



STOCK EXCHANGE ANNOUNCEMENT

11 February 2015

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED 31 DECEMBER 2014

Bannerman Resources Limited (ASX: BMN, TSX: BAN, NSX: BMN) attaches its consolidated Financial Statements and Management's Discussion and Analysis for the period ended 31 December 2014.

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

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About Bannerman - Bannerman Resources Limited is an ASX, TSX and NSX listed exploration and development company with uranium interests in Namibia, a southern African country which is a premier uranium mining jurisdiction. Bannerman's principal asset is its 80%-owned Etango Project situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and CGNPC's Husab uranium mine currently under construction. A definitive feasibility study has confirmed the technical, environmental and financial (at consensus long term uranium prices) viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. In 2015, Bannerman is conducting a large scale heap leach demonstration program to provide further assurance to financing parties, generate process information for the detailed engineering design phase and build and enhance internal capability. More information is available on Bannerman's website at www.bannermanresources.com.

www.bannermanresources.com

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BANNERMAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**FINANCIAL REPORT
FOR THE QUARTER AND HALF YEAR ENDED
31 DECEMBER 2014**

FINANCIAL REPORT

FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014

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CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN

Ronnie Beevor

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Len Jubber

NON-EXECUTIVE DIRECTORS

Ian Burvill

Clive Jones

David Tucker

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STOCK EXCHANGE LISTINGS

Australian Securities Exchange (ASX Code: BMN)

Toronto Stock Exchange (TSX Code: BAN)

Namibian Stock Exchange (NSX Code: BMN)

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

The directors submit the consolidated financial report of Bannerman Resources Limited ("**Bannerman**" or the "**Company**") and its controlled entities (the "**Group**") for the half year ended 31 December 2014.

Amounts are expressed in Australian dollars unless otherwise noted.

DIRECTORS

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

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

COMPANY SECRETARY

Robert Dalton

REVIEW AND RESULTS OF OPERATIONS

Operating Result

The principal activities of the Group during the period comprised the feasibility assessment of the Group's 80% owned Etango Uranium Project in Namibia.

The Group's net loss of A\$1,765,000 for the half-year ended 31 December 2014 (December 2013: A\$1,779,000) was attributable primarily to corporate and administrative expenses, borrowing costs and non-cash share-based compensation expenses.

Interest income for the half year was A\$51,000 (December 2013: A\$46,000).

Cash Position

Cash and cash equivalents were A\$2,787,000 as at 31 December 2014 compared with A\$5,112,000 as at 30 June 2014.

OVERVIEW

Bannerman Resources Limited is an ASX, TSX and NSX listed exploration and development company with uranium interests in Namibia, a southern African country which is a premier uranium mining jurisdiction. Bannerman's principal asset is its 80% owned Etango Project situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and China General Nuclear Power Company's ("**CGNPC**") Husab uranium mine currently under construction. A Definitive Feasibility Study ("**DFS**") has confirmed the technical, environmental and financial (at consensus long term uranium prices) viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. In 2015, Bannerman is conducting a large scale heap leach demonstration program to provide further assurance to financing parties, generate process information for the detailed engineering design phase and build and enhance internal capability.

CORPORATE

Issued Securities

At the date of this report, Bannerman has 339,718,258 ordinary shares on issue.

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

As at 31 December 2014, Bannerman had on issue 19,683,998 performance share rights issued under the shareholder-approved Employee Incentive Plan ("EIP") and Non-Executive Director Share Incentive Plan ("NEDSIP"), and 9,963,600 unlisted options issued under the NEDSIP. The EIP performance rights are subject to various performance targets and continuous employment periods.

Subsequent to the quarter end, Bannerman issued 3,456,751 ordinary shares to RCF in settlement of the respective RCFIV and RCFVI convertible note interest charges for the December quarter and 1,000,000 ordinary shares to an employee on vesting of their performance rights under the EIP.

