion Price under the Existing Convertible Note is A$0.095 per Share. The Shares will be issued in one tranche on or around the date of conversion.	Same as the Existing Convertible Note, except that the Conversion Price under the New Convertible Note will be equal to the higher of: 1. the lower of: a) A$0.095; and b) 150% of the 60 trading day VWAP as at the date of drawdown of the New Facility. 2. A$0.06.
Bannerman conversion of Principal Outstanding	Bannerman may, at any time prior to the Maturity Date, elect to convert all or part of the Principal Outstanding to Shares at an issue price per Share equal to the Conversion Price provided that: (a) the rolling 20 day VWAP is equal to, or more than, three times the amount of the relevant Conversion Price; and (b) the average daily volume of Shares traded on ASX during that 20 day period is not less than 2% of the total number of Shares to be issued to RCFIV upon such a conversion. The relevant Shares will be issued in one tranche on or around the date of conversion.	Same as the Existing Convertible Note, except that Bannerman cannot elect to convert until after the first anniversary of the drawdown of the New Facility.
Bannerman voluntary prepayment	Bannerman may elect to prepay all of the Principal Outstanding (plus any outstanding interest) at any time up to 60 days prior to the Maturity Date. If Bannerman elects to make that prepayment, then it is also required to grant to RCFIV the number of options that is equal to the Principal Outstanding divided by the Conversion Price (**Prepayment Options**). The Prepayment Options will be issued in one tranche on or around the date of prepayment. The terms of the Prepayment Options are set out in **Schedule 2**. The Prepayment Options will have an exercise price equal to the relevant Conversion Price, an expiry date of the Maturity Date and otherwise be issued on the terms set out in the relevant convertible note.	Same terms as the Existing Convertible Note, however the number of potential Prepayment Options issuable under the New Convertible Note will differ due to the different Conversion Price and principal amount of loan.

	Based on the Conversion Price and the current Principal Outstanding of A$8,000,000, if Bannerman elects to make the prepayment, it will be required to issue 84,210,526 Prepayment Options.	
Security	Secured by: (a) a charge over all of the Company's present and after acquired property, interests and rights; (b) a charge over the Company's shares, dividends and other rights in respect of Bannerman UK; (c) a mortgage and fixed and floating charge over all of Bannerman UK's assets and undertakings; and (d) a pledge over the rights, title and interests held by Bannerman UK in the shares of Bannerman Namibia. The note contains provisions to regulate the priority of RCFIV's interests behind any project finance lender.	Security is granted on similar terms to the Existing Convertible Note, over the same assets of the Group in favour of RCFVI. See **section 1.7** for further information.
Amendment to the Conversion Price	In the event of any reorganisation of Bannerman's issued capital, then the provisions of the convertible note will be amended in accordance with the ASX Listing Rules so that the holder of the convertible note will not receive a benefit that holders of ordinary securities do not receive. The relevant Conversion Price will be subject to an adjustment under an anti-dilution formula should Bannerman raise equity at less than 80% of a rolling 5-day VWAP, in which case there will be a reduction in the Conversion Price which is proportionate to the dilution in value attributable to the amount of equity raised.	Same as the Existing Convertible Note.
Change of control	It will be a review event if: (a) a person obtains a relevant interest in 50% or more of Bannerman's securities or Bannerman (other than the RCF Funds); or (b) Bannerman Namibia ceases to have an ownership interest of at least 50% in the Etango Project without RCFIV's prior consent. Upon the happening of a review event, Bannerman and RCFIV will consult each other as to the effect of that event, upon which RCFIV may elect to: (a) convert all amounts outstanding under the	Same as the Existing Convertible Note.

	relevant convertible note into Shares; or (b) on 120 days' notice, require the repayment of all amounts outstanding under the relevant convertible note.	
Bannerman's undertakings	Bannerman gives customary representations, warranties, undertakings and indemnities. In addition, it will also give warranties and undertakings in respect of: (a) the maintenance of: I. not less than a 50% interest in the Etango Project (either indirectly or through its holding in Bannerman Namibia); and II. the tenements of the Etango Project; (b) ensuring that any Shares issued under the terms of the convertible note (either as a new issue or on the exercise of the Prepayment Options) are freely tradeable on ASX; and (c) the maintenance of a minimum cash balance of A$1.25 million, which will include A$0.5 million cash which the Company has set aside to pay Savanna in the event that the Mining Licence is granted (**Savanna Payment**). If the Savanna Payment is made, the minimum cash balance will reduce to A$750,000.	Same as the Existing Convertible Note.
Default	If Bannerman defaults, and the default continues, then Bannerman requires RCFIV's prior consent in order to exercise its rights to convert the Principal Outstanding and/or interest to Shares. In addition, upon the occurrence of an event of default, all amounts owing under the relevant convertible note would become immediately due and payable. There will also be certain customary events of default, including: (a) failure by Bannerman to pay or repay any amounts outstanding under the Existing Convertible Note and Bannerman not remedying that failure within two business days of the due date; (b) breach of the Existing Convertible Note, including where specified security documents or consents or a representation, warranty or statement is or proves to be incorrect in a material respect, and the breach is not rectified within seven days; (c) Bannerman, Bannerman UK or Bannerman Namibia implement a merger, demerger or	Same as the Existing Convertible Note.

	scheme of arrangement without RCFIV's approval; (d) the Etango Project is abandoned; (e) any event or series of events, whether related or not, occurs which has or is likely to have a material adverse effect on Bannerman; (f) Bannerman's securities are suspended from trading on ASX for an aggregate period in excess of five days over any rolling 12 month period; and (g) any material part of the Etango Project or the relevant tenements is nationalised, confiscated or requisitioned.	
Approvals	Bannerman is required to use reasonable endeavours to obtain a Mining Licence in respect of the Etango Project before the Maturity Date. Bannerman must ensure that it has all required Shareholder approvals (if any) before it issues any Shares or Prepayment Options under the relevant convertible note.	Same as the Existing Convertible Note.

SCHEDULE 2 – CONVERTIBLE NOTE PREPAYMENT OPTION TERMS

1. The valid exercise of each Prepayment Option will entitle the holder to one Share.
2. Upon the valid exercise of the Prepayment Options and payment of the exercise price, Bannerman will issue Shares, which will be fully paid ordinary shares ranking pari passu with the then issued ordinary shares of Bannerman.
3. In the event of any reorganisation of the issued capital of Bannerman the rights of the option holder will be changed to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
4. If there is a pro rata issue (except a bonus issue), the exercise price of a Prepayment Option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N+1}$$

Where:

O' =	the new exercise price of the Prepayment Options;
O =	the old exercise price of the Prepayment Options;
E =	the number of underlying securities into which one Prepayment Option is exercisable;
P =	the average market price per security (weighted by reference to volume) of the underlying securities during the 5 Trading Days ending on the day before the ex-right date or the ex-entitlements date;
S =	the subscription price for a security under the pro rata issue;
D =	dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and
N =	the number of securities with rights or entitlements that must be held to receive a right to one new security.

5. The Prepayment Options will not be listed but Bannerman must apply for listing of the Shares issued upon exercise of the Prepayment Options.
6. If there is a bonus issue to the holders of Shares, the number of Shares over which the Prepayment Options are exercisable may be increased by the number of Shares which the Prepayment Options holder would have received if the Prepayment Options had been exercised before the record date for the bonus issue.
7. While Bannerman is admitted to the ASX, the terms of the Prepayment Options must only be amended in accordance with ASX Listing Rules.
8. The optionholder does not have the right to participate in bonus issues or new issues of securities offered to Shareholders until Shares are allotted to the holder pursuant to the exercise of the relevant Prepayment Options.

SCHEDULE 3 – EFFECT OF THE VARIOUS SHARE ISSUES ON THE VOTING POWER OF THE RELEVANT RCF ENTITIES AND THEIR ASSOCIATES

The table below illustrates how the Relevant RCF Entities and their Associates may reach the Maximum Percentage of 43.0%, which Shareholders are being asked to approve, by conversion of both Convertible Notes, the related share issues under them and the exercise of the RCF Options. However, this table is based upon several variables and assumptions (listed in the explanatory notes and assumptions below) which in practice may not remain constant throughout the life of the Convertible Notes. Accordingly, the actual number of Shares that may be issued to RCFIV and RCFVI under the Convertible Notes may differ from the numbers set out below. However, the Maximum Percentage voting power that the Relevant RCF Entities (and their Associates) can reach will remain fixed despite any variation from assumed figures and circumstances.

As at the date of this Explanatory Memorandum:

1. RCFIV had a relevant interest in 45,405,704 Shares, representing 13.97% of the issued share capital of the Company;
2. RCF Management had no relevant interest in Shares, representing nil percent of the issued share capital of the Company; and
3. RCFVI had no relevant interest in Shares, representing nil percent of the issued share capital of the Company.

	Number of Shares
Shareholding of RCFIV	
Shares held by RCFIV as at the date of this Explanatory Memorandum[1]	45,405,704
Payment of all interest on the Existing Convertible Note (up until 30 September 2016)[3]	23,880,597
Upon conversion of the Principal Outstanding under Existing Convertible Note[5, 8]	84,210,526
Relevant interest in Shares held by RCFIV as at Maturity Date	153,496,827
Voting power of RCFIV as at Maturity Date[10]	31.4%
Shareholding of RCF Management	
Shares held by RCF Management as at the date of this Explanatory Memorandum[1]	0
Shares issuable under the RCF Options currently held by RCF Management[2]	2,203,800
Relevant interest in Shares held by RCF Management as at Maturity Date	2,203,800
Voting power of RCF Management as at Maturity Date[10]	0.5%
Shareholding of RCFVI	
Shares held by RCFVI as at the date of this Explanatory Memorandum[1]	0
Satisfaction of the Establishment Fee of A$120,000[6]	1,791,045
Payment of all interest on the New Convertible Note (up until 30 September 2016)[3, 4]	10,629,461
Upon conversion of the Principal Outstanding under New Convertible Note[7, 8]	42,105,263
Relevant interest in Shares held by RCFIV as at Maturity Date	54,525,769
Voting power of RCFVI as at Maturity Date[10]	11.1%
Total relevant interest in Shares held by the Relevant RCF Entities and their Associates as at Maturity Date	**210,226,396**
Maximum potential voting power of the Relevant RCF Entities and their Associates[9, 10]	**43.0%**

Explanatory notes and assumptions

1. References to 'Shares held' refer to Shares in which the Relevant RCF Entities have a relevant interest known to the Company at 6 May 2014, being the last practicable date before the finalisation of this Explanatory Memorandum.

2. Assumes that RCF Management will exercise all options held by it prior to the Maturity Date.

3. Assumes that the price for calculating the number of interest shares to be issued will be A$0.067 (being an approximately 20% discount to the 5-day VWAP of the Company's shares on ASX at 2 May 2014, being the date of finalisation of the Independent Expert's Report). However, the number of interest shares is calculated by reference to the 5 day VWAP calculated on the last trading day before the applicable interest payment date so this price will vary as will the number of interest shares to be issued to the RCF Funds.

4. Assumes that the date of drawdown under the New Convertible Note is 10 July 2014 and that the total commitment of A$4 million is drawn down. This accounts for the proportional differences in the number of interest shares allocated under the New Convertible Note as opposed to the Existing Convertible Note as Shares payable in lieu of interest under the Existing Convertible Note will be issued in satisfaction of the full third quarter of 2014 whereas shares issued under the New Convertible Note will only be issued for the relevant portion of the third interest quarter of 2014.

5. Assumes that the Existing Convertible Note will be converted into Shares at the Maturity Date.

6. Assumes that the price for calculating the number of shares to be issued in satisfaction of the Establishment Fee will be A$0.067 (being an approximately 20% discount to the 5-day VWAP of the Company's shares on ASX at 2 May 2014, being the date of finalisation of the Independent Expert's Report). However, the number of Establishment Fee Shares is calculated by reference to the 5 day VWAP calculated on the last trading day before the drawdown of the New Convertible Note, so this price may vary as may the number of Establishment Fee Shares to be issued to RCFVI.

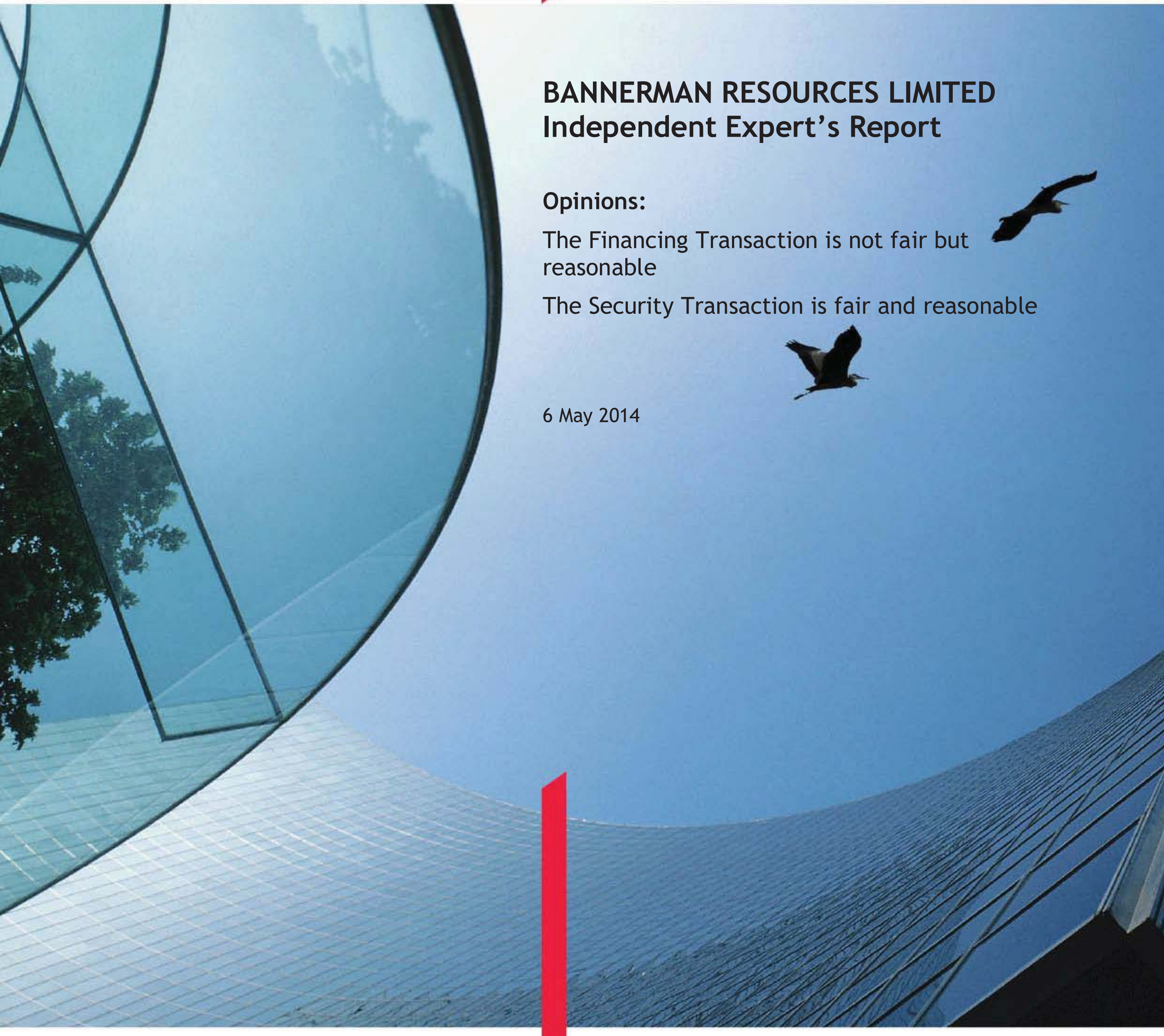
7. Assumes the New Convertible Note will be converted to Shares as at the Maturity Date, at a Conversion Price of A$0.095. This Conversion Price represents the maximum unadjusted price at which Shares may be issued to RCFVI upon conversion of the New Convertible Note (the actual Conversion Price will be calculated based on the VWAP of the Company's Shares on ASX at drawdown of the New Facility but will be between A$0.06 and A$0.095).

8. If the Company prepays either Convertible Note and there are amounts outstanding under the relevant Convertible Note, then it must issue Prepayment Options on the terms set out in Schedule 2. The number of Prepayment Options would be equal to the number of Shares issued on a conversion of the relevant Convertible Note. The issue of any Shares upon the exercise of Prepayment Options would count towards the Maximum Percentage under the Resolution.

9. The actual number of securities to be issued under the relevant Convertible Note is likely to vary based on the application of the terms of the relevant Convertible Note. For example, if the Company raises equity at less than 80% of a rolling 5-day VWAP, the Conversion Price will be adjusted in accordance with the anti-dilution formula.

10. Assumes that before the Maturity Date, Bannerman will not issue any other Shares, options or performance rights other than in respect of the exercise of the RCF Options and the Shares to be issued under the Convertible Notes. The current issued capital of the Company as at the date of this Explanatory Memorandum is 324,938,790 Shares.

ANNEXURE A – INDEPENDENT EXPERT'S REPORT AND TECHNICAL REPORT



BANNERMAN RESOURCES LIMITED
Independent Expert's Report

Opinions:

The Financing Transaction is not fair but reasonable

The Security Transaction is fair and reasonable

6 May 2014

BDO

Financial Services Guide

6 May 2014

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('**we**' or '**us**' or '**ours**' as appropriate) has been engaged by Bannerman Resources Limited ('**Bannerman**' or **'the Company'**) to provide an independent expert's report on the proposals for Bannerman to issue shares to Resource Capital Fund VI LP and Resource Capital Fund IV LP upon the conversion of convertible note facilities, for Bannerman to issue shares on the exercise of options issued to RCF Management Pty Ltd and for Bannerman to grant security to RCF Fund VI in the form of a mortgage over the assets comprising Bannerman's Etango Project. You will be provided with a copy of our report as a retail client because you are a shareholder of Bannerman.

Financial Services Guide
In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('**FSG**'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO Australia Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $24,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments
In October 2013 we were engaged to provide an independent expert's report on the proposal to extend the secured convertible note facility with Resource Capital Fund IV LP. Our fees for this work amounted to approximately $42,000.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Bannerman for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("**FOS**"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter.

Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
You may contact us using the details set out on page 1 of the accompanying report.

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Australia

6 May 2014

The Directors
Bannerman Resources Limited
Suite 18
Level 1, 513 Hay Street
SUBIACO WA 6008

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 8 April 2014, Bannerman Resources Limited (**'Bannerman'** or **'the Company'**) announced that, subject to certain conditions including shareholder approval, it had agreed to issue a new convertible note facility with a total commitment of $4 million (**'New Convertible Note'**) to Resource Capital Fund VI LP (**'RCFVI'**). The Convertible Note will have a maturity date of 30 September 2016 and a coupon interest rate of 8% per annum. The conversion price will be the higher of:

a) the lower of:

   i. $0.095; and

   ii. 150% of the 60 day trading VWAP as at the date of drawdown.

b) $0.06.

Under the New Convertible Note, security will also be provided to RCFVI in the form of the following:

a) A charge over all of Bannerman's present and after acquired property, interests and rights;

b) A charge over Bannerman's shares, dividends and other rights in respect of Bannerman Resources Nominees (UK) Limited (100% owned subsidiary of Bannerman);

c) A mortgage and a fixed and floating charge over all of Bannerman Resources Nominees (UK) Limited's assets and undertakings; and

d) A pledge over the rights, title and interests held by Bannerman Resources Nominees (UK) Limited in the shares of Bannerman Mining Resources (Namibia) (Proprietary) Limited.

The above security is collectively referred to as the **'Secured Assets'**.

The purpose of the New Convertible Note is to allow Bannerman to fund the construction and operation of a proposed pilot plant program for the Company's 80% owned Etango Project located in Namibia and allow the Company to meet its corporate working capital requirements.

Bannerman has an existing secured convertible note facility on issue to Resource Capital Fund IV LP (‘**RCFIV**’) with a face value of $8 million (‘**Existing Convertible Note**’). The Existing Convertible Note has a maturity date of 30 September 2016, a conversion price of $0.095 (subject to adjustment) and a coupon interest rate of 8% per annum. For the purposes of the Corporations Act 2001 (Cth) (‘**the Act**’), RCFVI and RCFIV are considered associates in relation to the Company.

The extension of the terms of the Existing Convertible Note was approved by Shareholders on 22 November 2013. On that date, Shareholders approved the issue of shares to RCFIV, up to a maximum percentage of 36.04% through the issue of shares under the Existing Convertible Note.

Approval of the resolution will allow RCFIV, RCFVI and RCF Management Pty Ltd (‘**RCF Management**’) through the issue of shares to RCFIV, RCFVI and RCF Management under the Existing Convertible Note, the New Convertible Note and existing options to increase their shareholding up to a maximum percentage of 43.0% (‘**Financing Transaction**’) pursuant to Item 7 Section 611 of the Act.

The security to be provided under the New Convertible Note, in the form of the Secured Assets, is also subject to shareholders’ approval under the Australian Securities Exchange (‘**ASX**’) Listing Rule 10.1 (‘**Security Transaction**’).

For the purpose of our Report, the Financing Transaction and the Security Transaction are collectively referred to as ‘**the Transactions**’ and RCFIV, RCFVI and RCF Management are collectively referred to as ‘**the Relevant RCF Entities**’.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Bannerman have requested that BDO Corporate Finance (WA) Pty Ltd (‘**BDO**’) prepare an independent expert’s report (‘**our Report**’) to express an opinion as to whether or not the Financing Transaction and the Security Transaction are fair and reasonable to the non-associated shareholders of Bannerman (‘**Shareholders**’).

Our Report is prepared pursuant to the following sections of the Act and/or ASX Listing Rules (‘**Listing Rules**’) and is to be included in the Notice of Meeting and Explanatory Memorandum for Bannerman in order to assist Shareholders in deciding whether to approve the following:

- Financing Transaction – Item 7 Section 611 of the Act as a result of the Relevant RCF Entities increasing their voting power in the Company from their current position of 13.97% up to a maximum of 43.0% following the Financing Transaction; and
- Security Transaction – ASX Listing Rule 10.1 as a result of the Company being deemed to may have disposed of a substantial asset to a substantial holder (being RCFVI, which is deemed to be an associate of RCFIV who currently holds a relevant interest of 13.97% of Bannerman’s issued share capital) to secure repayment of the New Convertible Note.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (‘**ASIC**’) Regulatory Guide 74 (‘**RG 74**’), ‘Acquisitions Approved by Members’, Regulatory Guide 111 (‘**RG 111**’), ‘Content of Expert’s Reports’ and Regulatory Guide 112 (‘**RG 112**’) ‘Independence of Experts’.

In arriving at our opinion, we have assessed the respective terms of the Transactions as outlined in the body of this report. We have considered:

- How the value of a Bannerman share prior to the Financing Transaction on a control basis compares to the value of a Bannerman share following the Financing Transaction on a minority basis;
- How the value of the proceeds of the sale of the Secured Assets that would be provided to RCFVI under a general security deed in relation to the New Convertible Note in the event of a default compares to the value of the liabilities that would be settled;
- The likelihood of a superior alternative being available to Bannerman;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transactions; and
- The position of Shareholders should the Transactions not proceed.

2.3 Opinion

We have considered the terms of the Financing Transaction as outlined in the body of this report and have concluded that, in the absence of a superior alternative, **the Financing Transaction is not fair but reasonable to Shareholders**.

We have determined that the Financing Transaction is not fair as the preferred value of a Bannerman share following the Financing Transaction on a minority basis under both our primary and secondary methodologies is less than the preferred value of a Bannerman share prior to the Financing Transaction on a control basis. However, we consider the Financing Transaction to be reasonable due to significant advantages that we consider the Financing Transaction will bring to the Company and note that RCFIV has previously received shareholder approval to increase its interest in the Company to 36.04% through the issue of shares under the Existing Convertible Note and that the approval being sought under the Financing Transaction will only increase the collective interest of the Relevant RCF Entities to up to a maximum of 43.0%.

We have considered the terms of the Security Transaction as outlined in the body of this report and have concluded that, in the absence of any other relevant information, **the Security Transaction is fair and reasonable to Shareholders**.

2.4 Fairness

In section 13 we determined how the value of a Bannerman share prior to the Financing Transaction on a control basis compares to the value of a Bannerman share following the Financing Transaction on a minority basis, as detailed below.

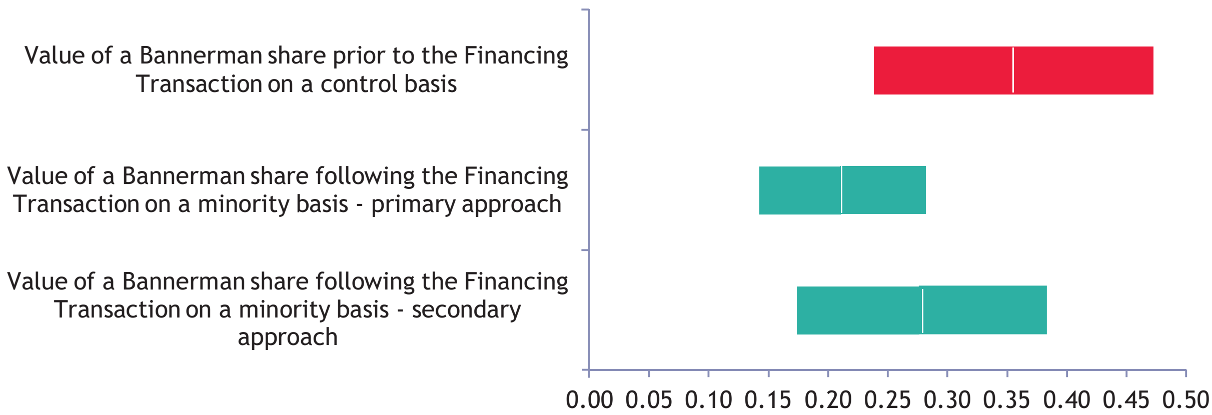
Table 1: Fairness assessment of Financing Transaction

	Ref	Low $	Preferred $	High $
Value of a Bannerman share prior to the Financing Transaction on a control basis	10.3	0.238	0.357	0.472
Value of a Bannerman share following the Financing Transaction on a minority basis – primary approach	11.1	0.142	0.211	0.283
Value of a Bannerman share following the Financing Transaction on a minority basis – secondary approach	11.2	0.174	0.276	0.383

Source: BDO analysis

The table above shows that the low, preferred and high values of a Bannerman share following the Financing Transaction on a minority basis under both our primary and secondary approaches are less than the low, preferred and high values of a Bannerman share prior to the Financing Transaction on a control basis.

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, the preferred value of a Bannerman share following the Financing Transaction on a minority basis under both methodologies is less than the preferred value of a Bannerman share prior to the Financing Transaction on a control basis. Therefore, we consider the Financing Transaction to be not fair for Shareholders.

We also concluded that the value of the proceeds of the sale of the Secured Assets that would be provided to RCFVI under a general security deed in relation to the New Convertible Note in the event of a default is equivalent or lower than the value of the liabilities that would be settled. This is discussed in section 12 of our Report. Therefore, in the absence of any other relevant information, this indicates that the Security Transaction is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in section 14 of this report, in terms of both:

- advantages and disadvantages of the Transactions; and
- other considerations, including the position of Shareholders if the Transactions do not proceed and the consequences of not approving the Transactions.

In our opinion, the position of Shareholders if the Transactions are approved is more advantageous than the position if the Transactions are not approved. Accordingly, in the absence of any other relevant information, we believe that:

- the Financing Transaction is reasonable for Shareholders; and
- the Security Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

Table 2: Summary of advantages and disadvantages considered in reasonableness assessment

ADVANTAGES AND DISADVANTAGES			
Section	**Advantages**	**Section**	**Disadvantages**
Financing Transaction			
14.1.1	Minority interest values prior to and following the Financing Transaction are similar	14.2.1	The Financing Transaction is not fair
14.1.2	Financing Transaction provides a short to medium term funding option	14.2.2	Dilution of existing Shareholders' interests
14.1.3	Approval of the Financing Transaction will provide the Company with funds to progress the pilot plant		
14.1.4	Approval of the Financing Transaction will provide the Company with necessary working capital and allow compliance with financial covenants		
14.1.5	Conversion will put the Company under less cash flow strain		
14.1.6	Major shareholder support		
14.1.7	The ability of Bannerman to raise additional funds may increase		

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
Security Transaction			
14.1.8	The Security Transaction is fair	14.2.3	Onerous restrictions on dealing with the Company's assets
14.1.9	Supports debt funding		

Other key matters we have considered include:

Table 3: Summary of other key matters considered in reasonableness assessment

Section	Description
14.3.1	Alternative proposals
14.3.2	The change in practical level of control is not significant
14.3.3	The Transactions are unlikely to deter a takeover offer being received in the future
14.3.4	No change to the composition of Bannerman Board
14.3.5	Approval of the Financing Transaction does not guarantee conversion of the New Convertible Note
14.3.6	RCFVI's intention if the Transactions are approved

3. Scope of the Report

3.1 Purpose of the Report

Financing Transaction

RCFIV currently owns 13.97% of the shares in Bannerman. On 22 November 2013, Shareholders approved the issue of shares to RCFIV, up to a maximum percentage of 36.04% through the issue of shares under the Existing Convertible Note. As a consequence of the New Convertible Note, Shareholders are now being asked to approve (amongst other things) the issue of shares to the Related RCF Entities under the Financing Transaction up to a maximum percentage of 43.0%. Section 606 of the Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with "Acquisitions Approved by Members". It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Bannerman, by either:

- undertaking a detailed examination of the Transactions themselves, if they consider that they have sufficient expertise; or
- by commissioning an independent expert's report.

The directors of Bannerman have commissioned this independent expert's report to satisfy this obligation.

Security Transaction

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the last audited or reviewed accounts. The equity interests of the Company as set out in the 31 December 2013 reviewed accounts were $55,204,000. The value of the Secured Assets is greater than $2,760,200.

ASX Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets, amongst other things, is a related party or a substantial holder of the listed entity. Given that RCFVI is an associate of RCFIV in relation to the Company, which held a relevant interest in 13.97% of the Company's issued shares at the last date practicable prior to finalising the Notice of Meeting, RCFVI constitutes a substantial holder for the purposes of ASX listing Rule 10.1.

ASX Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction (non-associated shareholders).

Accordingly, an independent experts' report is required for the Security Transaction. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Bannerman.

3.2 Regulatory guidance

Neither the Listing Rules nor the Act defines the meaning of 'fair and reasonable'. In determining whether the Transactions are fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

Financing Transaction – A control transaction

RG 111 suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Financing Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Financing Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

Security Transaction – Related party transactions

RG 111 suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test — that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Security Transaction to be a control transaction.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

RG 111.31 stipulates that in a control transaction a comparison should be made between the value of the target entity's securities prior to the transaction on a controlling basis and the value of the target entity's securities following the transaction allowing for a minority discount. This comparison reflects the fact that the acquirer is obtaining or increasing control of the target entity and the security holders in the target entity will no longer hold a controlling interest. As such we have valued a share in Bannerman prior to the Transactions on a controlling basis and compared this to the value of a share in Bannerman following the Transactions on a minority basis.

Financing Transaction

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison of the value of a Bannerman share prior to the Financing Transaction on a control basis and the value of a Bannerman share following the Financing Transaction on a minority basis (fairness – see section 13 'Are the Transactions fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see section 14 'Are the Transactions reasonable?').

Security Transaction

In the case of the Security Transaction, the provision of the Secured Assets to RCFVI to secure repayment of the New Convertible Note is the subject of the offer.

As stated in section 3.2, we do not consider that the Security Transaction is a control transaction. As such, we have not included a premium for control when considering the value of the assets deemed to have been disposed by Bannerman.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the assets being disposed and the value of the consideration (fairness – see section 13 'Are the Transactions fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see section 14 'Are the Transactions reasonable?').

Valuation assignment

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ("**APES 225**").

A Valuation Engagement is defined by APES 225 as follows:

"an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time."

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Proposal

On 28 November 2008, Bannerman entered into a financing agreement with RCFIV for $20 million through the Existing Convertible Note facility comprising an initial tranche of $10 million and a standby tranche of $10 million, available within 6 months from drawdown of the initial tranche. The initial tranche had a three year term and was drawn down on 16 December 2008. The standby tranche was never drawn down.

On 17 November 2011, Shareholders approved an amendment of the terms of the Existing Convertible Note to extend the maturity date from 16 December 2011 to 31 March 2012.

On 13 March 2012, Shareholders approved a $2 million reduction in the face value of the Existing Convertible Note through the issue of shares and an extension of the maturity date of the Existing Convertible Note to 31 March 2014.

On 22 November 2013, Shareholders approved a further amendment and restatement of the Existing Convertible Note to extend the maturity date to 30 September 2016 and the ability to increase voting power to 36.04% through the issue of shares under the Existing Convertible Note. The key terms of the Existing Convertible Note from RCFIV are as follows:

- A maturity date of 30 September 2016 or such a later date as Bannerman and RCFIV may otherwise agree;
- A conversion price of $0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price); and
- A coupon interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman shares prior to the date of issue or cash in certain circumstances.

New Convertible Note facility with RCFVI

On 8 April 2014, Bannerman announced that, subject to certain conditions including shareholder approval, it had agreed to issue a convertible note facility to RCFVI. The New Convertible Note has a face value of $4 million and the following key terms:

- A maturity date of 30 September 2016;
- A conversion price equal to the higher of:
    a) the lower of:
        i. $0.095; and
        ii. 150% of the 60 day trading VWAP as at the date of drawdown.
    b) $0.06.
- A fixed coupon interest rate of 8% per annum with interest payable quarterly in arrears through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman shares prior to the date of issue or in cash at the Company's option; and
- An establishment fee of $120,000 payable by Bannerman on the date of drawdown, to be satisfied through cash or shares at Bannerman's option; the issue of shares to be at a price per share equal to the five-day VWAP for the five trading days prior to the date of drawdown. By way of example based on a 20% discount to the five-day VWAP to 2 May 2014, which amounts to $0.067 per share, this would equate to 1,791,045 Shares ('**Establishment Fee**').

Bannerman has already granted security to RCFIV to secure its obligations under the Existing Convertible Note. Shareholders are now being asked to approve a new grant of security in favour of RCFVI to secure the company's obligations under the New Convertible Note on similar terms as the existing security granted in favour of RCFIV over the same assets. The new security will comprise:

a) a charge over all of Bannerman's present and after acquired property, interests and rights;

b) a charge over Bannerman's shares, dividends and other rights in respect of Bannerman Resources Nominees (UK) Limited;

c) a mortgage and a fixed and floating charge over all of Bannerman Resources Nominees (UK) Limited's assets and undertakings; and

d) a pledge over the rights, title and interests held by Bannerman Resources Nominees (UK) Limited in the shares of Bannerman Mining Resources (Namibia) (Proprietary) Limited.

The funds received under the New Convertible Note are to be used by Bannerman to fund the construction and operation of a proposed pilot plant program for the Company's 80% owned Etango Project located in Namibia and allow the Company to meet its corporate working capital requirements.

During 2012, the Company completed a definitive feasibility study ('**DFS**') on the Etango Project and completed an Environmental and Social Impact Assessment which confirmed the Etango Project's economics and pathway to development. The Company continues to investigate a financing model that will enable fast tracking a commitment to the project development as the uranium market rises. The financing of projects typically requires the completion of a pilot testing program to confirm the scale up of laboratory level testing completed in a DFS. The opportunity to progress the pilot plant program provides a potential competitive advantage to Bannerman in positioning the Etango Project to a point to demonstrate the process flow sheet to potential financiers as well as to generate data to enable the detailed design phase of future development.

As at 31 December 2013, the Company's cash balance was $2.59 million and decreased to $1.85 million as at 31 March 2014. The Company has financial covenants in place under the terms of the Existing Convertible Note whereby the Company, unless otherwise approved, maintains minimum cash and cash equivalents balance of not less than $1.25 million. The New Convertible Note will assist the Company in complying with these financial covenants.

The New Convertible Note is conditional upon, but not limited to, the following:

- Legal documentation satisfactory to RCFVI;
- Payment of all fees and expenses, as contemplated by the term sheet entered into between RCFVI and Bannerman;
- Approval by Shareholders under Item 7 of Section 611 of the Corporations Act;
- Any other necessary Shareholder or regulatory approvals;
- No material adverse change in the financial conditions or operations of the Company;
- The granting (and perfection) of security in favour of RCFVI;
- Receipt by RCFVI of such legal opinions as RCFVI may require; and
- No event of default having occurred which then remains subsisting.

Under the term sheet between RCFVI and Bannerman the conversion price of the New Convertible Note will be a minimum of $0.06 per share up to a maximum of $0.095 per share.

As at the date of this Report, RCFIV holds 13.97% of the issued shares in Bannerman. On 22 November 2013, Shareholders approved the issue of shares to RCFIV, up to a maximum percentage of 36.04% through the issue of shares under the Existing Convertible Note.

We also note that RCF Management currently holds a total of 2,203,800 options in Bannerman, comprising 394,000 options with an exercise price of $0.36 and an expiry date of 17 November 2014, 683,800 options with an exercise price of $0.12 and an expiry date of 21 November 2015 and 1,126,000 options with an exercise price of $0.072 and an expiry date of 22 November 2016.

Approval is sought for the Relevant RCF Entities to increase their collective shareholding in Bannerman under the Financing Transaction to a maximum percentage of 43.0% ('**Maximum Percentage**'). The Maximum Percentage is derived on the following basis agreed with the Relevant RCF Entities:

- shares are issued on conversion of the Existing Convertible Note at $0.095 per share;
- shares are issued in satisfaction of all interest on the Existing Convertible Note up to 30 September 2016 at an assumed 20% discount to the five-day value weighted average price to 2 May 2014, which is $0.067 per share and may vary;
- shares are issued on the exercise of options by RCF Management;
- shares are issued in satisfaction of the Establishment Fee at an assumed 20% discount to the five-day value weighted average price to 2 May 2014, which is $0.067 per share and may vary;
- shares are issued on conversion of the New Convertible Note at a maximum conversion price of $0.095 per share; and

- shares issued in satisfaction of all interest on the New Convertible Note up to 30 September 2016 at an assumed 20% discount to the five-day value weighted average price to 2 May 2014, which is $0.067 per share and may vary.

Table 4: Capital Structure post Financing Transaction assuming New Convertible Note converted at $0.095 per share

Shares on issue under New Convertible Note & Existing Convertible Note	RCF	Other Shareholders	Total
Issued Shares as at the date of this Report	45,405,704	279,533,086	324,938,790
% holdings as at the date of this Report	13.97%	86.03%	100.00%
Shares issued on conversion of the Existing Convertible Note	84,210,526	-	84,210,526
Shares issued in satisfaction of interest on the Existing Convertible Note**	23,880,597	-	23,880,597
Issued shares after conversion of the Existing Convertible Note	**153,496,827**	**279,533,086**	**433,029,913**
% holdings after conversion of the Existing Convertible Note	35.5%	64.6%	100.00%
Shares issued on exercise of existing options by RCF Management	2,203,800	-	2,203,800
Shares issued in satisfaction of the Establishment Fee**	1,791,045	-	1,791,045
Shares issued on conversion of the New Convertible Note*	42,105,263	-	42,105,263
Shares issued in satisfaction of interest on the New Convertible Note**	10,629,461	-	10,629,461
Issued shares following the Financing Transaction	**210,226,396**	**279,533,086**	**489,759,482**
% holdings following the Financing Transaction	43.0%	57.0%	100.00%

**The number of shares payable to RCFVI as payment upon conversion of the New Convertible Note assumes a maximum conversion price of $0.095 per share.*

*** The number of shares payable to RCFIV as payment of all interest under the Existing Convertible Note (being up until 30 September 2016) and the payment of the Establishment Fee and all interest under the New Convertible Note (being up until 30 September 2016) to RCFVI assumes the price for calculating the number of shares to be issued will be at a 20% discount to the five day VWAP to 2 May 2014 which is $0.067 and may vary.*

If the circumstances change and the voting interest of the Relevant RCF Entities increases as a result of an acquisition of shares other than under the Financing Transaction, this will not affect the Maximum Percentage. In other words, The Relevant RCF Entities' interest must not exceed the Maximum Percentage (without further shareholder approval) but how it reaches the Maximum Percentage is irrelevant provided it is through shares issued under the Financing Transaction.

Under the term sheet between RCFVI and Bannerman, the conversion price of the New Convertible Note will be settled at drawdown at a minimum of $0.06 per share up to a maximum of $0.095 per share. A conversion price of $0.06 per share, assuming all other assumptions remaining the same, may result in the shareholding of the Relevant RCF Entities to be 45.7%. However, given that the Maximum Percentage is 43.0%, shares issued under other components of the Financing Transaction will have to decrease accordingly.

Table 5: Capital Structure post Financing Transaction assuming New Convertible Note converted at $0.06 per share

Shares on issue under New Convertible Note & Existing Convertible Note	RCF	Other Shareholders	Total
Issued Shares as at the date of this Report	45,405,704	279,533,086	324,938,790
% holdings as at the date of this Report	13.97%	86.03%	100.00%
Shares issued on conversion of the Existing Convertible Note	84,210,526	-	84,210,526
Shares issued in satisfaction of interest on the Existing Convertible Note**	23,880,597	-	23,880,597
Issued shares after conversion of the Existing Convertible Note	**153,496,827**	**279,533,086**	**433,029,913**
% holdings after conversion of the Existing Convertible Note	35.5%	64.6%	100.00%
Shares issued on exercise of existing options by RCF Management	2,203,800	-	2,203,800
Shares issued in satisfaction of the Establishment Fee**	1,791,045	-	1,791,045
Shares issued on conversion of the New Convertible Note*	66,666,667	-	66,666,667
Shares issued in satisfaction of interest on the New Convertible Note**	10,629,461	-	10,629,461
Issued shares following the Financing Transaction	**234,787,800**	**279,533,086**	**514,320,886**
% holdings following the Financing Transaction	45.7%	54.3%	100.00%

**The number of shares payable to RCFVI as payment upon conversion of the New Convertible Note assumes a minimum conversion price of $0.06 per share.*

*** The number of shares payable to RCFIV as payment of all interest under the Existing Convertible Note (being up until 30 September 2016) and the payment of the Establishment Fee and all interest under the New Convertible Note (being up until 30 September 2016) to RCFVI assumes the price for calculating the number of shares to be issued will be at a 20% discount to the five day VWAP to 2 May 2014 which is $0.067 which may vary.*

5. Profile of Bannerman Resources Limited

Bannerman is an Australian exploration and development company focused on uranium. The Company listed on the ASX in April 2005, on the Toronto Stock Exchange in November 2007 and on the Namibian Stock Exchange in July 2008. Bannerman is currently focused on developing its 80% owned flagship project, the Etango Project, which is located in Namibia.

Currently the Board of Directors comprises the following people:

- Ronald Beevor – Non-Executive Chairman;
- Leonard Jubber – CEO and Managing Director;
- Ian Burvill – Non-Executive Director (RCFIV Representative);
- Clive Jones – Non-Executive Director; and
- David Tucker – Non-Executive Director.

Etango Project (80% owned)

The Etango Project is a uranium focused project located 38 km east of Swakopmund, Namibia, and is one of the world’s largest undeveloped uranium projects. Bannerman currently has an 80% interest in the project through its subsidiary Bannerman Mining Resources (Namibia) Pty Ltd. The remaining 20% is owned by Clive Jones who is a non-executive director of Bannerman and Bannerman Mining Resources (Namibia) Pty Ltd.

The Ministry of Environment and Tourism (‘**MET**’) granted formal environmental approval for development of the Etango Project to the Company in the September 2012 quarter.