PROJECT FINANCING

The continued support of Resource Capital Funds ("RCF") as a strategic cornerstone investor in Bannerman, through the existing investment by Resource Capital Fund IV L.P. ("RCFIV") and the recent investment by Resource Capital Fund VI L.P. ("RCFVI") is a beneficial and positive progression of its investment in Bannerman. RCFVI is expected to still be in the relatively early stages of its life cycle when the financing of the future development of the Etango project is required.

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

ETANGO URANIUM PROJECT (BANNERMAN 80%)

Background

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

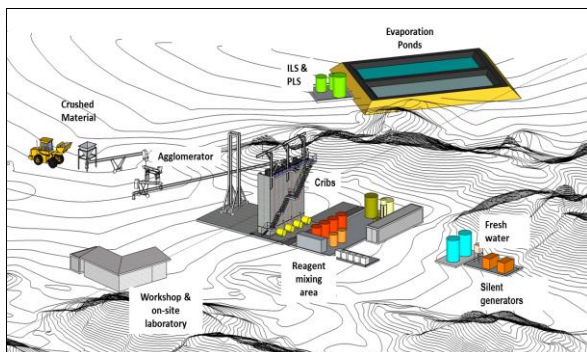
The progression to a heap leach demonstration program (announced on 8 April 2014), as an integral step of the project's detailed engineering and financing phases, is specifically aimed at:

- demonstrating the design and projected performance reflected in the DFS;
- maintaining and building project knowledge,
- conducting meaningful in-country activities, and
- pursuing value engineering.

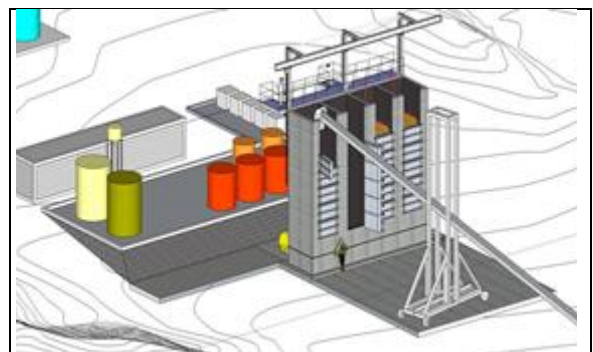
Heap Leach Demonstration Plant Program

On 22 September 2014, Bannerman announced the award of the major contracts to construct and operate the Etango heap leach demonstration plant.

Plant Design & Layout



Four 40t Capacity Heap Leach Cribs



DIRECTORS' REPORT

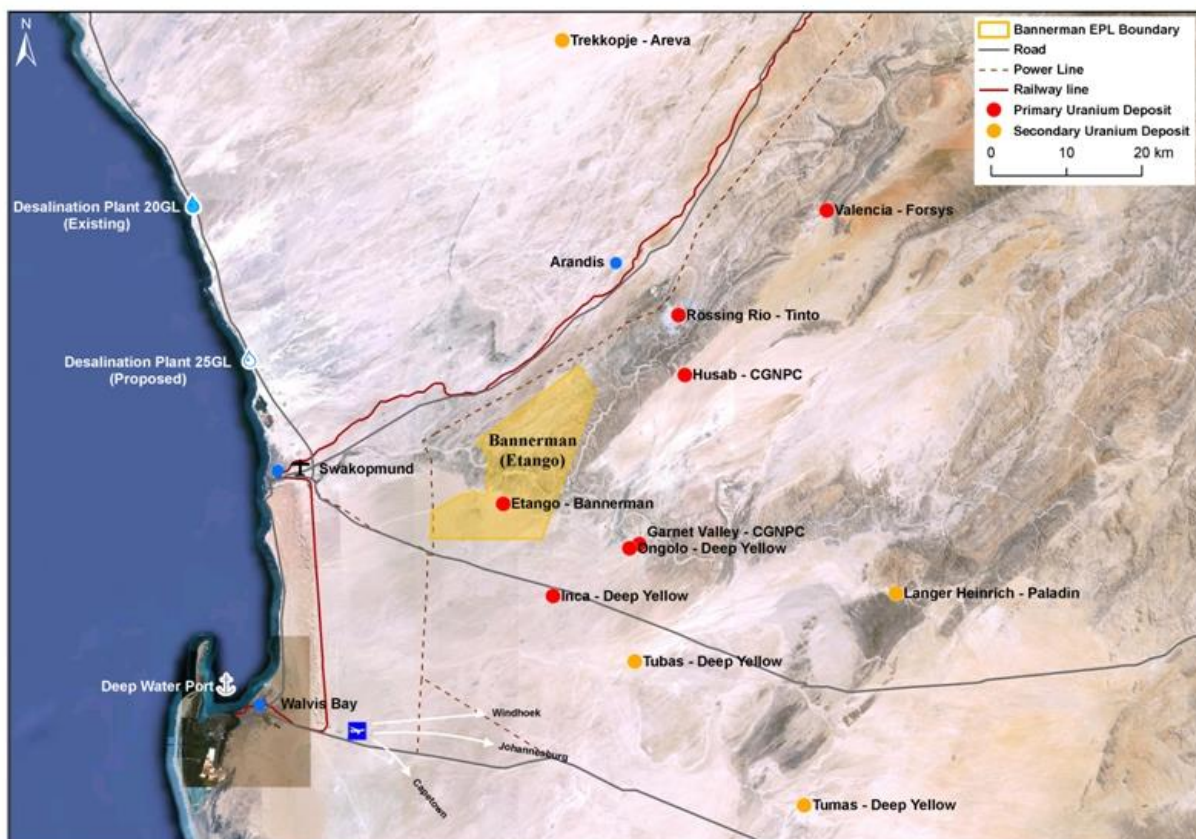
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

Activities at the site commenced in early October and construction is on schedule for completion during the March quarter 2015. Waste and ore material was blasted within the Onkelo region of the deposit and crushed in a three stage crushing process including high pressure grinding rolls to deliver a product specification similar to the ore feed characteristics assumed in the DFS. A key feature of the deposit is that over 90% of the uranium mineralisation is hosted in granite known locally as "alaskite".

Definitive Feasibility Study

The Etango Project is one of the world's largest undeveloped uranium deposits, located in the Erongo uranium mining region of Namibia, which hosts the Rössing and Langer-Heinrich mines and the Husab Project which is currently being developed by Chinese state owned enterprise, CGNPC. Etango is 73km by road from Walvis Bay, one of southern Africa's busiest deep-water ports through which uranium has been exported for over 35 years. Road, rail, electricity and water networks are all located nearby.



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

- JORC and NI 43-101 compliant Ore Reserves totalling 279.6 million tonnes at an average grade of 194ppm U_3O_8 for 119.3 Mlbs of contained U_3O_8 ;
- Production of 7-9 Mlbs U_3O_8 per year for the first five years and 6-8 Mlbs U_3O_8 per year thereafter, based on an average processing throughput of 20Mt per annum and an average recovery rate of 86.9%, which would rank Etango as a global top 10 uranium only mine;
- Cash operating costs of US\$41/lb U_3O_8 in the first 5 years and US\$46/lb U_3O_8 over the life of mine;
- At a uranium price of US\$75/lb U_3O_8 , the Etango Project generates operating cashflow of US\$2.7 billion before capital and tax, and free cashflow of US\$923 million after capital and tax, based on 104Mlbs U_3O_8 life of mine production;
- Pre-production capital cost of US\$870 million; and
- Minimum mine life of 16 years, with further extensions possible through the inclusion of measured and indicated resources below the designed pit, and the conversion of existing inferred resources.

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS (as previously announced on April 10, 2012 and reported on January 30, 2014 in compliance with Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.

Mining License

The Ministry of Environment and Tourism granted formal environmental approval for development of the Etango Project to Bannerman in the September 2012 quarter. Bannerman also lodged the DFS with the Ministry of Mines and Energy in the same quarter, in support of the existing Etango Mining Licence application.