On 11 June 2013, the Company announced that the Namibian Ministry of Mines and Energy had provided Bannerman Mining Resources (Namibia) Pty Ltd with a two year renewal of Exclusive Prospecting Licence 3345 which hosts the Etango Project and all targeted exploration projects.

The Company continues to investigate a financing model that will enable fast tracking a commitment to the project development of the Etango Project. The financing of projects typically requires the completion of a pilot testing program to confirm the scale up of the laboratory level testing completed in the DFS. With regard to the Etango Project, the pilot plant will serve to both demonstrate the process flow sheet to potential financiers as well as generate the data to enable the detailed design phase of future development. The Company has reinitiated the process to gain requisite environmental clearance for the pilot plant program; an application was lodged with the MET during February 2014.

For further information on the Company’s Etango Project, refer to Appendix 3.

Capital raising history

On 23 December 2011, the Company completed a Share Placement which saw it issue approximately 36.5 million shares at an issue price of $0.225 per share to raise approximately $8.2 million. Of this $8.2 million raised, $2 million was subscribed for by RCFIV. This had an effect of reducing the outstanding $10 million Existing Convertible Note facility to $8 million. This was approved by Shareholders on 13 March 2012 with the issue of shares to RCFIV and the reduction in the face value of the Existing Convertible Note considered to be non-cash transactions.

In February 2012, the Company completed a follow-on placement of 8 million shares to raise a further $1.8 million, and a Share Purchase Plan comprising the issue of approximately 17.78 million shares to raise a further $4 million. Both additional capital raisings were completed at an issue price of $0.225 per share.

5.1 Historical Financial Statements

Table 7: Historical Consolidated Statements of Financial Position of Bannerman

Consolidated Statement of Financial Position	Reviewed 31-Dec-13 $'000	Audited 30-Jun-13 $'000	Audited 30-Jun-12 $'000
CURRENT ASSETS			
Cash and cash equivalents	2,590	3,816	9,613
Other receivables	45	134	480
Other	78	47	122
TOTAL CURRENT ASSETS	2,713	3,997	10,215
NON-CURRENT ASSETS			
Other receivables	27	27	26
Property, plant and equipment	856	950	1,208
Exploration and evaluation expenditure	58,257	59,713	61,181
TOTAL NON-CURRENT ASSETS	59,140	60,690	62,415
TOTAL ASSETS	61,853	64,687	72,630
CURRENT LIABILITIES			
Trade and other payables	289	401	1,196
Interest bearing liabilities	-	7,415	3
Provisions	162	186	227
TOTAL CURRENT LIABILITIES	451	8,002	1,426
NON CURRENT LIABILITIES			
Interest bearing liabilities	6,198	-	6,751
TOTAL NON CURRENT LIABILITIES	6,198	-	6,751
TOTAL LIABILITIES	6,649	8,002	8,177
NET ASSETS	55,204	56,685	64,453
EQUITY			
Contributed equity	116,290	115,810	115,170
Reserves	35,989	36,156	38,851
Accumulated losses	(96,191)	(94,454)	(88,911)
Non controlling interest	(884)	(827)	(657)
TOTAL EQUITY	55,204	56,685	64,453

Source: Reviewed financial statements for the half-year ended 31 December 2013 and audited financial statements for the years ended 30 June 2013 and 30 June 2012.

Table 8: Historical Consolidated Statements of Comprehensive Income of Bannerman

Consolidated Statement of Comprehensive Income	Reviewed for the half year ended 31-Dec-13 $'000	Audited for the year ended 30-Jun-13 $'000	Audited for the year ended 30-Jun-12 $'000
Other revenue	46	190	532
Other income	54	2	3
Employee benefits	(871)	(2,103)	(3,297)
Borrowing costs	(1,089)	(1,371)	(2,206)
Compliance and regulatory expenses	(189)	(276)	(634)
Depreciation expense	(61)	(203)	(241)
Exploration expenditure written off	(623)	(77)	(12)
Other expenses	-	(2,210)	(4,650)
Loss before income tax	(2,733)	(6,048)	(10,505)
Income tax benefit	954	360	905
Net loss for the year	(1,779)	(5,688)	(9,600)
Other comprehensive income			
Foreign currency translation	(1,804)	(3,078)	(11,604)
Total comprehensive loss for the period	**(3,583)**	**(8,766)**	**(21,204)**

Source: Reviewed financial statements for the half-year ended 31 December 2013 and audited financial statements for the years ended 30 June 2013 and 30 June 2012.

Commentary on historical financial statements

We note the following in relation to Bannerman's historical financial statements over the period 30 June 2012 to 31 December 2013:

- For the half-year ended 31 December 2013, the audit report in the financial statements included an emphasis of matter regarding the Company's ability to continue as a going concern. The Directors acknowledged that the Company's cash flow forecast reflects that additional working capital will need to be raised within the coming financial year to enable the Company to continue its planned business activities and expenditure levels. The Directors are satisfied that there are reasonable grounds to believe that, having regard to the Company's position and its available financing options, the Company will be able to raise additional capital to enable it to meet its obligations as and when they fall due.

- The net asset position of the Company decreased from $64.45 million as at 30 June 2012 to $55.20 million as at 31 December 2013. The decrease in net assets is primarily due to the decrease in cash and cash equivalents from $9.61 million as at 30 June 2012 to $2.59 million as at 31 December 2013. Cash has been used by the Company to fund its exploration and evaluation activities over the period.

- Bannerman's primary asset is its capitalised exploration and evaluation expense which totalled $58.26 million as at 31 December 2013. The decrease in capitalised exploration and evaluation expenses over the period 30 June 2012 to 31 December 2013 is primarily due to foreign currency translation movements.

- Bannerman’s primary liability at 31 December 2013 is the Existing Convertible Note which has moved from current liabilities as at 30 June 2013 to non-current liabilities given the maturity date has been amended to 30 September 2016.
- Bannerman’s contributed equity has increased from $115.81 million to $116.29 million over the period 30 June 2012 to 31 December 2013. This increase is due to the issue of shares to RCFIV in satisfaction of interest payments and an extension fee in relation to the Existing Convertible Note.
- For the half-year ended 31 December 2013, the Company made a loss of $3.58 million. This result was primarily attributable to administration and corporate expenses, employee costs, borrowing costs and non-cash share based payment expenses.

5.2 Capital Structure

The conversion of either the Existing Convertible Note or the New Convertible Note would result in conversion into Bannerman’s shares. The share structure of Bannerman as at 10 April 2014 is outlined below:

Table 9: Share structure of Bannerman

	Number
Total ordinary shares on issue	324,938,790
Top 20 shareholders	192,249,850
Top 20 shareholders - % of shares on issue	59.16%

Source: *Computershare*

The ordinary shares held by the most significant shareholders as at 10 April 2014 are detailed below:

Table 10: Substantial shareholders of Bannerman

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Resource Capital Funds	45,405,704	13.97%
Global X Management Company LLC	23,041,052	7.09%
Clive Bruce Jones	15,206,940	4.68%
Regent Pacific Group Ltd	10,854,568	3.34%
Subtotal	94,508,264	29.08%
Others	230,430,526	70.92%
Total ordinary shares on Issue	**324,938,790**	**100.00%**

Source: *Bannerman management*

Bannerman also has the following unlisted options on issue:

Table 11: Options on issue

Options on Issue	RCF Management	Others	Total
$0.678 options expiring on 21 November 2015	-	1,500,000	1,500,000
$0.36 options expiring on 17 November 2014	394,000	508,500	902,500
$0.12 options expiring on 21 November 2015	683,800	1,111,400	1,795,200
$0.072 options expiring on 22 November 2016	1,126,000	3,378,000	4,504,000
TOTAL	**2,203,800**	**6,497,900**	**8,701,700**

If all of these options are exercised it would raise $1,881,612 in cash. However, only the options with an exercise price of $0.072 are currently in the money and therefore likely to be exercised at present. If these options are exercised then $324,288 of cash would be received by the Company.

6. Profile of Resource Capital Fund VI LP

Resource Capital Funds ('**RCF**') are private equity funds with mandates to make investments exclusively in the mining sector across a diversified range of hard mineral commodities and geographic regions. The funds are managed by RCF Management L.L.C. which has its principal office in Denver and additional offices in Perth, New York (Long Island) and Toronto. RCF pioneered the concept of mining-focused private equity funds and strives to produce superior returns to its investors, portfolio companies and fellow equity investors. Since inception, RCF has supported 120 mining companies (and several mining-services companies) involving projects located in 40 countries and relating to 28 commodities.

RCF has experience in building management teams specifically suited to develop and or operate assets and has the resources and networks to draw upon to source top talent from around the world. In addition to providing financing, RCF has the in-house technical and financial expertise to actively guide a mining company's management team through the process of raising capital in the public equity and project financing markets. RCF's management team consists of individuals with extensive commercial and technical experience in the mining industry.

RCF is currently investing its sixth fund, Resource Capital Fund VI L.P., with committed capital of $2.04 billion and currently manages three other active private equity funds, Resource Capital Fund V L.P., Resource Capital Fund IV L.P. and Resource Capital Fund III L.P. The Funds' committed capital is sourced primarily from US-based institutional investors. Further information about RCF can be found on its website www.resourcecapitalfunds.com.

As at the date of our Report, RCFIV is the largest shareholder in Bannerman with an ownership interest of 13.97%.

7. Economic analysis

Growth in the global economy was a bit below trend in 2013, but there are reasonable prospects of a pick-up this year. The United States economy, while affected by adverse weather, continues its expansion and the euro area has begun a recovery from recession, albeit a fragile one. Japan has recorded a significant pick-up in growth. China's growth remains generally in line with policymakers' objectives, though it may have slowed a little in early 2014. Commodity prices have declined from their peaks but in historical terms remain high.

Financial conditions overall remain very accommodative. Long-term interest rates and most risk spreads remain low. Equity and credit markets are well placed to provide adequate funding, though for some emerging market countries conditions are considerably more challenging than they were a year ago.

In Australia, the economy grew at a below trend pace in 2013. Recent information suggests slightly firmer consumer demand over the summer and foreshadows a solid expansion in housing construction. Some indicators of business conditions and confidence have improved from a year ago and exports are rising. But at the same time, resources sector investment spending is set to decline significantly and, at this stage, signs of improvement in investment intentions in other sectors are only tentative, as firms wait for more evidence of improved conditions before committing to expansion plans. Public spending is scheduled to be subdued.

The demand for labour has remained weak and, as a result, the rate of unemployment has continued to edge higher. It will probably rise a little further in the near term. Growth in wages has declined noticeably. If domestic costs remain contained, some moderation in the growth of prices for non-traded goods could be expected over time, which should keep inflation consistent with the target, even with lower levels of the exchange rate.

Monetary policy remains accommodative. Interest rates are very low and savers continue to look for higher returns in response to low rates on safe instruments. Credit growth is slowly picking up. Dwelling prices have increased significantly over the past year. The decline in the exchange rate from its highs a year ago will assist in achieving balanced growth in the economy, but less so than previously as a result of the rise over the past few months. The exchange rate remains high by historical standards.

Looking ahead, continued accommodative monetary policy should provide support to demand, and help growth to strengthen over time. Inflation is expected to be consistent with the 2–3 per cent target over the next two years.

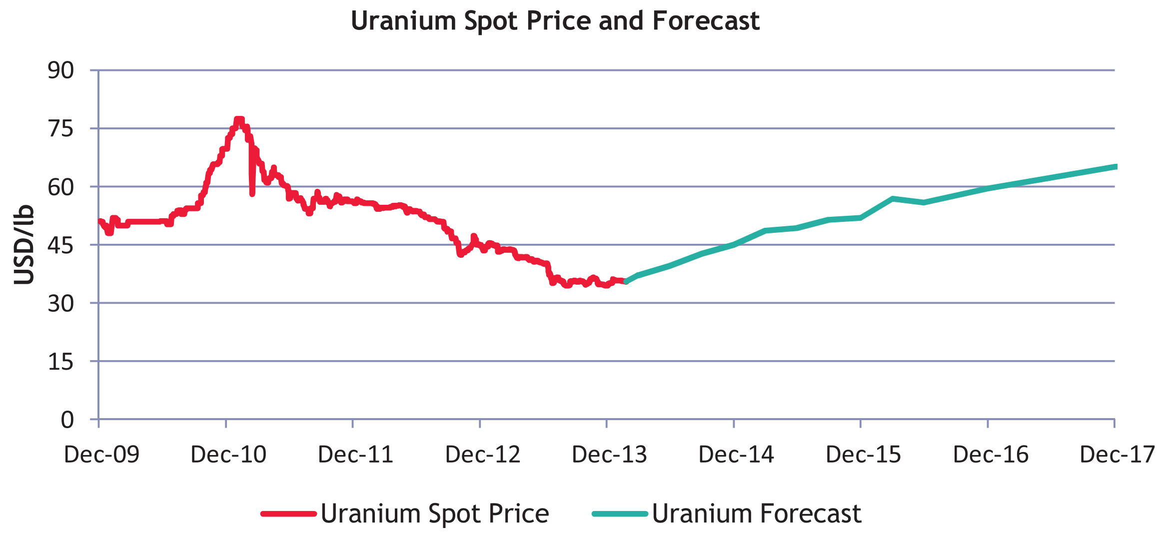
Source: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision 1 April 2014*

8. Industry analysis

Uranium is extracted as uranium ore. As uranium deposits are relatively scarce, mining is concentrated in a few countries worldwide. The most common method of extraction is open pit mining due to the volume intense nature of extraction. This is attributable to uranium ore mostly occurring at relatively low concentrations. The state of the world's uranium market is almost wholly dependent on the global fortunes of the nuclear power generation industry. The Fukushima nuclear disaster, which occurred in March 2011, cast an ominous shadow over the industry and rekindled divisive opinions over the use of uranium as an energy source.

Prices

The uranium spot price as at 7 April 2014 was US$33.75/lb U_3O_8. The following table shows historical and forecast U_3O_8 weekly spot prices since December 2009:

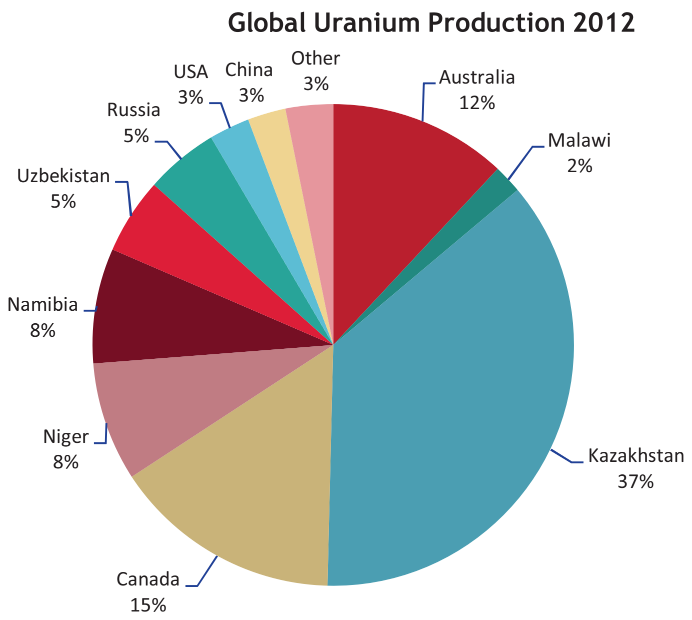


Source: Bloomberg (historical prices), Consensus Economics (Forecast)

Up until the Fukushima nuclear power plant crisis, uranium prices were beginning to gain momentum after a steady decline from project delays caused by the global financial crisis and issues with over supply from production in Kazakhstan. The beginning of January 2011 had shown a significant spike in uranium prices as a result of expansion in Asia. Chinese demand is expected to keep uranium supply in a deficit and place upward pressure on prices in the long term. The long term price projections show a recovery to around US$70.0/lb.

Uranium Production

Africa has considerable mineral deposits, including uranium and, as it has become more developed will potentially become a leading producer of uranium. The leading producing countries of uranium in Africa are Namibia and Niger. Both Namibia and Niger began commercial uranium mining in the 1970s and have strong government support for expanding uranium mining operations. Collectively the mines in these countries account for approximately 16% of global uranium production in 2012. The chart below shows the world uranium production figures for 2012.



Source: World-nuclear.org (updated at July 2013)

Kazakhstan, Australia and Canada accounted for more than 63% of the world's uranium production in 2012.

Global Outlook

The Japanese nuclear power plant crisis at Fukushima in March 2011 has tarnished the general view of nuclear energy and as such prices have been slow to recover from a seven year low. With China, South Korea and India announcing expansion plans and Japan likely to restart its reactors, future growth in the uranium industry is likely to be heavily reliant on Asia. Nuclear power offers a viable long term source of energy over fossil fuels which are becoming scarcer. Although Kazakhstan, Canada and Australia have historically been the key producers of uranium, Africa has shown enormous potential as being the next uranium superpower with many international uranium miners such as Areva, ARMZ, Uranium One and Paladin establishing operations there.

The catalyst for a price recovery may be the closure of the Megatons to Megawatts programme in 2013. The Megatons to Megawatts program commenced in Russia in 1993 and was responsible for approximately 11% of the world's uranium supply. With this program ceasing, the supply of uranium is likely to decrease which may lead to an increase in the price of uranium and spur growth in the industry. Additional growth may arise as emerging economies look towards uranium as an alternative source of energy. Globally, there are currently 438 nuclear reactors operable and 71 under construction. This equates to nine more reactors under construction than in the period prior to the nuclear power plant crisis at Fukushima. In China, 21 reactors are currently in operation and the construction of 28 reactors continues. Japan is also planning to fast track the restart of some of its nuclear reactors, possible by the middle of 2014, which bodes well for the medium term uranium price outlook. Japan has 48 commercial reactors which have all been offline for safety inspections since Fukushima however the Japanese government has recently drafted policy recommending reactors meeting new safety standards be switched on.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (‘**FME**’)
- Discounted cash flow (‘**DCF**’)
- Quoted market price basis (‘**QMP**’)
- Net asset value (‘**NAV**’)
- Market based assessment such as a Resource Multiple

A summary of each of these methodologies is outlined in Appendix 2. Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

Financing Transaction

In our assessment of the value of Bannerman shares prior to the Financing Transaction, we have chosen to employ the following methodologies:

- NAV on a going concern basis as our primary valuation methodology; and
- QMP as our secondary valuation methodology.

We have chosen these methodologies for the following reasons:

- Being an exploration and pre-development company, the core value of Bannerman is in the exploration and development assets it holds. We have instructed Al Maynard & Associates Pty Ltd (‘**AM&A**’) to act as independent specialist and to provide an independent market valuation of the Company’s Etango Project in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005. Al Maynard’s full report may be found in Appendix 3. We have considered this in the context of Bannerman’s other assets and liabilities on a NAV basis;
- The QMP basis is a relevant methodology to consider because Bannerman’s shares are listed on the ASX. This means there is a regulated and observable market where Bannerman’s shares can be traded. However, in order for the QMP methodology to be considered appropriate, the Company’s shares should be liquid and the market should be fully informed as to its activities. We have considered these factors in section 10.2 of our Report;
- Bannerman does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate; and
- Bannerman has no foreseeable future net cash inflows and therefore the application of the DCF valuation approach is not appropriate.

In our assessment of the value of Bannerman shares following the Financing Transaction, we have chosen to employ the NAV (sum-of-parts) as our primary valuation methodology.

We have provided two alternate valuation approaches in assessing the NAV of a Bannerman share following the Financing Transaction. The value of Bannerman shares following the Financing Transaction using our primary approach will involve the following items:

- The value of Bannerman prior to the Financing Transaction;

- Incorporate the effects of the Financing Transaction in the context of Bannerman's other assets and liabilities on a NAV basis; and
- The number of shares on issue will incorporate the shares to be issued upon conversion of the New Convertible Note inclusive of any accrued interest amounts and the issue of shares in satisfaction of the Establishment Fee.

The value of Bannerman shares following the Financing Transaction using our secondary approach will involve the following items:

- The value of Bannerman prior to the Financing Transaction;
- Incorporate the effects of the Financing Transaction on Bannerman's equity value; and
- Incorporate the effects of the Financing Transaction on Bannerman's level of debt.

Under Australian Accounting Standards, the fair value of a convertible note is apportioned between debt and equity. The debt component of a convertible note that converts into a fixed number of shares is valued at the present value of its cash flows (coupons and principal). The discount rate used in the present value calculation is the interest rate that the issuer could obtain from the market on a similar debt instrument without the conversion feature. The equity component of the convertible note is the residual between the face value of the note and the value of the debt.

Similarly, for a convertible note that is convertible to a variable number of shares, the fair value of the instrument is apportioned between debt and equity. However, the valuation methodology differs in that the equity component of the instrument is fair valued, with the residual between the face value and the value of the equity being classified as debt.

In the case of Bannerman, we have valued the New Convertible Note using the Black Scholes Pricing Model to value the equity, with the residual between the equity value and the face value being classified as debt.

Security Transaction

In the case of the Security Transaction for the purpose of ASX Listing Rule 10.1, the value of the proceeds of the sale of the Secured Assets, that would be provided to RCFVI in the event of default would be less than or equal to the value of the liabilities to be settled. Although the Etango Project would form the Secured Assets, in the event of default only the proceeds from the sale of the Secured Assets up to the value that recovers the principal and interest of the New Convertible Note would be provided to RCFVI. Therefore we do not consider it necessary or relevant to value the Company or the Secured Assets.

In our assessment of the value of the liabilities to be settled we consider the nominal value of the cash amount payable in the event of default to represent the fair market value.