SUBSEQUENT EVENTS

Subsequent to the period end, Bannerman issued 3,456,751 ordinary shares to RCF in settlement of the respective RCFIV and RCFVI convertible note interest charges for the December quarter and 1,000,000 ordinary shares to an employee on vesting of their performance rights under the EIP.

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

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the directors of Bannerman with an Independence Declaration in relation to the half year ended 31 December 2014. The Independence Declaration is attached to and forms part of this Directors' Report.

ROUNDING

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

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



Len Jubber
Chief Executive Officer
Perth
11 February 2015

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

TECHNICAL DISCLOSURES

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

Mineral Resources that are not Ore Reserves do not have demonstrated economic viability.

Bannerman Resources Limited ("Bannerman") manages its drilling and assaying activities in accordance with industry standard quality assurance/quality control (QA/QC) procedures. Samples are collected by Bannerman personnel and prepared in accordance with specified procedures at the relevant assay laboratories. Drill samples were analysed for uranium by the Bureau Veritas Laboratory in Swakopmund, Namibia. Bureau Veritas is an International Laboratory Group with operations in 140 countries, including Ultratrace and Amdel in Australia. Assay QA/QC involves the use of assay standards (sourced from African Mineral Standards (AMIS) in Johannesburg, made from Bannerman pulp rejects and cross-checked through umpire laboratories for which the round robin reports are available), field duplicates, blanks and barren quartz flushes. A third party "umpire" laboratory (Genalysis in Perth) was used to cross-check and validate approximately 5% of the assay results in accordance with standard procedures. Sample coarse rejects are retained and approximately 5% of samples are re-submitted for further assay verification. All sample pulps, half-core and rock-chip samples are retained at Bannerman's Goanikontes Warehouse Facility (GWS) on site.

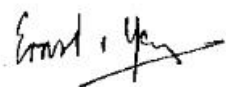
The information in this report relating to the Ore Reserves of the Etango Project is based on information compiled or reviewed by Mr Harry Warries, a full time employee of Coffey Mining Pty Ltd. Mr Warries is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and is an independent consultant to Bannerman and a Qualified Person as defined by Canadian National Instrument 43-101. Mr Warries consents, and provides corporate consent for Coffey Mining Pty Ltd, to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources or Ore Reserves was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the 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.

All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS (as previously announced on April 10, 2012 and reported on January 30, 2014 in compliance with ASX Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.

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

In relation to our review of the financial report of Bannerman Resources Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Robert Kirkby
Partner
Perth

11 February 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

		3 Months Ended 31 December		6 Months Ended 31 December	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Other revenue	2	23	24	51	46
Other income	3	14	6	14	54
Employee benefits	4(a)	(355)	(439)	(748)	(871)
Borrowing costs	4(b)	(522)	(723)	(1,030)	(1,089)
Compliance and regulatory expenses		(93)	(101)	(164)	(189)
Depreciation expense		(22)	(29)	(43)	(61)
Other expenses	4(c)	(200)	(313)	(345)	(623)
Loss before income tax		(1,155)	(1,575)	(2,265)	(2,733)
Income tax benefit	5	-	954	500	954
Net loss for the period		(1,155)	(621)	(1,765)	(1,779)
Other comprehensive income/(loss)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation	13(b)	1,912	382	2,660	(1,804)
Other comprehensive income/(loss) for the period (net of tax)		1,912	382	2,660	(1,804)
Total comprehensive income/(loss)		757	(239)	895	(3,583)
Net loss is attributable to:					
Equity holders of Bannerman Resources Limited		(1,132)	(598)	(1,721)	(1,737)
Non-controlling interest		(23)	(23)	(44)	(42)
		(1,155)	(621)	(1,765)	(1,779)
Total comprehensive income/(loss) is attributable to:					
Equity holders of Bannerman Resources Limited		764	(219)	918	(3,526)
Non-controlling interest		(7)	(20)	(23)	(57)
		757	(239)	895	(3,583)
Weighted average number of shares ('000)		333,600	316,666	331,399	314,550
Basic and diluted loss per share to the ordinary equity holders of the Company (cents per share)		(0.34)	(0.19)	(0.52)	(0.55)

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Note	31 December 2014 \$'000	30 June 2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents	6	2,787	5,112
Other receivables	7	196	55
Other		64	37
TOTAL CURRENT ASSETS		3,047	5,204
NON-CURRENT ASSETS			
Other receivables	7	15	15
Property, plant and equipment	8	876	880
Exploration and evaluation expenditure	9	59,333	54,899
TOTAL NON-CURRENT ASSETS		60,224	55,794
TOTAL ASSETS		63,271	60,998
CURRENT LIABILITIES			
Trade and other payables		390	527
Provisions		165	172
TOTAL CURRENT LIABILITIES		555	699
NON CURRENT LIABILITIES			
Interest bearing liabilities	10	9,726	9,213
Provisions	11	381	-
TOTAL NON CURRENT LIABILITIES		10,107	9,213
TOTAL LIABILITIES		10,662	9,912
NET ASSETS		52,609	51,086
EQUITY			
Contributed equity	12	117,134	116,730
Reserves	13	34,943	32,080
Accumulated losses		(98,498)	(96,777)
TOTAL PARENT ENTITY INTEREST		53,579	52,033
Non-controlling interest		(970)	(947)
TOTAL EQUITY		52,609	51,086

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



CONSOLIDATED CASH FLOW STATEMENT

FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014
(EXPRESSED IN AUSTRALIAN DOLLARS)

		3 Months Ended 31 December		6 Months Ended 31 December	
		2014	2013	2014	2013
Note		\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(487)	(785)	(1,134)	(1,403)
Interest received		22	23	48	46
Other – R&D refund		-	416	500	416
<i>Net cash utilised in operating activities</i>		(465)	(346)	(586)	(941)
CASHFLOWS FROM INVESTING ACTIVITIES					
Payments for exploration and evaluation		(1,438)	(171)	(1,747)	(313)
Purchase of plant and equipment		(5)	(3)	(10)	(3)
Proceeds from disposal of plant and equipment		25	5	25	37
<i>Net cash utilised in investing activities</i>		(1,418)	(169)	(1,732)	(279)
CASH AND CASH EQUIVALENTS					
Net decrease in cash and cash equivalents		(1,883)	(515)	(2,318)	(1,220)
Cash and cash equivalents at beginning of period		4,677	3,106	5,112	3,816
Effects of exchange rate changes on the balance of cash held in foreign currencies		(7)	(1)	(7)	(6)
Cash and cash equivalents at end of period	6	2,787	2,590	2,787	2,590

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014
(EXPRESSED IN AUSTRALIAN DOLLARS)

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

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Share Based Payment Reserve	Convertible Note Reserve	Asset Revaluation Reserve	Non- controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	115,810	(94,454)	(20,149)	54,115	2,112	78	(827)	56,685
Loss for the period	-	(1,737)	-	-	-	-	(42)	(1,779)
Other comprehensive loss	-	-	(1,789)	-	-	-	(15)	(1,804)
<i>Total comprehensive loss for the period</i>	-	(1,737)	(1,789)	-	-	-	(57)	(3,583)
Equity component of convertible note	-	-	-	-	1,793	-	-	1,793
Deferred tax on convertible note	-	-	-	-	(538)	-	-	(538)
Shares issued during the period	480	-	-	-	-	-	-	480
Share-based payments	-	-	-	367	-	-	-	367
Total Equity at 31 December 2013	116,290	(96,191)	(21,938)	54,482	3,367	78	(884)	55,204

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Corporate Information

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

Basis of Preparation

This general purpose condensed financial report for the three months and half year ended 31 December 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by Bannerman since that time in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial report is presented in Australian dollars and, unless otherwise stated, all values are rounded to the nearest thousand dollars (A\$1,000) in accordance with the option available to the Company under Australian Securities and Investments Commission (ASIC) Class Order 98/0100. The Company is an entity to which the class orders applies.