10. Valuation of Bannerman prior to the Financing Transaction

10.1 Net Asset Valuation of Bannerman prior to the Financing Transaction

The value of Bannerman assets on a going concern basis is reflected in our valuation below:

Table 12: Net Asset Valuation of Bannerman prior to Financing Transaction

	Notes	31-Dec-13 $'000	Low value $'000	Preferred value $'000	High value $'000
CURRENT ASSETS					
Cash and cash equivalents	1	2,590	2,174	2,174	2,174
Other receivables		45	45	45	45
Other		78	78	78	78
TOTAL CURRENT ASSETS		2,713	2,297	2,297	2,297
NON-CURRENT ASSETS					
Other receivables		27	27	27	27
Property, plant and equipment		856	856	856	856
Exploration and evaluation expenditure	2	58,257	82,000	121,000	159,000
TOTAL NON-CURRENT ASSETS		59,140	82,883	121,883	159,883
TOTAL ASSETS		61,853	85,180	124,180	162,180
CURRENT LIABILITIES					
Trade and other payables		289	289	289	289
Provisions		162	162	162	162
TOTAL CURRENT LIABILITIES		451	451	451	451
NON CURRENT LIABILITIES					
Interest bearing liabilities		6,198	6,198	6,198	6,198
TOTAL NON CURRENT LIABILITIES		6,198	6,198	6,198	6,198
TOTAL LIABILITIES		6,649	6,649	6,649	6,649
VALUE			78,531	117,531	155,531
Shares on issue (number)			329,442,790	329,442,790	329,442,790
Value per share ($)			$ 0.238	$ 0.357	$ 0.472

Source: BDO analysis

We have been advised by management that there were not any material changes in the consolidated statement of financial position since 31 December 2013 other than the Company's cash balance which is addressed in Note 1 below. We have assumed that the fair market value of the assets and liabilities as at 31 December 2013 are equal to the carrying values as set out in the above consolidated statement of financial position.

The table above indicates the net asset value of a Bannerman share prior to the Financing Transaction is between $0.238 and $0.472, with a preferred value of $0.357. The following adjustments were made to the net assets of Bannerman as at 31 December 2013 in arriving at our valuation:

Note 1: Cash

The cash balance reflects Bannerman's cash balance as at 31 March 2014. Most of the cash has been used to pay corporate overheads and exploration and evaluation expenditure (the value of which are replaced by an independent market valuation) between 31 December 2013 and 31 March 2014. In addition we have assumed the receipt of approximately $324,000 that would be received if all of the in the money options on issue were to be exercised. For this purpose we have assumed that only those with an exercise price below the closing pre-announcement price are in the money. That is all the 4,504,000 options that have an exercise price of $0.072 (Table 11).

Note 2: Valuation of Bannerman's Etango Project

We have instructed AM&A to provide an independent market valuation of the Etango Project. AM&A considered a number of different valuation methods when valuing the Etango Project. These included the Multiple of Exploration Expenditure approach, which involves applying a multiple (also known as a prospectivity enhancement multiplier) based on the previous expenditure on a tenement and the Comparable Transactions method, which involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. We consider the methodologies used by AM&A to be appropriate given the current market for uranium and the uranium price.

The range of values for Bannerman's Etango Project as calculated by AM&A is set out below:

Table 13: Independent valuation of Bannerman's 80% interest in the Etango Project

Bannerman Resources Ltd		Low value	Preferred value	High value
Mineral Asset Valuation - Etango Project	Interest	$m	$m	$m
Value of Etango Project	80%	82.00	121.00	159.00
Value of Etango Project		**82.00**	**121.00**	**159.00**

Source: Independent valuation report by AM&A

The table above indicates a range of values for the Company's 80% interest in the Etango Project of between $82 million and $159 million, with a preferred value of $121 million.

10.2 Quoted Market Price for Bannerman securities prior to the Financing Transaction

To provide a comparison to the valuation of a Bannerman share in section 10.1, we have also assessed the quoted market price for a Bannerman share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of Section 611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of a company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;

- control over dividend policies; and
- access to potential tax losses.

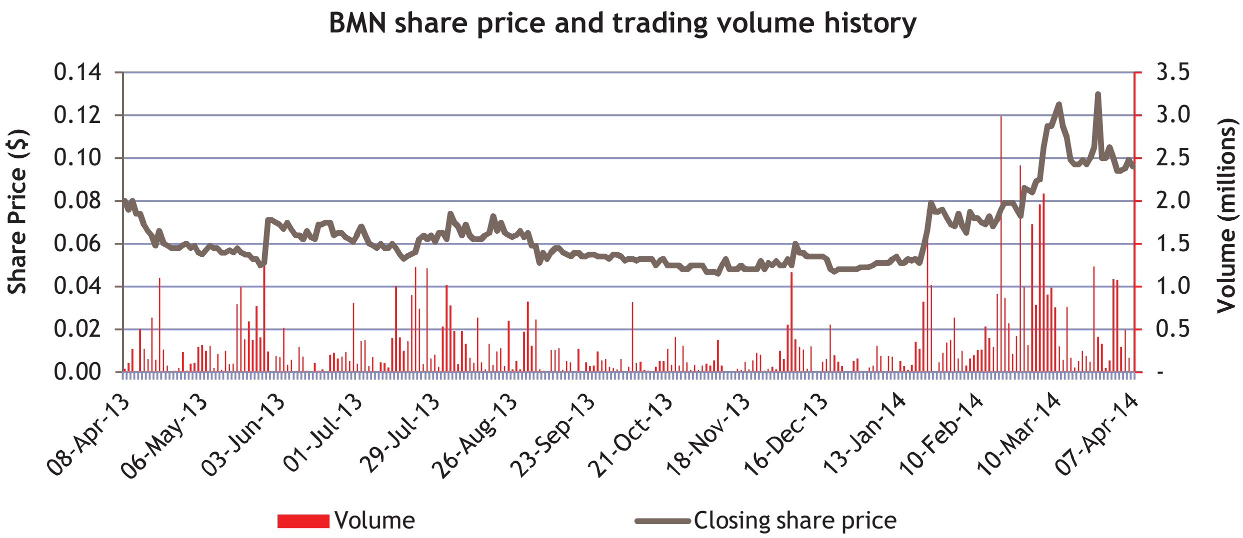
Whilst the Relevant RCF Entities will not be obtaining 100% of Bannerman, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in section 14.

Therefore, our calculation of the quoted market price of a Bannerman share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Bannerman share is based on the pricing prior to the announcement of the Financing Transaction. This is because the value of a Bannerman share after the announcement may include the effects of any change in value as a result of the Financing Transaction. However, we have considered the value of a Bannerman share following the announcement when we have considered reasonableness in section 14.

Information on the Financing Transaction was announced to the market on 8 April 2014. Therefore, the following chart provides a summary of the share price movement over the 12 months to 7 April 2014.



Source: Bloomberg and BDO analysis

The daily price of Bannerman shares from 8 April 2013 to 7 April 2014 has ranged from a low of $0.045 on 19 December 2013 to a high of $0.135 on 25 March 2014.

During this period a number of announcements were made to the market. The key announcements are set out below:

Table 14: ASX announcements of Bannerman

Date	Announcement	Closing Share Price Following Announcement $ (movement)			Closing Share Price Three Days After Announcement $ (movement)		
29/01/2014	December 2013 Quarterly Report	0.072	▼	5.3%	0.074	▲	2.8%
7/11/2013	September 2013 - Unaudited Quarterly Financials	0.046	▼	2.1%	0.048	▲	4.3%
23/10/2013	September 2013 Quarterly Report	0.050	►	0.0%	0.048	▼	4.0%
6/9/2013	Extension of maturity date of RCF Convertible Note	0.053	▼	5.3%	0.058	▲	9.4%
30/07/2013	June 2013 Quarterly Activities Report	0.065	▲	6.6%	0.074	▲	13.8%
11/06/2013	Renewal of Bannerman's Etango Exploration Licence in Namibia	0.062	▼	3.1%	0.062	►	0.0%
29/05/2013	Response to ASX Price Query	0.071	▲	39.2%	0.069	▼	2.8%
24/04/2013	March 2013 Quarterly Activities Report	0.058	▼	1.7%	0.059	▲	1.7%

Source: Bloomberg, ASX Announcements and BDO Analysis

The price of a Bannerman share has fluctuated significantly over the one year period to 7 April 2014. The most significant movements during this period were as follows:

- Bannerman's share price increased by 39.2% on 29 May 2013. The Company was queried regarding this price increase and commented that it was unsure why the share price had increased so significantly but did note that media coverage at the time expressed positive views on the future prospects of the uranium industry;
- In the three days following the announcement of the June 2013 quarterly activities report Bannerman's share price rose by 13.8%. The quarterly report outlined highlights included the completion of the technical design of a pilot plant for the Etango Project, a reduction in overhead expenditure and further positive news regarding the uranium industry; and
- On 6 September 2013 the Company announced the proposal to extend the maturity date of the Existing Convertible Note facility with Resource Capital Fund IV LP. The announcement outlined the extension of the maturity date from 31 March 2014 to 30 September 2016 and a reduction in the conversion price. Bannerman shares rose 9.4% in the three days following the announcement.

To provide further analysis of the market prices for a Bannerman share, we have also considered the volume weighted average market price for 10, 30, 60 and 90 day periods to 7 April 2014.

Table 15: VWAP analysis of Bannerman shares traded on the ASX

Share Price per unit	7-Apr-14	10 Days	30 Days	60 Days	90 Days
Closing price	$0.096				
Volume weighted average price (VWAP)		$0.104	$0.100	$0.088	$0.083

Source: Bloomberg and BDO analysis

The above weighted average prices are prior to the date of the announcement of the Financing Transaction, to avoid the influence of any increase in price of Bannerman shares that has occurred since the Financing Transaction was announced.

An analysis of the volume of trading in Bannerman shares for the six months to 7 April 2014 is set out below:

Table 16: Share price and volume analysis of Bannerman shares traded on the ASX

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.095	$0.097	166,542	0.05%
10 Days	$0.094	$0.135	5,300,018	1.64%
30 Days	$0.072	$0.135	20,789,126	6.44%
60 Days	$0.051	$0.135	35,337,012	10.94%
90 Days	$0.045	$0.135	41,060,101	12.72%
180 Days	$0.045	$0.135	57,677,222	17.86%

Source: Bloomberg and BDO analysis

This table indicates that Bannerman's shares display a moderate level of liquidity, with 17.86% of the Company's current issued capital being traded in a six month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Bannerman, we do not consider there to be a deep market for the Company's shares as a result of only 17.86% of the Company's current issued capital being traded over the six months prior to the announcement of the Financing Transaction in addition to Bannerman shares trading between a low of $0.045 and a high of $0.135 during the same period.

Our assessment is that a range of values for Bannerman's shares based on market pricing, after disregarding post announcement pricing, is between $0.085 per share and $0.125 per share. We have based this analysis on the share price low and high over the 30 days prior to the announcement as set out in Table 16.

Control Premium

RG 111.25 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of Section 611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Whilst the Relevant RCF Entities will not be obtaining 100% of Bannerman, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.27 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. This has been included in section 14.

We have reviewed the control premiums paid by acquirers of mining companies listed on the ASX since 2006. We have summarised our findings below:

Table 17: Control premium analysis 2006 onwards

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2013	13	56.43	55.41
2012	19	135.78	42.67
2011	20	634.68	31.40
2010	23	755.97	45.04
2009	29	86.80	39.23
2008	8	553.76	38.87
2007	25	541.21	28.20
2006	20	70.15	31.11
	Median	**338.49**	**39.05**
	Mean	**354.35**	**38.99**

Source: Bloomberg and BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;

- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

The table above indicates that there has been an increasing trend of control premia paid by acquirers of mining companies since 2006. Based on the analysis above we believe that an appropriate control premium is between 20% and 40%.

The Relevant RCF Entities will be able to increase their holding in Bannerman to a maximum of 43.0% if Shareholders approve the Financing Transaction. In determining what premium for control should be paid by the Relevant RCF Entities (and therefore what minority interest discount should be applied) we have taken into account Bannerman's current circumstances. Bannerman has explored a number of alternative funding sources, as discussed further in section 14, which are very limited as a result of the low uranium price and the state of the current equity capital markets.

With regard to the control premium analysis above, we consider an appropriate control premium to be applied to Bannerman's shares is 20% to 30%.

Quoted market price including control premium

Applying a control premium to Bannerman's quoted market price results in the following quoted market price value including a premium for control:

Table 18: Quoted market price of a Bannerman share (including premium for control)

	Low $	Midpoint $	High $
Quoted market price value	0.085	0.105	0.125
Control premium	20%	25%	30%
Quoted market price valuation including a premium for control	**0.102**	**0.131**	**0.162**

Source: BDO analysis

Therefore, our valuation of a Bannerman share based on the quoted market price method and including a premium for control is between $0.102 and $0.162, with a midpoint value of $0.131.

10.3 Assessment of Bannerman value prior to the Financing Transaction

The results of the valuations performed are summarised in the table below:

Table 19: Valuation Summary - Value of a Bannerman share prior to Financing Transaction

	Low $	Preferred $	High $
NAV methodology (section 10.1)	0.238	0.357	0.472
QMP methodology (section 10.2)	0.102	0.131	0.162

Source: BDO analysis

We note the values obtained under the NAV methodology are significantly higher than the values obtained under the QMP methodology. The difference between the valuation obtained under the NAV and QMP approaches can be explained by the following:

- The uranium price in 2013 has averaged approximately US$40.5/lb and the spot price as at 27 April 2014 was US$35.75/lb. The QMP valuation is influenced by the current low uranium spot price and therefore does not fully reflect the potential value of the Etango Project;
- Our NAV methodology includes an independent market valuation of Bannerman's Etango Project performed by AM&A. AM&A has relied on a combination of valuation methods which reflect the potential value of the Etango Project;
- Under RG111.69 (d), the QMP methodology is considered appropriate when a liquid and active market exists for the securities. From our analysis of the QMP of a Bannerman share we note that 17.93% of the Company's current issued capital had been traded in the six months up until the date of announcement of the Transactions, which represents a moderate level of liquidity over the six month period. We also note that over the six month period Bannerman shares have traded between a low of $0.045 and a high of $0.125. Our analysis over the ten trading days up until the date of announcement of the Transactions indicates that the liquidity of Bannerman shares has increased, with 5.71% of Bannerman's current issued capital being traded in the 30 day period. Bannerman's share price has also risen over this period to its twelve month high of $0.125.

Based on the above points and the lack of a 'deep' market for the trading of Bannerman shares, we consider the net asset value to be the most appropriate methodology and consider the value of a Bannerman share prior to the Financing Transaction to be between $0.238 and $0.472, with a preferred value of $0.357.

11. Valuation of Bannerman following the Financing Transaction

11.1 Primary approach

The value of Bannerman assets on a going concern basis following the Financing Transaction is reflected in our valuation below:

Table 20: Primary approach – Value of a Bannerman share following the Financing Transaction

	Notes	Low value $'000	Preferred value $'000	High value $'000
Net Assets of Bannerman prior to the Financing Transaction		**78,531**	**117,531**	**155,531**
Liability removed under Existing Convertible Note	1	8,000	8,000	8,000
Cash received from the issue of the New Convertible Note	2	4,000	4,000	4,000
Net Assets of Bannerman following the Financing Transaction		**90,531**	**129,531**	**167,531**
Discount for minority interest	3	23%	20%	17%
Net Assets of Bannerman following the Financing Transaction (minority interest basis)		**69,709**	**103,625**	**139,051**
Shares on issue (number)	4	492,059,682	492,059,682	492,059,682
Value per share ($)		**0.142**	**0.211**	**0.283**

Source: BDO analysis

The table above indicates the net asset value of a Bannerman share following the Financing Transaction is between $0.142 and $0.283, with a preferred value of $0.211. The following adjustments were made to the net assets of Bannerman following the Financing Transaction.

Note 1: Adjustment to liability under Existing Convertible Note

The conversion of the Existing Convertible Note will result in the removal of an $8 million liability under the Existing Convertible Note, which we have added back to the net assets of Bannerman.

Note 2: Adjustment to cash and cash equivalents

As a result of the issue of the New Convertible Note the Company will receive funds totalling $4 million. The payment of the Establishment Fee will be satisfied through the issue of shares.

Note 3: Minority discount

The net asset value of a Bannerman share following the Financing Transaction is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. Therefore, if the Financing Transaction is approved Shareholders may become minority interest shareholders in Bannerman as the Relevant RCF Entities could hold a controlling interest, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of the Company.

Therefore, we have adjusted our valuation of a Bannerman share following the Financing Transaction, to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is calculated using the formula 1 – (1/1+control premium). As discussed in section 10.2, we consider an appropriate control premium for Bannerman to be in the range of 20% to 30%, giving rise to a minority interest discount in the range of 17% to 23%.

Note 4: Number of shares on issue

Table 4 shows the total number of issued shares following the conversion of the Existing Convertible Note and following the Financing Transaction to be 492,059,682. This is under the scenario where the conversion of the New Convertible Note is at $0.095 per share to achieve a Maximum Percentage of 43.0% shareholding interest for the Relevant RCF Entities.

We have then adjusted this number of shares to show the effect of all of the in the money options being exercised by reducing the number of shares to be issued on the exercise of existing options by RCF Management and increasing the number for all the $0.072 options on issue, which includes some held by RCF Management.

These adjustments to Bannerman's shares on issue following the Financing Transaction are set out in the table below:

Table 21 Primary approach - Number of Shares on issue following the Financing Transaction

Shares on issue	Ref	Shares on issue
Issued shares following the conversion of Existing Convertible Note and Financing Transaction	Table 4	489,759,482
Less: shares issued on exercise of existing options by RCF Management	Table 4	(2,203,800)
Plus: shares issued for in the money options	Table 11	4,504,000
Number of shares on issue following the Financing Transaction		**492,059,682**

Source: BDO analysis

11.2 Secondary approach

Under Australian Accounting Standards, the fair value of a convertible note is apportioned between debt and equity. The debt component of a convertible note that converts into a fixed number of shares is valued at the present value of its cash flows (coupons and principal). The discount rate used in the present value calculation is the interest rate that the issuer could obtain from the market on a similar debt instrument without the conversion feature. The equity component of the convertible note is the residual between the face value of the note and the value of the debt.

Similarly, for a convertible note that is convertible to a variable number of shares, the fair value of the instrument is apportioned between debt and equity. However, the valuation methodology differs in that the equity component of the instrument is fair valued, with the residual between the face value and the value of the equity being classified as debt.

We have valued the Existing Convertible Note and the New Convertible Note using the Black Scholes Pricing Model to value the equity, with the residual between the equity value and the face value being classified as debt.

The Existing Convertible Note is convertible at a conversion price of $0.095 per share. Based on a principal amount of $8 million, the Existing Convertible Note would be convertible to 84.2 million shares.

The New Convertible Note is convertible at a minimum price of $0.06 per share and a maximum price of $0.095 per share; therefore the principal amount of $4 million would be convertible to a maximum of approximately 66.67 million shares or a minimum of approximately 42.11 million shares respectively.

The value of the equity is calculated using the Black Scholes Pricing Model, with the debt value calculated as the residual between the face value and the equity value.

The key inputs used in our Black Scholes equity value are detailed below:

Underlying share price

We have used an underlying share price of $0.105, being our midpoint value of a Bannerman share prior to the Financing Transaction determined under the QMP methodology on a minority interest basis in section 10.2. We have used this value as our underlying share price as a result of the conversion price being based on the trading price of a Bannerman share.

Exercise price

The exercise prices are the conversion prices of the Existing Convertible Note and the New Convertible Note.

The exercise price of the Existing Convertible Note is $0.095 per share.

In determining the exercise price of the New Convertible Note, we have had regard to the current ASX trading price of a Bannerman Share and our underlying share price calculated above of $0.105. Based on these factors, we believe the most appropriate exercise price to use for the New Convertible Note is $0.095, being the highest conversion price of the New Convertible Note, calculated as 150% of $0.0633 per the term sheet.

Life of the Convertible Notes

The maturity dates for both the Existing Convertible Note and the New Convertible Note is 30 September 2016. This gives an effective life of both the Existing Convertible Note and the New Convertible Note of two and a half years.

Volatility

Recent volatility of the share price of Bannerman shares was calculated over one, two and three year periods, using data extracted from Bloomberg. We expect the annual share price volatility of a Bannerman share to be approximately 85% over the term of both the Existing Convertible Note and the New Convertible Note.

Risk-free rate of interest

We have used the three-year Australian Government Bond Rate of 2.90% as a proxy for the risk free rate.

Dividend Expected on the Shares

Bannerman is currently unlikely to pay a dividend during the life of both the Existing Convertible Note and the New Convertible Note.

Number of equity instruments granted

The number of equity instruments input to our option pricing model is derived by dividing the respective principal amounts by the conversion prices of both the Existing Convertible Note and the New Convertible Note. Based on this calculation, the Company will issue approximately 84.21 million shares under the Existing Convertible Note and 42.11 million shares under the New Convertible Note.

Conclusion

We set out below our conclusion as to the values of the equity component of both the Existing Convertible Note and the New Convertible Note.

Table 22: Key inputs and valuation of equity component

Item	Existing Convertible Note	New Convertible Note
Underlying share price	$0.105	$0.105
Exercise price	$0.095	$0.095
Life of the Convertible Note (years)	2.5	2.5
Volatility (%)	85%	85%
Risk-free rate of interest (%)	2.90%	2.90%
Dividends expected on the shares (%)	-	-
Number of instruments	84.21 million	42.11 million
Valuation per instrument	$0.057	$0.057
Valuation of Equity	$4.80 million	$2.40 million

Source: BDO analysis

Based on our analysis above, the value of the debt and equity component of the New Convertible Note is set out in the table below.

Table 23: Valuation of equity and debt components

Item	Existing Convertible Note $m	New Convertible Note $m
Value of Equity	4.80	2.40
Value of Debt	3.20	1.60
Face value of Convertible Note	8.00	4.00

Source: BDO analysis

These values are reflected in our secondary valuation approach set out in the table below:

Table 24: Secondary NAV approach – Value of a Bannerman share following the Financing Transaction

	Notes	Low value $'000	Preferred value $'000	High value $'000
Net Assets of Bannerman prior to the Financing Transaction		**78,531**	**117,531**	**155,531**
Liability removed under Existing Convertible Note		8,000	8,000	8,000
Cash received from the issue of the New Convertible Note		4,000	4,000	4,000
Adjustment to debt component of Existing Convertible Note	1	(3,200)	(3,200)	(3,200)
Adjustment to debt component of New Convertible Note	1	(1,600)	(1,600)	(1,600)
Present value of interest payable on Existing Convertible Note	2	(1,306)	(1,306)	(1,306)
Present value of interest payable on New Convertible Note	2	(653)	(653)	(653)
Present value of Establishment Fee	2	(120)	(120)	(120)
Net Assets of Bannerman following the Financing Transaction		**83,652**	**122,652**	**160,652**
Discount for minority interest		23%	20%	17%
Net Assets of Bannerman following the Financing Transaction (minority interest basis)		**64,412**	**98,121**	**133,341**
Adjustment for embedded call option value of Existing Convertible Note	3	(4,800)	(4,800)	(4,800)
Adjustment for embedded call option value of New Convertible Note	3	(2,400)	(2,400)	(2,400)
Ordinary shareholder value		**57,212**	**90,921**	**126,141**
Shares on issue (number)	4	329,442,790	329,442,790	329,442,790
Value per share ($)		**$0.174**	**$0.276**	**$0.383**

Source: BDO analysis

The table above indicates the net asset value of a Bannerman share following the Financing Transaction is between $0.174 and $0.383, with a preferred value of $0.276. The following adjustments were made to the net assets of Bannerman following the Financing Transaction.

Note 1: Adjustment to debt component of The Convertible Notes

We have adjusted the net assets of Bannerman for the values of the debt components of both the Existing Convertible Note and the New Convertible Note. The debt component is derived from the residual of the face value less the equity component as calculated above.

Note 2: Present value of interest payable on The Convertible Notes and Establishment Fee

The Existing Convertible Note and the New Convertible Note have a coupon interest rate of 8% per annum with interest payable quarterly. We have calculated the net present value of the interest payable on the Existing Convertible Note to be $1.306 million. The net present value of the interest payable on the New Convertible Note is calculated to be $0.653 million. This interest payable is classed as a liability of the Company.

An establishment fee of $120,000 is also payable by Bannerman on the date of drawdown of the New Convertible Note. For the purposes of our secondary valuation methodology this is also classed as a liability of the Company.

Note 3: Adjustment for embedded call option value of the Convertible Notes

We have adjusted the ordinary shareholder value for the value of embedded call option components of both the Existing Convertible Note and the New Convertible Note. The inputs to this valuation are detailed in Table 22 and the calculated values are set out in Table 23.

Note 4: Shares on issue

We have not increased the number of shares on issue for the conversion of the Existing Convertible Note and the New Convertible Note as this is reflected through the reduction in equity as a result of the call option value and the increase in liabilities arising from the debt components of both the Existing Convertible Note and the New Convertible Note. We have however included the number of shares that would be issued if all the $0.072 options, which are in the money, were to be exercised.

11.3 Valuation of Bannerman following the Financing Transaction

We note that our low, preferred and high values of a Bannerman share following the Financing Transaction are higher under our secondary approach in comparison to our primary approach. We consider both our primary and secondary NAV approaches to be appropriate methodologies and therefore we have compared both these values to the value of a Bannerman share prior to the Financing Transaction when concluding on fairness.

12. Valuation of security provided and liabilities settled

12.1 Value of security provided as security in event of default

Bannerman will provide the Secured Assets to RCFVI under a general security deed to secure repayment of the New Convertible Note that may be entered into between Bannerman and RCFVI in the future.

In the event of default, RCFVI would only be entitled to recover the principal and interest of the New Convertible Note and not all the proceeds from the sale of the Secured Assets. Therefore, we do not need to consider the value of the Company or the Secured Assets for this purpose as RCFVI will not receive more than the value of the liability if the security is called.

We consider the value of security provided to be less than or equal to the value of the liabilities settled.

12.2 Value of liabilities settled by the provision of the security

In the event the Company is in breach of the terms of the New Convertible Note, RCFVI is entitled to seek repayment of any Principal and accrued interest outstanding in respect of the New Convertible Note by the sale of the assets secured by the general security deed.

Interest is calculated at a rate of 8% per annum from the date of receipt of the principal up to the earlier of the conversion date or the redemption date.

The nominal value of the total secured amount (including amounts relating to the principal funds drawn down and interest) represents the valuation of liabilities settled by the provision of security.

13. Are the Transactions fair?

Financing Transaction

The value of a Bannerman share prior to the Financing Transaction on a control basis compares to the value of a Bannerman share following the Financing Transaction on a minority basis, as detailed below.

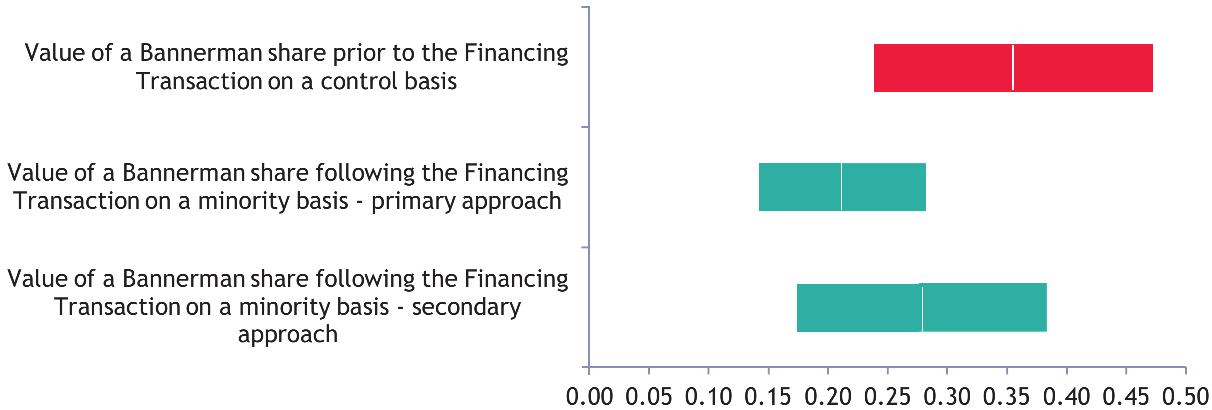
Table 25: Fairness assessment of Financing Transaction

	Ref	Low $	Preferred $	High $
Value of a Bannerman share prior to the Financing Transaction on a control basis	10.3	0.238	0.357	0.472
Value of a Bannerman share following the Financing Transaction on a minority basis – primary approach	11.1	0.142	0.211	0.283
Value of a Bannerman share following the Financing Transaction on a minority basis – secondary approach	11.2	0.174	0.276	0.383

Source: BDO analysis

The table above shows that the low, preferred and high values of a Bannerman share following the Financing Transaction on a minority basis under both our primary and secondary approaches are less than the low, preferred and high values of a Bannerman share prior to the Financing Transaction on a control basis.

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, the preferred value of a Bannerman share following the Financing Transaction on a minority basis under both methodologies is less than the preferred value of a Bannerman share prior to the Financing Transaction on a control basis. Therefore, we consider the Financing Transaction to be not fair for Shareholders.

Security Transaction

As stated in section 12, the Security Transaction is fair if the value of the security provided is equal to or less than the value of the liabilities settled in the event of default under the New Convertible Note.

In the scenario that the value of the Secured Assets is greater than or equal to the amounts owed to RCFVI, and there is an event of default, then RCFVI would only be entitled to recover the principal and interest outstanding under the New Convertible Note.

In a scenario that the value of Secured Assets is less than the amounts owed to RCFVI, in an event of default, then the Secured Assets would be sold and the proceeds provided to RCFVI. This can be summarised as follows:

Table 26: Fairness assessment of Security Transaction

Scenario			Consequence			Fairness
Secured Assets	>	Liabilities to be settled	Security provided	=	Liabilities Settled	Fair
Secured Assets	=	Liabilities to be settled	Security provided	=	Liabilities Settled	Fair
Secured Assets	<	Liabilities to be settled	Security provided	<	Liabilities Settled	Fair

Source: BDO analysis

If there is an event of default, then RCFVI is only entitled to be repaid the principal and interest outstanding under the New Convertible Note, we consider that the Security Transaction is fair in all scenarios.

14. Are the Transactions reasonable?

14.1 Advantages of approving the Financing Transaction

Financing Transaction

14.1.1 Minority interest values prior to and following the Financing Transaction are similar

In assessing the fairness of the Financing Transaction in section 13, RG 111.31 stipulates that in a control transaction a comparison should be made between the value of the target entity's securities prior to the transaction on a controlling basis and the value of the target entity's securities following the transaction allowing for a minority discount. It is relevant for Shareholders to appreciate that as Shareholders they hold a minority interest in Bannerman prior to the Financing Transaction and they will retain a minority interest following the Financing Transaction.

We have therefore provided a comparison of the value of a Bannerman share prior to the Financing Transaction and following the Financing Transaction on a minority interest basis. Our value of a Bannerman share prior to the Financing Transaction on a minority basis has been calculated by applying our minority interest discount to our value of a Bannerman share prior to the Financing Transaction, as shown below:

Table 27: Value of a Bannerman share prior to Financing Transaction on minority basis

	Low value $	Preferred value $	High value $
Value of Bannerman share prior to the Financing Transaction on a control basis	0.238	0.357	0.472
Discount for minority interest	23%	20%	17%
Value of a Bannerman share prior to the Financing Transaction on a minority basis	**0.184**	**0.285**	**0.392**

Source: BDO analysis

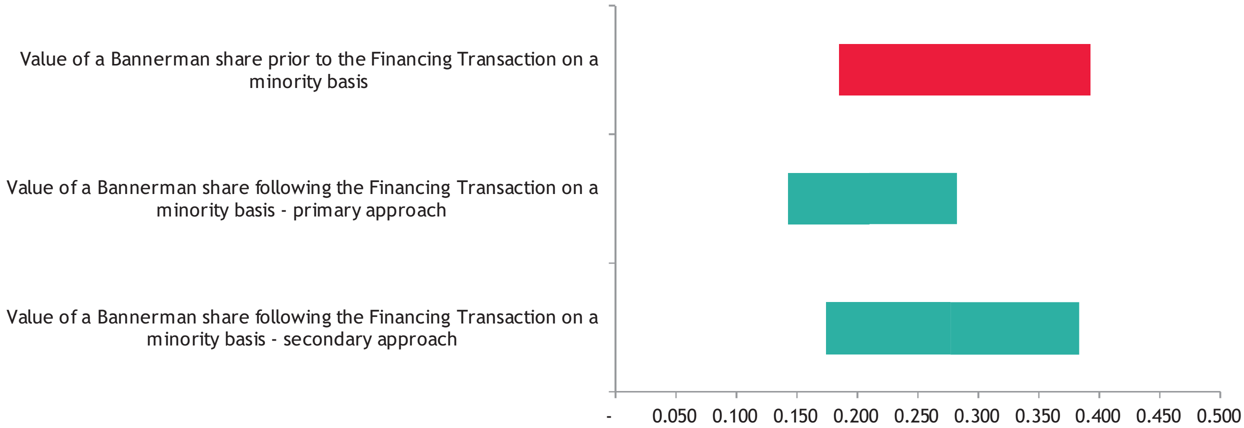
Therefore, the table below provides a comparison between the value of a Bannerman share prior to the Financing Transaction and following the Financing Transaction on a minority interest basis.

Table 28: Value of a Bannerman share prior to Financing Transaction and following the Financing Transaction on minority basis

	Low $	Preferred $	High $
Value of a Bannerman share prior to the Financing Transaction on a minority basis	0.184	0.285	0.392
Value of a Bannerman share following the Financing Transaction on a minority basis – primary approach	0.142	0.211	0.283
Value of a Bannerman share following the Financing Transaction on a minority basis – secondary approach	0.174	0.276	0.383

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

Table 28 and the graph above indicate that the range of values of a Bannerman share prior to the Transaction on a minority interest basis are similar to the range of minority interest values following the Financing Transaction under both methodologies. So were we able under RG 111 to assess fairness on this basis our opinion would have been that the Financing Transaction was fair.

14.1.2 Financing Transaction provides a short term funding option

If the Financing Transaction is approved by Shareholders, Bannerman will not be required to seek alternative sources of funding in the short term. Bannerman has considered a number of alternative short term funding sources. The following alternative funding options are discussed below to illustrate the options available to Bannerman should the Financing Transaction not be approved:

Capital raising

Bannerman has considered the possibility of raising funds via the issue of shares. Given the Company's current share price and that the Company's Share Placement in December 2011 was conducted at an 18% discount to the market price, any capital raising would result in a certain level of dilution to Shareholders.

Bannerman has held discussions with its advisors regarding the ability to perform a capital raising up to $4 million as an alternative to the Financing Transaction. Their ability to raise $4 million, in order to obtain funds to construct and operate the proposed pilot plant program and allow the Company to meet its corporate working capital requirements is unlikely considering the current state of the equity capital markets in addition to the low uranium price. Other uranium companies have had limited recent success in raising funds through this means. In September 2013, Deep Yellow Limited undertook a share purchase plan to raise $1.5 million at a 15% discount to its market price. Deep Yellow Limited was only able to raise $0.97 million.

The Financing Transaction provides the Company with certainty in the current equity capital markets whilst the ability to raise the necessary funds through a capital raising remains uncertain.

Synergy Merger

The Company has also investigated the possibility of a merger that would allow Bannerman access to further funds. However, given the Company's Etango Project is comparatively low grade and its market capitalisation is at a low level, if it entered into a merger, it is likely to end up with a comparatively small stake in any merged entity. The Company does not believe that this is a favourable alternative to the New Convertible Note.

Off-take Agreement

An off-take agreement would involve the Company entering into a contract with customers to sell set amounts of the uranium produced from the Etango Project once it is developed. The future funds to be received from these advanced sales would then be used to finance the development of the Etango Project.

The uranium price in 2013 has averaged approximately US$40.5/lb and the spot price as at 27 April 2014 was US$35.75/lb. Given the current uranium prices, it is unlikely that the Company would be able to obtain an off-take agreement that maximises shareholder value. There are also additional risks that arise in pre-selling materials under an off-take agreement.

Sale of Non-Core Assets

The Company also investigated the possibility of selling some of its non-core assets. As at 31 December 2013, the Company had total assets of $61.85 million. Of this balance, $58.26 million related to exploration and evaluation expenditure of which the majority related to the Etango Project. The Company holds minimal other assets and therefore the sale of such non-core assets could not be sold for any significant value.

Given the analysis above, if the Financing Transaction is not approved, the options available to the Company to source alternative short term funds are very limited.

14.1.3 Approval of the Financing Transaction will provide the Company with funds to progress the pilot plant

During 2012, the Company completed a DFS on the Etango Project and completed an Environmental and Social Impact Assessment which confirmed the Etango Project's economics and pathway to development. The Company intends to part of the funds received under the New Convertible Note to construct and operate the proposed pilot plant program. As the Company has indicated in its December 2013 quarterly activities report, the opportunity to progress the pilot plant program provides a potential competitive advantage to Bannerman in positioning the Etango Project to a point to demonstrate the process flow sheet to potential financiers as well as generate data to enable the detailed design phase of future development.

The ability to progress the Etango Project will advantage Bannerman to a point where it will be in a position to take advantage of any increase in the uranium price, with long term price projections for uranium showing a recovery to around US$70.0/lb.

14.1.4 Approval of the Financing Transaction will provide the Company with necessary working capital and allow compliance with financial covenants

As at 31 December 2013 the Company's cash balance was $2.59 million and reduced to $1.85 million as at 31 March 2014. The Company has financial covenants in place under the terms of the Existing Convertible Note whereby the Company, unless otherwise approved maintain a minimum cash and cash equivalents balance of not less than $1.25 million. The Financing Transaction will assist the Company in complying with these financial covenants.

The Company also requires sufficient working capital. As noted in the audit report for the financial statements for the half-year ended 31 December 2013, an emphasis of matter regarding the Company's ability to continue as a going concern was included. The Directors acknowledged that the Company's cash flow forecast reflects that additional working capital will need to be raised within the coming financial year to enable the Company to continue its planned business activities and expenditure levels. The Directors are satisfied that there are reasonable grounds to believe that, having regard to the Company's position and its available financing options, the Company will be able to raise additional capital to enable it to meet its obligations as and when they fall due. The Financing Transaction will assist the Company meeting its ongoing working capital requirements.

14.1.5 Conversion will put the Company under less cash flow strain

The conversion price of the New Convertible Note is at a minimum price of $0.06 per share but could be as high as $0.095 per share. For a face value of $4 million, the conversion will result in the issue of up to an additional 66.67 million shares at a conversion price of $0.06 per share and 42.11 million shares at a conversion price of $0.095 per share. The Existing Convertible Note bears a conversion price of $0.095 per share which will result in 82.21 million shares to be issued upon conversion.

The conversion of both the Existing Convertible Note and the New Convertible Note will be deemed as having been repaid. Accordingly, the Company will not have to repay both the Existing Convertible Note and the New Convertible Note in cash, which puts the Company under less cash flow strain.

The draw down of the New Convertible Note is subject to the receipt of Shareholders' approval for the Financing Transaction. If the Financing Transaction is not approved, Bannerman may have to re-negotiate or obtain alternative funding.

14.1.6 Major shareholder support

RCF is a private equity firm that invests in a diverse range of commodities. The primary goal of private equity firms is to generate a return on its investment. Since private equity firms receive shares in the companies they invest in, their return is generated by an increase in the value of those companies. As at the date of this Report, RCFIV holds 13.97% of the issued capital of Bannerman and has already received Shareholder approval to increase this holding to a maximum of 36.04% through the issue of shares under the Existing Convertible Note. If Shareholders approve the Financing Transaction, the Relevant RCF Entities will have the potential to increase its ownership interest to a maximum of 43.0%.

In the event that the Relevant RCF Entities do increase their interests to 43.0% of Bannerman's issued capital, the incentive for RCF to see Bannerman succeed will be even greater as any increase in the Company's share price will generate larger scale returns for RCF and in turn generate returns for Shareholders.

Also, having the support of a cornerstone investor such as RCF may assist Bannerman in obtaining the necessary funding as it moves towards the development of the Etango Project.

14.1.7 The ability of Bannerman to raise additional funds may increase

If Shareholders approve the Financing Transaction, upon conversion of the Existing Convertible Note and the New Convertible Note, it will extinguish the level of borrowings and unencumber the Secured Assets. The reduced level of gearing may increase the Company's ability to raise additional funds for the additional payments which will be required to fund the Company's development strategy.

Security Transaction

14.1.8 The Security Transaction is fair

The Security Transaction is fair. RG111 states that an offer is reasonable if it is fair.

14.1.9 Supports debt funding

The provision of security enables the Company to obtain the debt funding that it requires. If Bannerman seeks alternative funding through bank debt, it is most likely that there will be a requirement by bank lenders to request the provision of security to secure the bank debt it seeks. Therefore, the provision of security for debt funding purposes is not unusual.

14.2 Disadvantages of approving the Transactions

Financing Transaction

14.2.1 The Financing Transaction is not fair

As set out in section 13, the Financing Transaction is not fair. RG 111 states that a transaction is reasonable if it is fair. In this case it is not fair.

14.2.2 Dilution of existing Shareholders' interests

Shareholders have previously approved the issue of shares to RCFIV, up to a maximum percentage of 36.04% through the issue of shares under the Existing Convertible Note. As a consequence of the New Convertible Note, Shareholders are now being asked to refresh the previous approval given and to approve (amongst other things) the issue of shares to the Relevant RCF Entities under the Financing Transaction of up to a maximum percentage of 43.0%. If the Relevant RCF Entities elect to convert both the Existing Convertible Note and the New Convertible Note or exercise the existing options Shareholders' interest will be diluted to a minimum of 57.0%. This will dilute Shareholders' interests and their level of collective influence on the operations of the Company.

Security Transaction

14.2.3 Onerous restrictions on dealing with the Company's assets

The security that Bannerman will grant to RCFVI will place restrictions on the Company's ability to deal with its assets. However, similar restrictions are already in place under the security arrangement under the Existing Convertible Note.

14.3 Other considerations

14.3.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Bannerman a premium over the value ascribed to, resulting from the Transactions.

14.3.2 Practical level of control

If the Financing Transaction is approved then the Relevant RCF Entities combined may hold up to a maximum of 43.0% in Bannerman, which is significant when compared to other shareholders. We note however, that RCFIV has previously received shareholder approval to increase its interest in the Company to 36.04% through the issue of shares under the Existing Convertible Note and the approval of the Financing Transaction would give the Relevant RCF Entities approval to increase its collective interest to up to 43.0%.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. If the Financing Transaction is approved, then the Relevant RCF Entities may have the potential to block special resolutions. RCFIV already has the capacity to do this.

Under the terms of the New Convertible Note, RCFVI has the right to appoint an additional director to the Board. However, RCFVI has indicated that Mr Ian Burvill would remain as a non-executive director of the Company and act as the Relevant RCF Entities' sole representative on the Company's Board. However, RCFVI still has capacity to add another director to Bannerman's Board.

14.3.3 The Transactions are unlikely to deter a takeover offer being received in the future

RCFIV and RCFVI are financial investors rather than an investor who is interested in obtaining offtake or access to synergies. The primary goal of RCFIV and RCFVI is to generate a return on their investments which we consider to be consistent with a Shareholders' primary goal. Therefore, although it is likely that any offer to acquire the Company would require RCFIV and RCFVI's acceptance, we do not consider that an increase in their investment, as a result of approving the Financing Transaction, will deter a takeover offer being made or accepted by the Company if an acceptable offer is made.

14.3.4 No change to the composition of Bannerman Board

Under the terms of the New Convertible Note, RCFVI has the right to appoint an additional director to the Board. RCFIV is represented on the Board by Mr Ian Burvill and the Company understands that RCFVI will also be represented by him. Therefore, Ian Burvill would remain as a non-executive director of the Company and the Relevant RCF Entities' sole representative on the Company's Board, meaning there would be no immediate change to the composition of the Bannerman Board. However, RCFVI still has capacity to add another director to Bannerman's Board.

14.3.5 Approval of the Financing Transaction does not guarantee conversion of the New Convertible Note

In the event that the Financing Transaction is approved, it does not guarantee that conversion under the Existing Convertible Note and the New Convertible Note will occur. While we acknowledge that the conversions are likely, there is no certainty to the conversions occurring.