Changes in Accounting Policies

From 1 July 2014, the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on 1 July 2014. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new Standards or Interpretations. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2014.

Going Concern

The Group's consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group's cash flow forecast reflects that additional working capital will need to be raised within the current financial year to enable the Group to continue its planned business activities and expenditure levels.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014
(EXPRESSED IN AUSTRALIAN DOLLARS)

	3 Months Ended 31 December		6 Months Ended 31 December	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
2. OTHER REVENUE				
Interest income	23	24	51	46
3. OTHER INCOME				
Profit on disposal of plant and equipment	14	1	14	25
Other	-	5	-	29
	14	6	14	54
4. EXPENSES				
(a) <u>Employee benefits</u>				
Salaries and wages	204	165	386	364
Superannuation	14	14	28	28
Employee share-based payment expense	58	173	166	307
Other	2	3	6	6
Directors' fees	53	53	105	105
Directors' share-based payment expense	24	31	57	61
	355	439	748	871
(b) <u>Borrowing costs</u>				
Interest accreted or payable	522	343	1,030	709
Convertible note extension fee (Note 10)	-	160	-	160
Loss on extinguishment of convertible note	-	220	-	220
	522	723	1,030	1,089
(c) <u>Other expenses</u>				
Corporate and overheads	71	37	120	95
Consulting - fees	25	114	51	217
Consulting - share based payment expense	-	(2)	-	(1)
Legal	4	91	24	138
Travel	35	6	47	38
Employer related taxes	1	-	2	-
Recruitment	26	-	26	-
Occupancy	26	55	50	108
Insurance	12	12	25	28
	200	313	345	623



NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	3 Months Ended 31 December		6 Months Ended 31 December	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000

5. INCOME TAX

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

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

6. CASH & CASH EQUIVALENTS

	31 December 2014 \$'000	30 June 2014 \$'000
Cash on hand	3	3
Cash at bank and on call (interest bearing)	1,938	4,262
Short term cash deposits (interest bearing)	846	847
	<u>2,787</u>	<u>5,112</u>

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

7. OTHER RECEIVABLES

Current

GST/VAT receivable	193	52
Other receivables	3	3
	<u>196</u>	<u>55</u>

Non Current

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

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

8. PROPERTY, PLANT & EQUIPMENT

	Cost \$'000	Accumulated Depreciation \$'000	Net Book Value \$'000
31 December 2014			
Land and buildings	665	(4)	661
Vehicles	187	(165)	22
Plant and equipment	136	(112)	24
Office furniture and equipment	841	(672)	169
	<u>1,829</u>	<u>(953)</u>	<u>876</u>
30 June 2014			
Land and buildings	632	-	632
Vehicles	221	(187)	34
Plant and equipment	131	(105)	26
Office furniture and equipment	821	(633)	188
	<u>1,805</u>	<u>(925)</u>	<u>880</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

9. EXPLORATION & EVALUATION EXPENDITURE

	Six months ended 31 December 2014 \$'000	Year ended 30 June 2014 \$'000
Opening balance	54,899	59,713
Expenditure incurred during the period	1,745	630
Foreign currency translation movements	2,689	(5,444)
	<u>59,333</u>	<u>54,899</u>

Expenditure incurred during the period comprises expenditure on geological, feasibility and associated activities.

The value of the Company's interest in exploration and evaluation expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of pre-development activities; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

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

Etango Uranium Project – Bannerman 80%

The Etango Uranium Project is situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and CGNPC's Husab uranium mine currently under construction. A definitive feasibility study has confirmed the technical, environmental and financial (at consensus long term uranium prices) viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. In 2015, Bannerman is conducting a large scale heap leach demonstration program to provide further assurance to financing parties, generate process information for the detailed engineering design phase and build and enhance internal capability. The Etango Project comprises one Exclusive Prospecting Licence ("EPL") 3345 which has been renewed to 26 April 2015. Bannerman, in 2012, completed a DFS on a 7-9 million pounds U₃O₈ per annum open pit mining and processing operation at Etango.