The Existing Convertible Note and the New Convertible Note both have a maturity date of 30 September 2016. During this time, the uranium price is forecast to recover and this may put Bannerman in a better position to raise equity to repay the liabilities under the Existing Convertible Note and the New Convertible Note.

14.3.6 RCFVI's intentions if the Transactions are approved

The Relevant RCF Entities have confirmed that they have no intention to:

i. make any change to the business of the Company;

ii. inject any further capital into the Company, however RCF will continue to monitor the financial position of the Company and reserve the right to inject further capital into the Company should it be required;

iii. make changes to the Company's existing employees;

iv. transfer any of the Company's assets between the Company and the Relevant RCF Entities or their Associates;

v. redeploy any of the Company's fixed assets;

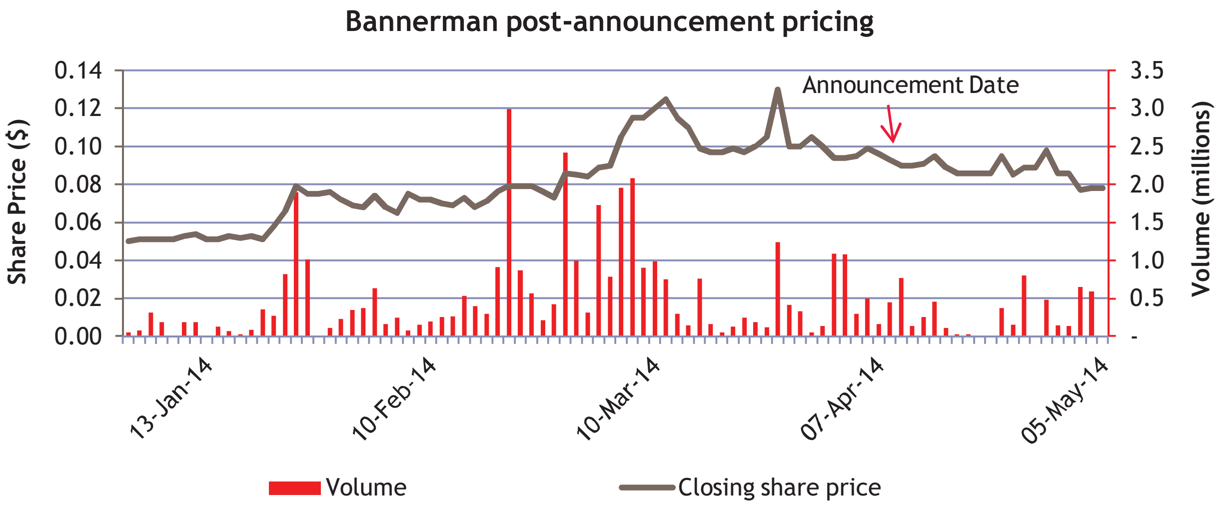
vi. change the Company's financial or dividend distribution policies; or

vii. appoint an additional director to the Board if Shareholders approve the Resolution (although RCFVI reserves its contractual right to do so under the New Convertible Note). Mr Burvill will therefore remain the Relevant RCF Entities' sole representative on the Board.

The above intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

14.3.7 Post-announcement pricing

We have analysed movements in Bannerman's share price since the Transactions were announced. A graph of Bannerman's share price since the announcement is set out below.



Source: Bloomberg and BDO analysis

The closing price of Bannerman's shares on 7 April 2014 was $0.096. As at 5 May 2014, Bannerman's share price closed at $0.078. Given the above analysis it is possible that if the Transactions are not approved then Bannerman's share price may decline.

15. Conclusion

We have considered the terms of the Transactions as outlined in the body of our Report and have concluded that:

- In the absence of any other relevant information, **the Financing Transaction is not fair but reasonable to Shareholders.**
- In the absence of any other relevant information, **the Security Transaction is fair and reasonable to Shareholders**.

16. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Indicative Term Sheet for Convertible Note Facility dated 17 February 2014;
- Reviewed financial statements for the half-year ended 31 December 2013;
- Audited financial statements of Bannerman for the years ended 30 June 2013 and 30 June 2012;
- Independent Valuation Report on the Etango Uranium Project dated 5 May 2014 performed by Al Maynard & Associates Pty Ltd;
- Share registry information of Bannerman from Computershare;
- Bloomberg;
- Capital IQ;
- Information in the public domain; and
- Discussions with Directors and Management of Bannerman.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $24,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Bannerman in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Bannerman, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Bannerman and RCF and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Bannerman and RCF and their respective associates.

A draft of this report was provided to Bannerman and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Evelyn Tan of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Evelyn Tan is a CFA charter holder and is a member of the CFA Institute. Evelyn has over 15 years of experience in corporate finance and banking. Evelyn has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

19. Disclaimers and consents

This report has been prepared at the request of Bannerman for inclusion in the Notice of Meeting and Explanatory Memorandum which will be sent to all Bannerman Shareholders. Bannerman engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposals for Bannerman to issue shares to RCF upon the conversion of a convertible note facility and for Bannerman to grant security to RCF in the form of a mortgage over the assets comprising Bannerman's Etango Project.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting and Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting and Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to RCF. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposal, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Bannerman, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Bannerman.

The valuer engaged for the mineral asset valuation, Al Maynard & Associates Pty Ltd, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and the assumptions made in arriving at their valuations are considered appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Evelyn Tan

Associate Director

Authorised Representative

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 (Cth)
AM&A	Al Maynard & Associates Pty Ltd
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 ‘Valuation Services’
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Bannerman	Bannerman Resources Limited
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Bannerman Resources Limited
DCF	Discounted Future Cash Flows
DFS	Definitive Feasibility Study
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Establishment Fee	A fee payable by Bannerman of $120,000 on the date of drawdown to RCFVI, to be satisfied through the issue shares at a price per share equal to the 5-day VWAP for the 5 trading days prior to the date of drawdown
Existing Convertible Note	The existing secured convertible note facility on issue to RCFIV with a face value of $8 million, expiring 30 September 2016, a conversion price of $0.095 (subject to adjustment) and a coupon interest rate of 8% per annum
Financing Transaction	The issue of shares to RCFIV pursuant to the Existing Convertible Note, the issue of shares to RCFVI pursuant to the New Convertible Note and the issue of shares on exercise of existing options by RCF Management
FME	Future Maintainable Earnings
Listing Rule	ASX Listing Rules
Maximum Percentage	The Relevant RCF Entities’ maximum potential shareholding in Bannerman, being 43.0%

Reference	Definition
MET	Ministry of Environment and Tourism
NAV	Net Asset Value
New Convertible Note	The new secured convertible note facility proposed to be issued to RCFVI which has a face value of $4 million, a maturity date of 30 September 2016, a coupon rate of 8% per annum and a conversion price which is the higher of: a) the lower of: i. $0.095; and ii. 150% of the 60 day trading VWAP as at the date of drawdown. b) $0.06.
Our Report	This Independent Expert's Report prepared by BDO
RCF	Resource Capital Funds
RCFIV	Resource Capital Fund IV LP
RCFVI	Resource Capital Fund VI LP
RCF Management	RCF Management Pty Ltd
The Relevant RCF Entities	Collectively RCFIV, RCFVI and RCF Management
RG74	Acquisitions approved by members (December 2011)
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Security Transaction	The security provided to RCFVI under the New Convertible Note in the form of the Secured Assets
Secured Assets	Under the New Convertible Note, security will be provided to RCFVI in the form of the following: a) A charge over all of Bannerman's present and after acquired property, interests and rights; b) A charge over Bannerman's shares, dividends and other rights in respect of Bannerman Resources Nominees (UK) Limited; c) A mortgage and a fixed and floating charge over all of Bannerman Resources Nominees (UK) Limited's assets and undertakings; and d) A pledge over the rights, title and interests held by Bannerman Resources

Reference	Definition
	Nominees (UK) Limited in the shares of Bannerman Mining Resources (Namibia) (Proprietary) Limited.
Shareholders	Shareholders of Bannerman not associated with RCF
VWAP	Volume Weighted Average Price
The Transactions	The Financing Transaction and the Security Transaction
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ("NAV")*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ("QMP")*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

3 *Capitalisation of future maintainable earnings ("FME")*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (**"EBIT"**) or earnings before interest, tax, depreciation and amortisation (**"EBITDA"**). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ("DCF")*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – Independent Valuation

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Australia		

Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT TECHNICAL VALUATION

OF THE

ETANGO URANIUM PROJECT, NAMIBIA

HELD BY

BANNERMAN RESOURCES LTD

PREPARED FOR

BDO CORPORATE FINANCE (WA) PTY LTD

Author: Allen J Maynard BAppSc(Geol), MAIG, MAusIMM
Company; Al Maynard & Associates Pty Ltd

Date 5th May, 2014

EXECUTIVE SUMMARY

This independent technical valuation has been prepared by Al Maynard & Associates ("AM&A") at the request of Mr S. Andrawes, of BDO Corporate Finance (WA) Pty Ltd ("BDO") who has commissioned this valuation of the exploration assets held by Bannerman Resources Ltd – ASX:BMN ("Bannerman").

The "Etango Uranium Project" located in Namibia is the prime asset held by Bannerman and for the purpose of this valuation is considered the only asset of value held by Bannerman.

This report concludes that the current cash value of Bannerman's 80% interest in the Etango Uranium Project is ascribed at A$121 million from within the range of A$82 million to A$159 million.

Technical information has been provided by Bannerman and Coffey Mining Pty Ltd (for Bannerman). AM&A are comfortable regarding the reasonableness and quality of the technical information provided as we have worked with Coffey personnel on recent previous projects and consider Coffey's work to be of a meticulous and thorough standard and in accordance with 2004 JORC Code guidelines. Therefore it was not considered necessary to independently verify the Mineral Resource Estimate (source provided in section 6.0).

However it is also noted that the NPV provided by the DCF analysis of the 'Reserves' for Bannerman is currently negative because of the prevailing uranium price. Thus we have adopted two other methods to derive the current cash value as described below.

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The Directors,
BDO Corporate Finance (WA) Pty Ltd
38 Station Street,
Subiaco, WA, 6008

5th May, 2014

Dear Directors,

1.0 Introduction

This report has been prepared by AM&A at your request to provide an independent valuation of the current cash value of the exploration assets held by Bannerman. The assets of value held by Bannerman are its 80% interest in the Etango Uranium Project located in Namibia.

1.1 Scope and Limitations

This valuation has been prepared in accordance with the requirements of the Valmin code (2005) as adopted by the Australian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM').

This valuation is valid as of 5th May, 2014 which is the date of the latest review of the data and technical information. This valuation can be expected to change over time having regard to political, economic, market and legal factors. The valuation can also vary due to the success or otherwise of any mineral exploration that is conducted either on the properties concerned or by other explorers on prospects in the near environs. The valuation could also be affected by the consideration of other exploration data, not in the public domain, affecting the properties which have not been made available to the writer.

In order to form an opinion as to the value of any property, it is necessary to make assumptions as to certain future events, which might include economic and political factors and the likely exploration success. The writers have taken all reasonable care in formulating these assumptions to ensure that they are appropriate to the case. These assumptions are based on the writers' technical training and experience in the mining industry. Whilst the opinions expressed represent the writers' fair and reasonable professional opinion at the time of this report, these opinions are not however, forecasts as it is never possible to predict accurately the many variable factors that need to be considered in forming an opinion as to the value of any mineral property.

The valuation methodology of mineral properties is exceptionally subjective. The values obtained are estimates of the amount of money, or cash equivalent, which would be likely to change hands between a willing buyer and a willing seller in an arms' length transaction, wherein each party had acted knowledgeably, prudently and without compulsion. This is the required basis for the estimation to be in accordance with the provisions of the Valmin Code.

There are a number of generally accepted procedures for establishing the value of mineral properties with the method employed depending upon the circumstances of the property. When relevant, AM&A uses the appropriate methods to enable a balanced analysis. Values are presented as a range and the preferred value is identified. The readers should therefore form their own opinion as to the reasonableness of the assumptions made and the consequent likelihood of the values being achieved.

The information presented in this report is based solely on technical reports provided by Bannerman supplemented by our own inquiries. At the request of AM&A copies of relevant technical reports and agreements were readily made available. All such information is available in the public domain and relevant references are listed in Sect. 6.0 –References.

Bannerman will be invoiced and expected to pay a fee for the preparation of this report. This fee comprises a normal, commercial daily rate plus expenses. Payment is not contingent of the results of this report or the success of any subsequent public fundraising. Except for these fees, neither the writer nor any associates have any interest, nor the rights to any interest in Bannerman nor the properties reported upon. Bannerman has confirmed in writing that all technical data known to the public domain is available to the writers.

The valuation presented in this document is restricted to a statement of the fair value of the tenement package. The Valmin Code defines fair value as "The estimated amount of money, or the cash equivalent of some other consideration, for which, in the opinion of the Expert reached in accordance with the provisions of the Valmin Code, the mineral asset or security shall change hands on the Valuation date between a willing buyer and a willing seller in an arms' length transaction, wherein each party had acted knowledgeably, prudently and without compulsion".

It should be noted that in all cases, the fair valuation of the mineral properties presented is analogous with the concept of "valuation in use" commonly applied to other commercial valuations. This concept holds that the properties have a particular value only in the context of the usual business of the company as a going concern. This value will invariably be significantly higher than the disposal value, where, there is not a willing seller. Disposal values for mineral assets may be a small fraction of going concern values.

In accordance with the Valmin Code, we have prepared the "Range of Values" as shown in Table 4, section 5.4. Regarding the project it is considered that more than sufficient geotechnical data has been provided from the reports covering the previous exploration of the area to enable an understanding of the geology. This provides adequate information to form an informed opinion as to the current value of the mineral assets. A site visit was not undertaken as it was considered that it would not reveal any information or data that would be material to the outcome of this report.

1.2 Statement of Competence

This report has been prepared by Allen J. Maynard BAppSc(Geol), MAusIMM and Member of AIG, a geologist with 35 continuous years in the industry and 30 years in mineral asset valuation. The writer holds the appropriate qualifications, experience and independence to qualify as an independent "Expert" under the definitions of the Valmin Code.

2.0 Valuation of the Mineral Assets – Methods and Guides

With due regard to the guidelines for assessment and valuation of mineral assets and mineral securities as adopted by the AusIMM Mineral Valuation Committee on 17 February 1995 – the Valmin Code (updated 1999 & 2005) – we have derived the estimates listed below using the appropriate method for the current technical value of the mineral exploration properties as described.

The ASIC publications "Regulatory Guidelines '111 & 112" have also been duly referred to and considered in relation to the valuation procedure. The subjective nature of the valuation task is kept as objective as possible by the application of the guideline criteria of a "fair value". This is a value that an informed, willing, but not anxious, arms' length purchaser will pay for a mining (or other) property in a transaction devoid of "forced sale" circumstances.

2.1 General Valuation Methods

The Valmin Code identified various methods of valuing mineral assets, including:-

- Discounted cash flow,
- Joint Venture and farm-in terms for arms' length transactions,
- Precedents from similar asset sales/valuations,
- Multiples of exploration expenditure,
- Ratings systems related to perceived prospectivity,
- Real estate value and,
- Rule of thumb or yardstick approach.

2.2 Discounted Cash Flow/Net Present Value

This method provides an indication of the value of a property with identified reserves. It utilises an economic model based upon known resources, capital and operating costs, commodity prices and a discount for risk estimated to be inherent in the project.

Net present value ('NPV') is determined from discounted cash flow ('DCF') analysis where reasonable mining and processing parameters can be applied to an identified ore reserve. It is a process that allows perceived capital costs, operating costs, royalties, taxes and project financing requirements to be analysed in conjunction with a discount rate to reflect the perceived technical and financial risks and the depleting value of the mineral asset over time. The NPV method relies on reasonable estimates of capital requirements, mining and processing costs.

2.3 Joint Venture Terms

The terms of a proposed joint venture agreement may be used to provide a market value based upon the amount an incoming partner is prepared to spend to earn an interest in part or all of the property. This pre-supposes some form of subjectivity on the part of the incoming party when grass roots properties are involved

2.4 Similar or Comparable Transactions

When commercial transactions concerning properties in similar circumstances have recently occurred, the market value precedent may be applied in part or in full to the property under consideration.

2.5 Multiple of Exploration Expenditure

The multiple of exploration expenditure method ('MEE') is used whereby a subjective factor (also called the prospectivity enhancement multiplier or 'PEM') is based on previous expenditure on a tenement with or without future committed exploration expenditure and is used to establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented positive results a MEE multiplier can be selected that takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database. PEMs can typically range between 0 to 3.0 and occasionally up to 5.0 where very favourable exploration results have been achieved, applied to previous exploration expenditure to derive a dollar value.

2.6 Ratings System of Prospectivity (Kilburn)

The most readily accepted method of this type is the modified Kilburn Geological Engineering/Geoscience Method and is a rating method based on the basic acquisition cost ('BAC') of the tenement that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer is required to systematically assess four key technical factors which enhance, downgrade or have no impact on the value of the property. The factors are then applied serially to the BAC of each tenement in order to derive a value for the property. The factors used are; off-property attributes on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the market.

2.7 Empirical Methods (Yardstick – Real Estate)

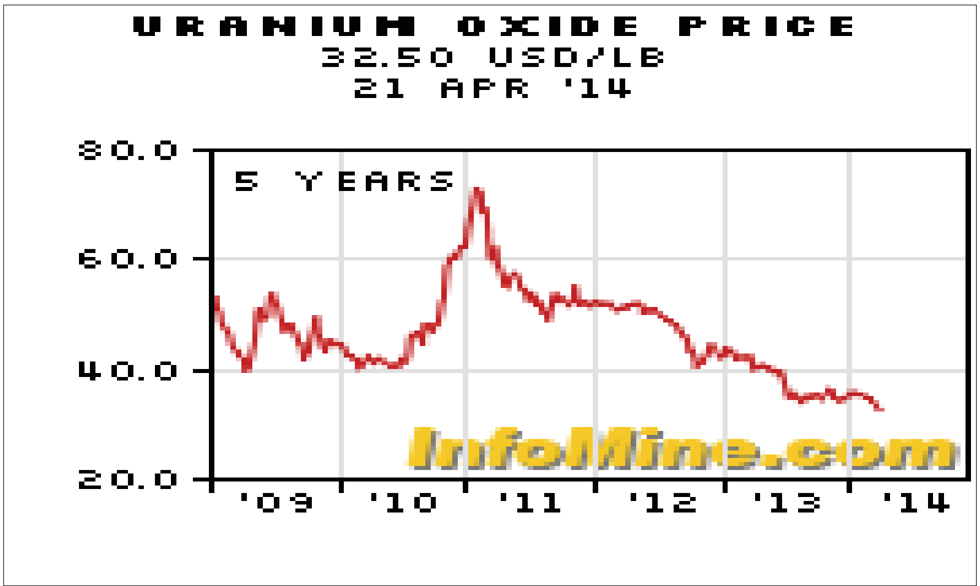
The market value determinations may be made according to the independent expert's knowledge of the particular property. This can include a discount applied to values arrived at by considering conceptual target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground. This includes the range of values that can be estimated for an exploration property based on current market prices for equivalent properties, existing or previous joint venture and sale agreements, the geological potential of the properties, regarding possible potential resources, and the probability of present value being derived from individual recognised areas of mineralisation. This method is termed a "Yardstick" or a "Real Estate" approach. Both methods are inherently subjective according to technical considerations and the informed opinion of the valuer.

2.8 General Comments

The aims of the various methods are to provide an independent opinion of a "fair value" for the property under consideration and to provide as much detail as possible of the manner in which the value is reached. It is necessarily subjective according to the degree of risk perceived by the property valuer in addition to all other commercial considerations. Efforts to construct a transparent valuation using sophisticated financial models are still hindered by the nature of the original assumptions where a known resource exists and are not applicable to properties without an identified resource or reserve.

The values derived for this report have been concluded after taking into account:-

- The general geological environment of the property under consideration is taken into account to determine the exploration potential;
- Previous relevant expenditure;
- A graph of uranium oxide prices over the last five years is presented for the readers perusal: (http://www.infomine.com/investment/metal-prices/uranium-oxide/)



2.9 Environmental implications

Information to date is that there are no identified existing environmental liabilities on the property (BMN, 2013 Annual Report, p26; BMN, 25 May 2012 p34). Accordingly, no adjustment was made during this report for environmental implications.

2.10 Indigenous Title Claims

The Company is not aware of any such claims within the tenements.

2.11 Commodities-Metal prices

Metal prices have not been considered in assessing the selected comparable market transactions.

2.12 Resource/Reserve Summary

A 2004 JORC compliant resource/reserve has been identified.

2.13 Previous Valuations

No previous valuations have been declared within the last two years. Most recent was in 2009.

2.14 Encumbrances/Royalty

BMN owns 80% of the company that holds rights to 100% of the project area and is required to sole fund the project until completion of a bankable feasibility study, in accordance with the Share Sale Agreement dated 12th May, 2005 (BMN, 2013, Annual Report. p87). The term 'bankable feasible study' does not have a prescribed meaning for the purposes of JORC (2012).

If the project reaches the bankable feasibility stage, the project's 20% shareholder (Mr C. Jones) may elect to contribute his share of the costs or dilute his interest. In the event Mr Jones does not contribute to at least 5% of the project costs, his ownership interest will reduce to nil and effectively convert to a 2% royalty.

The project is also subject to a state royalty of 3% of revenue as stipulated by the Namibian Government.

We have considered the existence of such royalties in arriving at our valuation of the project.

3.0 Background Information

3.1 Introduction

This valuation has been provided by way of a detailed study of information provided by BMN and other independent consultants (Coffey Mining) for the tenements. Refer to Sect 6.0.

The area under review comprises one Exclusive Prospecting Licence EPL3345, which hosts uranium resources and reserves. An application has been lodged to convert part of the EPL to a mining licence.

3.2 Specific Valuation Methods

There are several methods available for the valuation of a mineral prospect ranging from the most favoured DCF analysis of identified Proved & Probable Reserves to the more subjective rule-of-thumb assessment when no Reserves have yet been calculated but Resources may exist. These are discussed above in Section 2.0.

For this Namibian tenement a combination of the Comparable Transactions Method and the MEE method is employed to determine a current value range.

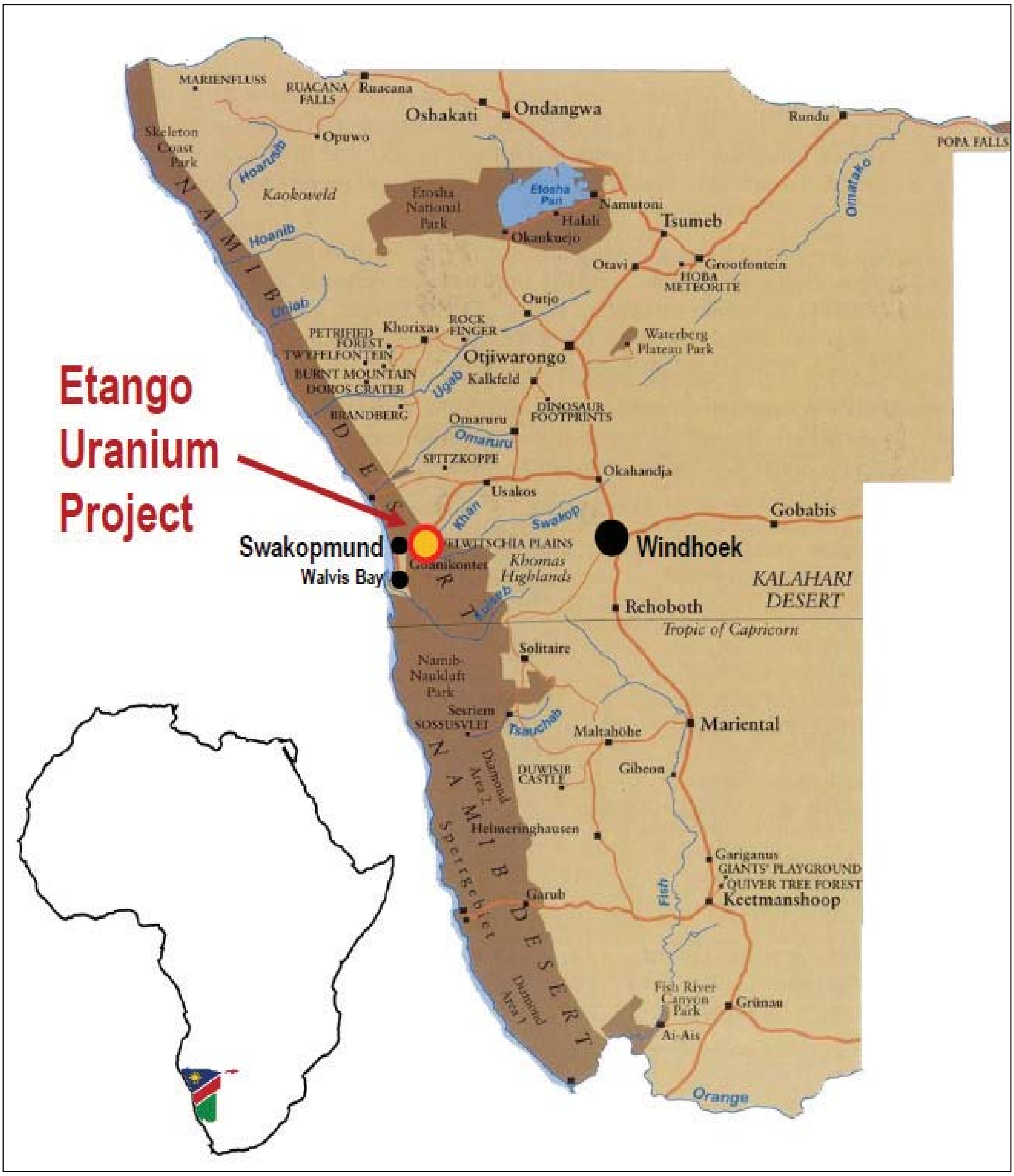


Figure 1: Location Map of the Etango Uranium Project.

4.0 Etango Project

4.1 Introduction

Bannerman's primary and most significant asset is the 80%-owned Etango Uranium Project ("Etango Project") in Namibia. Bannerman is focused on the development of a large open pit uranium mining and processing operation at Etango, one of the world's largest undeveloped uranium deposits.

The Etango Project is located in the Erongo uranium mining region of Namibia which hosts the Rössing and Langer-Heinrich mines and the Husab project which is currently under construction by the Chinese State-owned nuclear power entity 'China General Nuclear Power Company'.

The Etango Project area forms part of Exclusive Prospecting Licence ("EPL") 3345 which was granted to Bannerman's 80% subsidiary, Bannerman Mining Resources (Namibia) (Pty) Ltd, on 27 April, 2006 to explore for nuclear fuels, including uranium, expressed as uranium oxide (U_3O_8). The title was renewed for a two year period from 26 April, 2013 to 26 April, 2015.

The Ministry of Environment and Tourism granted formal environmental approval for development of the Etango Project to Bannerman in the September, 2012 quarter.

4.2 Location and Access

The Etango project is located in central western Namibia about 40 km east of Swakopmund (Fig. 1). Etango is 73 km by road from Walvis Bay, one of southern Africa's busiest deep-water ports through which uranium has been exported for over 35 years. Road, rail, electricity and water networks are all located nearby.

Access to the Etango Project, from Swakopmund, is gained via the B2 highway and then the partially sealed/unsealed C28 road, then by well-maintained unsealed road on the D1991 into the Namib-Naukluft National Park area. The unsealed Welwitschia Drive then provides access to the project area.

4.3 Tenure

The Etango Project EPL3345 is owned by the Namibian company Bannerman Mining Resources (Namibia) (Pty) Ltd, previously called Turgi Investments (Pty) Ltd, which manages the Project.

Bannerman owns 80% of Bannerman Mining Resources (Namibia) (Pty) Ltd, while the remaining 20% is held in the name of Mr C. Jones of Perth, Australia (verified by Namibian legal opinion - Bossau, 2014).

Ten ID	Granted	Area Km^2	Expiry*	Required Expenditure (2 years)
EPL3345	27/04/2006	243	26/04/2015	A$836,000

Table 1: Tenement Information Summary.

***NOTE: Mining Lease Application underway.**

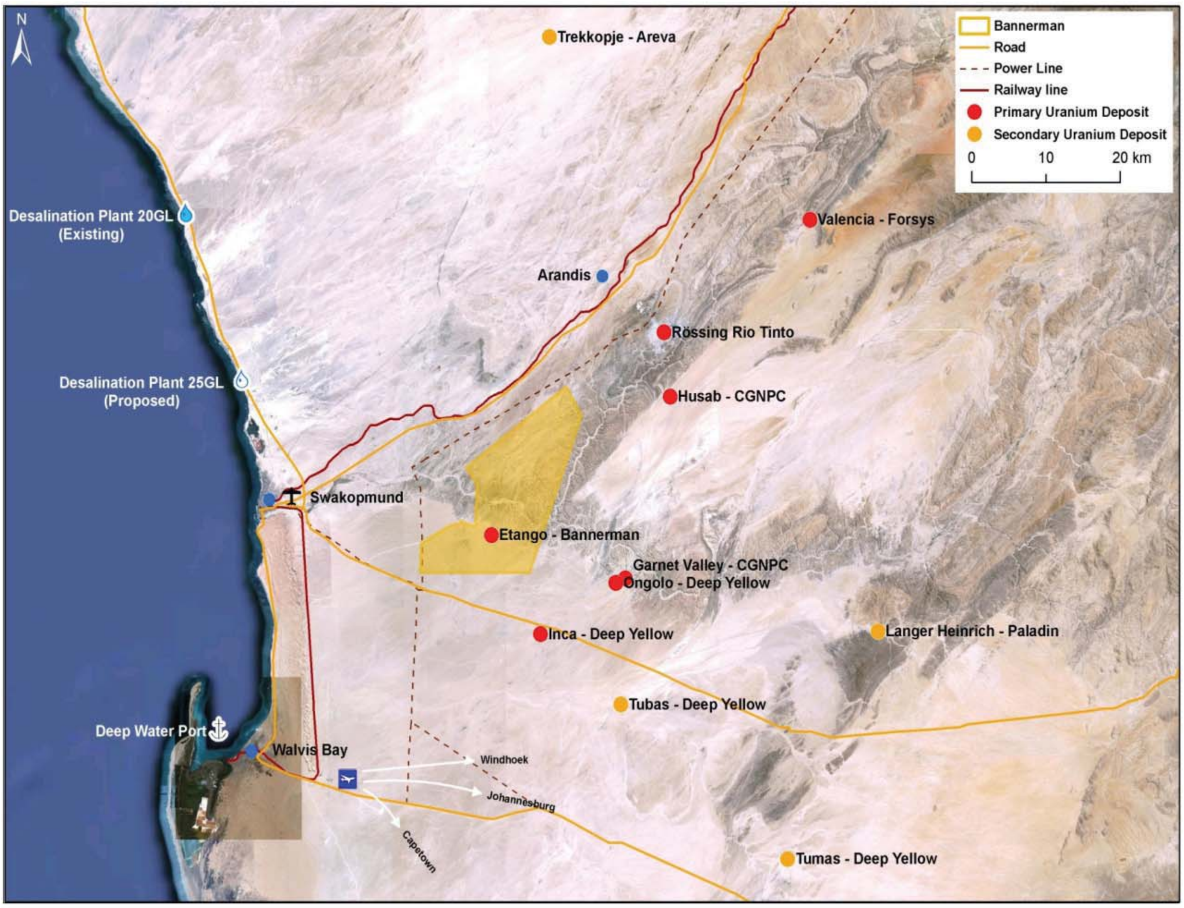


Figure 2: Tenement Location Map.

4.4 Geological Setting

4.4.1 Regional Geology

Regionally, (Fig 3) uranium mineralisation was first discovered in the Central Zone in the 1900s when uranium-bearing beryl (heliodor) was discovered near Rössing Mountain. Exploration in the area lapsed until the 1950s and in the 1960s Rio Tinto South Africa commenced intensive exploration in the area.

In the 1970s the then South West African Geological Survey conducted a regional reconnaissance airborne radiometric survey that was followed by a further detailed spectrometer-magnetometer survey in 1974 over an area exceeding 100,000 ha. Analysis of the airborne survey identified a broad thorium and uranium/thorium anomaly along the western flank of the Palmenhorst Dome.

The EPL is located within the northeast trending Central Zone of the Neoproterozoic Pan-African Damara Orogenic Belt. Primary mineralisation within the Orogeny includes uranium, tin, gold, copper and lithium.

Uraniferous alaskite bodies (granitic rocks) are considered the primary source of mineralisation for the project area. (Inwood, 2008).

The uranium mineralisation at Etango Anomaly A zone is referred to as “Rossing Type” after the famous Rossing uranium mine that Rio Tinto has been mining for several decades.

4.4.2 Local Geology

Primary uranium mineralisation in the Etango Project area is related to uraniferous leuco-granites, locally referred to as ‘alaskites’. The alaskites are often sheet-like, and occur both as cross-cutting dykes and as bedding and/or foliation-parallel sills.

The sheet-like alaskites often amalgamate to form larger, composite granite plutons or granite stockworks, made up of closely-spaced dykes and sills. These alaskite intrusions can be in the form of thin centimetre-wide stringers or thick bodies up to 200m in width.

The alaskite bodies have intruded into the metasediments of the Nosib and Swakop Groups of the Damara Supergroup. These metasediments and alaskite intrusions flank the Mesoproterozoic (1.7 - 2.0 Ga) Palmenhorst Dome which is cored by partial melts of the Abbabis Metamorphic Complex (Fig 4).

Six episodes or stages of Alaskite intrusions, from A (earliest) to F (last), have been recognised and classified by Nex, et al. (2001) of which the D and E types are significantly uranium mineralised, and form the bulk of the intrusions in the Project area.

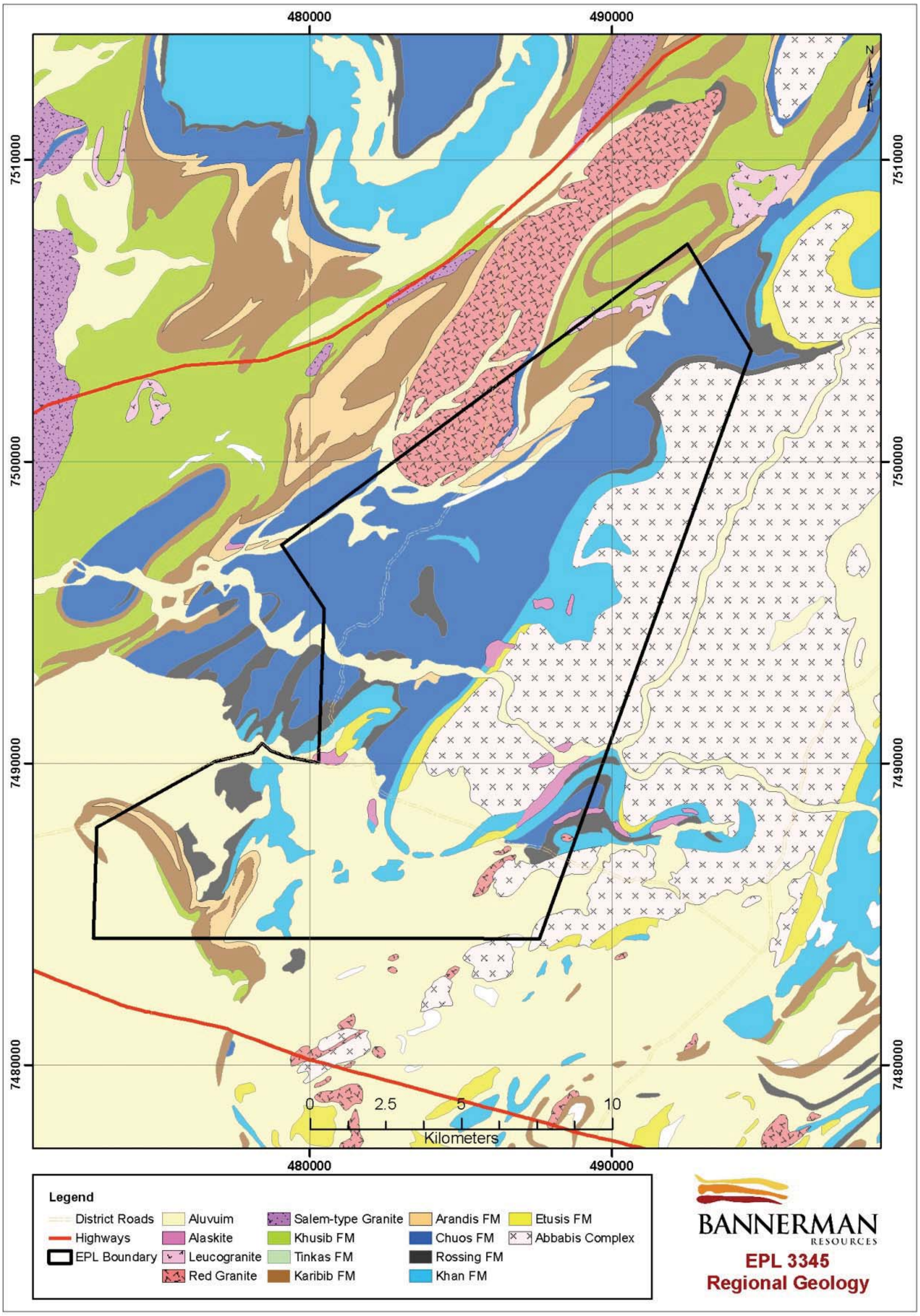


Figure 3: EPL 3345 – Regional Geology.

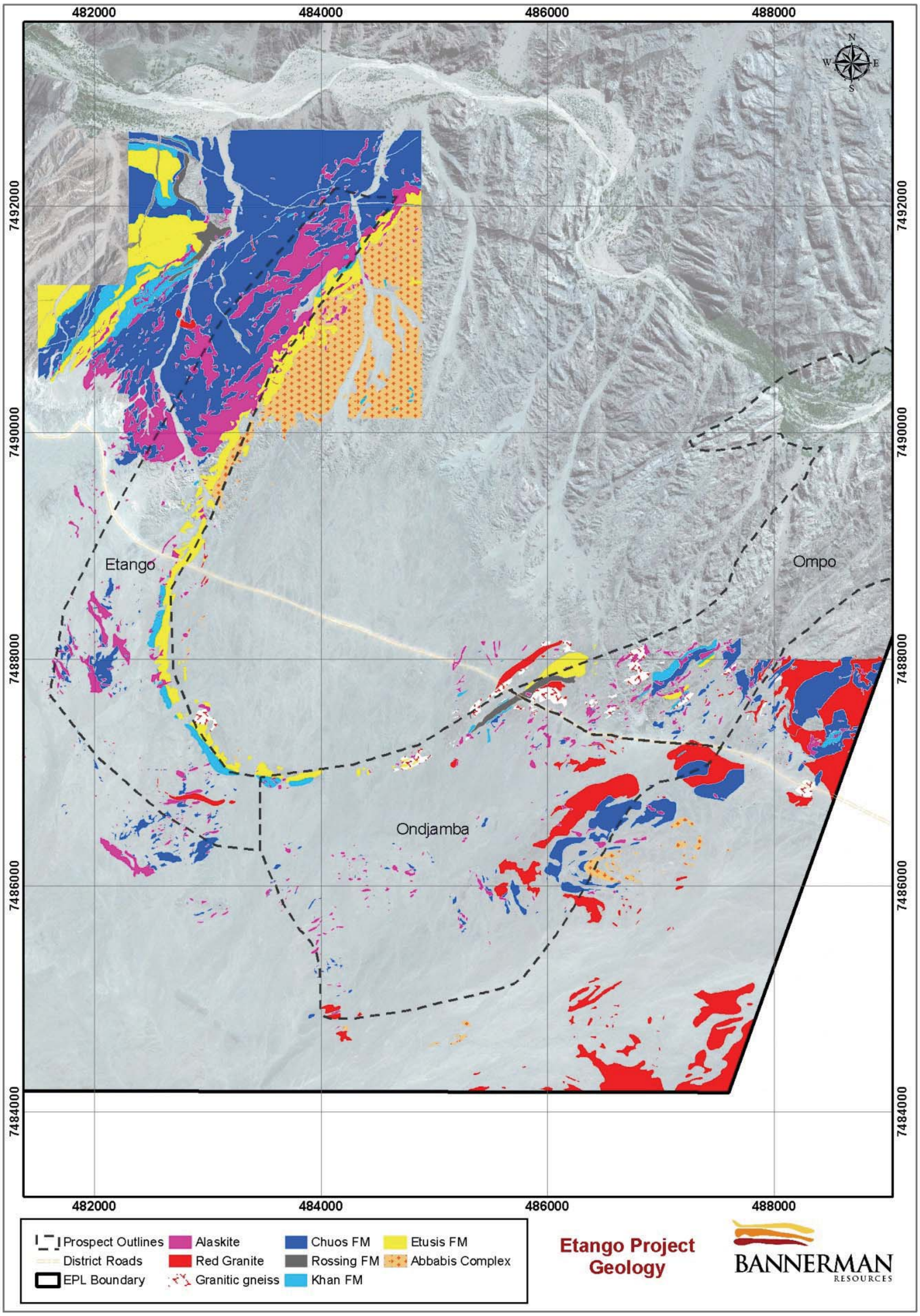


Figure 4: Local Geology of the Etango Project.

4.5 Resources and Potential

The current Mineral Resource/Reserve Estimates for the Etango project available at this time of writing (May, 2014) are stated at:-

Measured and Indicated Resources: 336 million tonnes ('Mt') at 201 g/t U_3O_8 (using a lower cut-off grade of 100g/t U_3O_8) for 149 million pounds ('Mlbs') U_3O_8.

These Resources have been converted to Proven and Probable Reserves of 279.6Mt at 194 g/t U_3O_8 for 119.3Mlbs of U_3O_8. However, this valuation considers only the Measured and Indicated (M+I) Resources.

	Measured Resources				Indicated Resources			
Cut-off Grade	Tonnes	Grade	Contained U_3O_8		Tonnes	Grade	Contained U_3O_8	
(ppm U_3O_8)	(Mt)	(ppm U_3O_8)	(Tonnes)	(Mlbs)	(Mt)	(ppm U_3O_8)	(Tonnes)	(Mlbs)
100	**62.7**	**205**	**12,900**	**28.3**	**273.5**	**200**	**54,600**	**120.4**
125	56.6	215	12,200	26.8	238.6	212	50,700	111.7
150	47.5	230	10,900	24.0	193.7	230	44,500	98.1

Table 2: Etango Project Mineral Resource Estimates.

For the purposes of this valuation AM&A has used the combined Measured plus Indicated (M+I) resources of 148.8 Mlbs of U_3O_8, (with the difference arising due to rounding). The information in this report that relates to Mineral Resources or Ore Reserves was prepared and first disclosed under the 2004 JORC Code (BMN, 28 October, 2010).

The Mineral Resource Estimates have not been updated since to comply with the 2012 JORC Code on the basis that the Resource information has not materially changed since it was last reported. All material assumptions and technical parameters underpinning the estimates of mineral resources continue to apply and have not materially changed. It is noted that the uranium price has fallen further since the date (Oct., 2010) of the Resource statement. Whilst Bannerman continues to forecast a uranium price of US$75/lb this does not impact on our valuation given the methodologies adopted.

The Etango Uranium Project has considerable merit as illustrated by the results achieved to date, including the Mineral Resource estimates stated above.

No production has occurred to date.

Figure 5 below shows general infrastructure and proposed mining pit outlines.

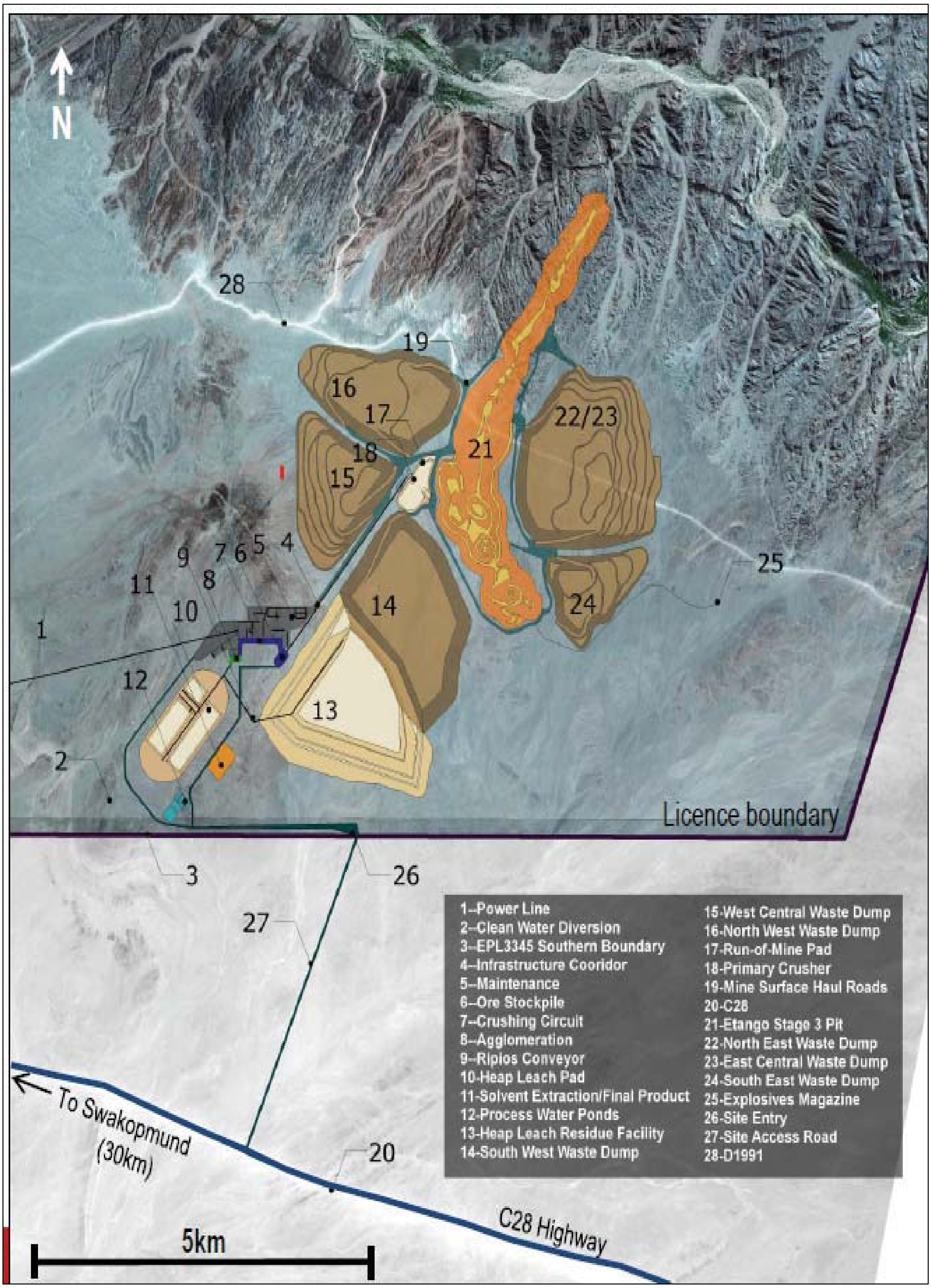


Figure 5: Development Ready Schematic.

5.0 Valuation of the Project

When valuing any project it is important to consider as many factors as possible that may either assist or impinge upon the cash value estimates of the project under consideration. In this BMN report AM&A considers the primary features to be taken into account are the Tenement Security; Mineral Resource Estimates; Sovereign Risk; Available Infrastructure; Relevant Expenditure and the general geological setting.

Basically, these “Boxes are Ticked” as described above with regards to tenement security, JORC Code compliant mineral resources, convenient infrastructure, previous expenditure and favourable geological environment.

Namibia has long been shown to be a ‘Mining-Friendly’ social and governmental country as evidenced by the +25 year ongoing operation of the Rossing uranium mine not far to the north of BMN’s Etango Project. Other mines/deposits are also nearby as depicted in Figure 2 above evidencing the willingness of Foreign Nationals to heavily invest in exploration and mining in the country.

5.1 Selection of Valuation Methods

The following valuation methods, as described in section 2, are not considered applicable for the respective reasons provided:

- The Discounted Cash Flow method as the current uranium price does not sustain it;
- The Kilburn ‘prospectivity’ method as the range of values generated is typically is too wide to be realistic;
- Joint Venture Terms as there are no external joint ventures in place;

‘Comparable Transactions’ and the Multiple of Exploration Expenditure (“**MEE**”) methods are considered applicable and form the basis of this valuation.

Only comparable transactions since the unfortunate Fukushima nuclear reactor disaster in March, 2011 are considered applicable as the uranium price per pound (lb) dropped markedly as a result.

As noted in Sect. 2.4 above, comparing relevant transactions is a very well accepted valuation method across all jurisdictions. The key element is to compare ‘like with like’ which is the approach adopted here by comparing other recent uranium transactions as a basis to assist with valuing the Etango Project.

The MEE Method (described in Sect 2.5 above) is recognised by independent valuers and regulatory authorities around the globe as another relevant value appraisal method. It is a measure of how much ‘Value-adding’ has occurred by the application of exploration dollars.

Conversely, if no value-adding occurred then a deflating factor is applied to that expenditure. Very clearly, BMN's expenditure has added a great deal of value.

Thus, as the writer considers that the combination of Comparable Transactions and MEE methods is most applicable; this current technical valuation conclusion is averaged between the two methods.

The basis of averaging the separate value ranges reached by the two different methods of valuing is so that the reader can understand that neither one method nor the other is preferred over either and thus presents what the writer considers to be an unbiased conclusion without giving preferential weighting to any one particular method that is used so as to not present a particularly high or low current cash value.

All material assumptions that underpin the valuations have been disclosed and are detailed in this report and are in compliance with Listing Rule 5.17.

5.2 Comparable Transactions

From our analysis of comparable transactions (Appendix 1), we consider a reasonable resource multiple to apply to Bannerman's estimated resource to be in the range of \$0.80/lb to \$1.70/lb with a midpoint factor of \$1.25/lb to derive current value ranges by this method.

The reader will see from Appendix 1 that the 'mean' excluding outliers of \$/lb of transacted uranium oxide is \$1.64 and that the 'median' is \$0.88 so AM&A has used these 'cash price ranges' – with a slightly extended range for conservatism - to apply to the BMN resource numbers. The reason the 'outliers' are excluded is that they are so far out of the rest of the range that they unduly bias the non-excluded mean and median.

As a cross check to the range of multiples observed in comparable market transactions AM&A has considered the trading multiples of ASX listed companies with uranium projects as their major focus. This analysis is outlined in Appendix 2, which provides support for the range of resource multiples applied to BMN.

The insitu Measured + Indicated Resources (Table 2 above) formed the basis of these estimates as set out below (Table 3).

Value Range	Resources (Mlb U_3O_8)	Comparable transaction multiple	Insitu Value (A\$M)
Low	148.8	\$0.80	119
Mid	148.8	\$1.25	186
High	148.8	\$1.70	253

Table 3: Comparable Transactions Method Ranges.

5.3 MEE Method

The total exploration expenditure by Bannerman on the project amounts to A\$58 million (rounded) as at 31st December, 2013. Because of the successful exploration resulting in 'value-adding' (Resources converted to Reserves) the overall expenditure is considered to have provided the applicable PEM factor range from 1.5 up to 2.5 and is deemed appropriate.

As described above, (and in section 2.5), PEM factors typically range from 0 to 3.0 to reflect the results and worth, or otherwise, of the total exploration expenditure. A multiplying factor of 3 could be used when every drill hole yielded high grade results. A factor of less than 1.0, a deflating fraction, would be used when poor or insignificant results are obtained. AM&A considers that an appropriate PEM factor is in the range from 1.5 to 2.5 to reasonably reflect the added value of the exploration results

So, applying a PEM multiplier factor range from 1.5 to 2.5 to the total exploration expenditure derives a current value range from A$87 million to A$145 million with a preferred value mid-value of A$116 million being adopted for the MEE method.

5.4 Valuation Conclusions

The valuation ranges from low to high shown in Table 4 below are derived from the two methods described above and range from a low of A$87 million (MEE method) to a high of A$253 million (Comparable Transactions method). It is therefore considered appropriate to ascribe the current cash value (100%) derived by the average of the two methods as the mid-point being A$151 million within the range from A$103 million to A$199 million.

The preferred current cash value for Bannerman's 80% holding of the Etango Uranium Project exploration assets is therefore ascribed at A$121 million from within the range of A$82 million to A$159 million.

The dollar value per Resource (Measured + Indicated) pound of insitu uranium oxide is found by dividing the assessed total value of the project by the total 'Resource' of 148.8Mlbs U_3O_8. This implies a resource multiple in the range from A$0.69 to A$1.33 with the preferred value at A$1.01/lb U_3O_8. AM&A considers this to be in line with the comparable market transaction multiple assessed in section 5.2.

Valuation Method	Low	Preferred	High
Comparable (A$M)	119	**186**	253
MEE (A$M)	87	**116**	145
Average Value (A$M)	103	**151**	199
BMN 80% (A$M)	**82**	**121**	**159**

Table 4: Summary Range of Current Values.

Yours faithfully,

Allen J. Maynard BAppSc(Geol), MAIG, MAusIMM.

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Appendix 1: List of Comparable Transactions and Descriptions.

Date	Project/Company acquired	Target	Acquirer	Interest	Consideration ($Am)	U3O8 (Mlb)	Implied value ($A/lb)	Where
20-Jan-14	Langer Heinrich	Paladin Energy Limited	China National Nuclear Corporation	25.0%	215.81	34.7	$6.22*	Africa
07-Nov-13	Powertech Uranium Corp	Powertech Uranium Corp	Azarga Resources Limited	8.9%	1.22	1.2	$0.99	USA
12-Aug-13	Lake Maitland	Mega Uranium Ltd	Toro Energy Ltd	100.0%	39.4	22.3	$1.77	WA
01-Aug-13	Centennial	Powertech Uranium Corp	Azarga Resources Limited	60.0%	1.63	7.6	$0.21	USA
31-Jul-13	Powertech Uranium Corp	Powertech Uranium Corp	Azarga Resources Limited	17.5%	1.87	2.4	$0.77	USA
15-May-13	Strathmore	Strathmore Minerals Corp	Energy Fuels Inc	100.0%	28.7	56.0	$0.51	USA
02-May-13	Energia Minerals Ltd	Energia Minerals Ltd	Cauldron Energy Ltd	100.0%	1.5	16.7	$0.09	WA Italy
27-Aug-12	Yeelirrie Uranium Deposit	BHP Billiton plc	Cameco Corp	100.0%	408	144.5	$2.82	WA
16-Apr-12	Denison Mines Holdings and Uranium Holdings Ltd	Denison Mines Corp	Energy Fuels Inc	100.0%	98.51	20.9	$4.71	USA
01-Mar-12	Extract	Extract Resources Ltd	Taurus (CGNPC-URC)	100.0%	2100	512.9	$4.09	Africa
18-Nov-11	Hathor	Hathor Exploration Ltd	Rio Tinto plc	100.0%	653	57.9	$11.28*	Canada
18-Jul-11	Nowthanna	Private vendors	Toro Energy Ltd	100.0%	2.8	7.4	$0.38	Canada
						Mean	**$2.82**	
						Median	**$1.38**	
						Mean (excl outliers)	**$1.64**	
						Median (excl outliers)	**$0.88**	

*we consider these transactions to be outliers and have therefore removed them from the averages.

The descriptions of these transactions are listed overleaf.

Transaction	Description
1	China National Nuclear Corporation signed an agreement to acquire a 25% stake in Langer Heinrich Uranium Pty Ltd from Paladin Energy Ltd for US$190 million. Paladin Energy Ltd explores, develops, produces, and sells uranium. The company’s principal property includes the Langer Heinrich mine covering 4,375 hectares located in the Namib Naukluft Desert in Namibia.
2	Azarga Resources Limited acquired an additional 8.9% stake in Powertech Uranium Corp. Powertech Uranium Corp acquires, explores for, and develops uranium properties in Colorado, South Dakota, and Wyoming. It primarily holds interests in the Dewey-Burdock project which comprise approximately 50 mining leases and 370 mining claims covering an area of approximately 14,500 surface acres.
3	On 12 August 2013, Toro Energy Limited ('Toro') announced that it had entered into a binding agreement to acquire the Lake Maitland Assets from Mega Uranium Limited. As consideration Toro issued 415 million shares in the company. The Lake Maitland project is located in the Goldfields region of Western Australia, approximately 500 kilometres north of Kalgoorlie and 90 kilometres south-east of Toro’s Wiluna Uranium Project.
4	Azarga Resources Limited acquired a 60% stake in the Centennial Project for C$1.5 million on 31 July 2013. The remaining 40% was retained by Powertech Uranium Corp. Centennial covers 7,100 acres of uranium mineral rights in Weld County, Colorado.
5	Azarga Resources Limited entered into a share sale and purchase agreement to acquire an additional 17.5% stake in Powertech Uranium Corp. Refer to transaction B above for a description of Powertech Uranium Corp.
6	On 11 June 2013, both parties signed a binding agreement for Energy Fuels Inc to acquire Strathmore Minerals Corp. Strathmore Minerals Corp engages in the acquisition, exploration, and development of uranium mineral properties in the United States. Its principal uranium projects include the Gas Hills project covering an area of approximately 35,000 acres located in Wyoming; the Roca Honda project covering an area of approximately 1,840 acres located in the Grants Mineral Belt, New Mexico; and Copper King gold/copper project consisting of approximately 1,120 contiguous acres located in the Silver Crown Mining District in Wyoming.
7	On 2 May 2013, the bidder’s statement relating to Cauldron Energy's off market takeover bid for Energia Minerals Limited. Energia Minerals Limited is an ASX-listed company focused on the exploration and development of Uranium assets in both Western Australia and Italy.
8	Cameco Corp signed an agreement to acquire the Yeelirrie uranium deposit from BHP Billiton Ltd for US$430 million on 26 August 2012. The acquisition was completed on 18 December 2012. The Yeelirrie deposit is located approximately 650 kilometres northeast of Perth and approximately 750 kilometres south of Cameco's Kintyre project.
9	Energy Fuels Inc acquired Denison Mines Holdings Corp and White Canyon Uranium Ltd from Denison Mines Corp. The transaction created synergies to both parties. For example an advantage to Denison Mines Corp was the separation of its two different business units, being its African assets and its Untied States assets. The acquisition enabled Energy Fuels Inc to capitalise on economies of scale, as it became the largest US pure-play uranium producer and one of the largest holders of compliant US based uranium resources.
10	Taurus Minerals Limited acquired Extract Resources via an odd market takeover bid. Extract Resources engaged in the exploration, evaluation, and development of uranium properties in Namibia. The company's main project was its Husab Uranium project located to the northeast of Namibias main port, Walvis Bay.
11	Rio Tinto plc acquired the shares in Hathor Exploration Ltd for a total cash payment of approximately $653 million. Hathor Exploration was a development stage company, engaged in the acquisition, exploration, and development of mineral properties in Canada.

Appendix2: List of Comparable Companies Trading Multiples and Descriptions

Given the lack of recent comparable transactions we have also analysed the resource multiple observed for companies listed on the ASX with uranium projects as their primary focus. The table below shows that the median and average enterprise values per unit of inferred, indicated and measured resource is approximately $1.10/lb.

Company name	Enterprise Value[1] as at 16-Apr-14	Location	Inferred (Mlbs)	Indicated (Mlbs)	Measured (Mlbs)	Lower Cut-off grade U_3O_8 (ppm)	Total resources and reserves (Mlbs)	EV/Resource Multiple $/lb/ U_3O_8
Energia Minerals Limited	5.1	Australia	10.6	5.0	0.0	150.0	15.6	$0.32
Deep Yellow Limited	50.7	Africa	18.1	16.0	11.0	250.0	45.1	$1.12
Toro Energy Limited	135.6	Australia	37.4	13.7	3.8	200.0	54.8	$2.47
Forte Energy NL	12.3	Africa	1.0	43.9	0.0	100.0	44.9	$0.27
Peninsula Energy Limited	147.7	USA and Africa	35.0	21.9	0.0	600.0	56.9	$2.60
Marenica Energy Ltd	4.6	Namibia	50.9	6.5	0.0	50.0	57.4	$0.08
Cauldron Energy Limited	21.5	Australia	12.6	3.1	0.0	150.0	15.7	$1.37
A-Cap Resources Limited	14.8	Africa	139.7	29.4	0.0	200.0	169.1	$0.09
Energy and Minerals Australia Limited	44.5	Australia	28.3	0.0	0.0	500.0	28.3	$1.57
Berkeley Resources Ltd.	37.7	Spain	2.4	32.1	0.0	200.0	34.5	$1.09
							Mean	**$1.10**
							Median	**$1.11**

[1]Enterprise value is calculated on a controlling interest basis, by applying a control premium of 25% to the market capitalisation of the company and deducting net debt.

Company	Description
Energia Minerals Limited	Energia Minerals Limited explores and develops uranium properties. It holds approximately 5,500 kilometres of uranium prospective tenements in Australia and Italy. The company's flagship project is the Carley Bore uranium deposit located in the broader Nyang project in Western Australia.
Deep Yellow Limited	Deep Yellow Limited is engaged in the exploration and development of uranium properties in Namibia and Australia. Its principal project is the Omahola uranium project located in the Alaskite Alley, Namibia.
Toro Energy Limited	Toro Energy Limited is engaged in the exploration, evaluation, and development of uranium properties in Australia and Namibia. The company's principal project is the Wiluna uranium project located 30 kilometres southeast of Wiluna in Central Western Australia.
Forte Energy NL	Forte Energy NL focuses on the exploration, evaluation, and development of uranium and energy-related projects worldwide. It holds 10 uranium exploration licenses covering an area of approximately 9,925 square kilometres located in the Republic of Mauritania comprising the A238 prospect and Bir En Nar project; and 4 permits for uranium and rare earth elements covering 847 square kilometres in 2 separate concession areas, including the Firawa and Bohoduo in the Republic of Guinea, West Africa. The company, formerly known as Murchison United NL, was incorporated in 1984 and is based in West Perth, Australia.
Peninsula Energy Limited	Peninsula Energy Limited explores and develops uranium. The company also explores gold ores. It primarily focuses on producing at the Lance uranium projects located on the north-east flank of the Powder River Basin in Wyoming, the United States; and the Karoo uranium/molybdenum projects located in the Republic of South Africa. The company was formerly known as Peninsula Minerals Limited and changed its name to Peninsula Energy Limited in November 2010.
East Africa Resources Limited	East Africa Resources Limited is engaged in the exploration of uranium properties in Tanzania. The company holds interests in the Mkuju project that comprises 18 tenements covering 3,211 square kilometres in Southern Tanzania; the Madaba project that consists of 25 tenements covering 4,393 square kilometres in the south-east of Tanzania; and the Hemedi project, which includes 12 tenements covering 3,051 square kilometres. It also owns 32 tenements covering 4,327 square kilometres in Eastern Rift of Tanzania.
Marenica Energy Ltd	Marenica Energy Limited is engaged in the exploration, evaluation, and development of uranium deposits in Namibia and Australia. The company also explores for gold, coal, and other minerals. It principally holds a 75% interest in the Marenica uranium project that covers an area of approximately 527 km^2 located in the Damara Province, Namibia. The company was formerly known as West Australian Metals Ltd and changed its name to Marenica Energy Limited in November 2009.
Cauldron Energy Limited	Cauldron Energy Limited is engaged in the mining and exploration of uranium properties. Its principal uranium projects include the Marree uranium project located in the Eromanga Basin of South Australia; sandstone-hosted uranium Yanrey project located in Western Australia; and Rio Colorado uranium-copper-silver project located in the Catamarca Province of Argentina. The company was formerly known as Scimitar Resources Limited and changed its name to Cauldron Energy Limited as a result of its merger with Jackson Minerals limited in June 2009. Cauldron Energy Limited is headquartered in West Leederville, Australia.
A-Cap Resources Limited	A-Cap Resources Limited is engaged in the exploration of mineral properties in Botswana. It primarily explores for uranium and coal deposits. The company's flagship projects include the Letlhakane uranium project; the Mea coal project; and the Bolau coal project located in Botswana.
Energy and Minerals Australia Limited	Energy and Minerals Australia Limited explores and develops uranium properties in Australia. Its primary asset is the Mulga Rock uranium project located to the northeast of the regional city of Kalgoorlie-Boulder in Western Australia.
Berkeley Resources Ltd.	Berkeley Resources Limited is engaged in the exploration, appraisal, and development of uranium properties in Spain. The company's flagship property, Salamanca project consisting of the Retortillo, Alameda, and Gambuta deposits is located in western Spain.

ANNEXURE B – PROXY FORM

BANNERMAN
RESOURCES
Bannerman Resources Limited
ABN 34 113 017 128

000001 000 BMN
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

Vote online

Go to www.investorvote.com.au **or** scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 **PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 9:00am (Perth Time) Tuesday, 17 June 2014

How to Vote the Item of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite the item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on the item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Bannerman Resources Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ____________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Bannerman Resources Limited to be held at Level 2, 1 Altona Street, West Perth, Western Australia on Thursday, 19 June 2014 at 9:00am (Perth Time) and at any adjournment or postponement of that meeting.

STEP 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Approval of the New Convertible Note and the grant of security to RCF Fund VI	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ____________ Contact Daytime Telephone ____________ Date ___ / ___ / ___

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