Exploration & Evaluation Expenditure for the Etango Project

	Six months ended 31 December 2014 \$'000	Year ended 30 June 2014 \$'000
Opening balance	54,899	59,713
Drilling and consumables	1	-
Assays and freight	-	1
Salaries and wages	266	454
Consultants and contractors	14	68
Demonstration plant construction cost	1,021	-
Demonstration plant change in rehabilitation provision	381	-
Demonstration plant operational cost	37	-
Travel and accommodation	7	12
Other	18	95
Total expenditure for the period	1,745	630
Foreign currency translation movements	2,689	(5,444)
Exploration expenditure written off	-	-
Closing balance	<u>59,333</u>	<u>54,899</u>

NOTES TO THE FINANCIAL STATEMENTS

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10. INTEREST BEARING LIABILITIES

	31 December 2014 \$'000	30 June 2014 \$'000
<u>Non Current liabilities</u>		
Secured convertible note	9,726	9,213
<u>RCFIV convertible note</u>		

In November 2008, Bannerman entered into a financing agreement with RCFIV for \$20 million through a convertible note facility comprising an initial tranche of \$10 million ("**First Tranche**") and a standby tranche of \$10 million available within 6 months from drawdown of the First Tranche. The First Tranche had a three year term and was drawn down on 16 December 2008.

On 14 December 2011, the face value of the note with RCFIV was reduced to \$8 million through the issue of \$2 million in new Bannerman shares as part of an institutional share placement, and a longer term refinancing and extension of the note from its maturity date of 31 March 2012 to 31 March 2014. The issue of shares and the reduction in the face value of the note was a non-cash transaction.

On 6 September 2013, the Group reached agreement with RCFIV for the extension and refinancing of the note from its maturity date of 31 March 2014 to 30 September 2016. The key terms of the amended RCFIV note are a conversion price of \$0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), an unchanged coupon interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the date of issue or cash in certain circumstances, and the extension fee of \$160,000 satisfied through the issue of 2,539,683 new Bannerman shares. The amended convertible note with RCFIV was approved by the Bannerman shareholders at the Annual General Meeting on 22 November 2013. The amendments came into effect after 31 March 2014.

At the refinancing date of 22 November 2013, the existing convertible note was derecognised and the amended RCFIV convertible note was recognised for accounting purposes. At the date of recognition of the amended note, its debt and equity components were separated according to their fair values. Total proceeds of the issue were allocated to the respective fair values of the equity and debt components with the effect that the discount on the debt component is being amortised into earnings as interest expense. Accordingly, over the term of the convertible note, the debt component will increase to the face value of \$8 million at the maturity date of 30 September 2016. The interest expense recorded on the convertible note reflects an effective interest rate of approximately 20% over the life of the note. Included in trade and other payables is an amount of \$160,000 for accrued 8% coupon interest on the RCFIV convertible note to 31 December 2014 (June 2014: \$160,000).

RCFVI convertible note

In April 2014, Bannerman reached an agreement with its major shareholder RCF on a new \$4 million convertible note facility with RCFVI with a maturity date of September 30, 2016. The key terms of the new note are a conversion price of \$0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), a coupon interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the date of issue or cash in certain circumstances, and the establishment fee of \$120,000 satisfied through the issue of 1,714,286 new Bannerman shares. The new convertible note with RCFVI was approved by the Bannerman shareholders at the Extraordinary General Meeting on 19 June 2014. The note was drawn down in full on 26 June 2014.

At the date of recognition of the RCFVI note, its debt and equity components were separated according to their fair values. Total proceeds of the issue were allocated to the respective fair values of the equity and debt components with the effect that the discount on the debt component is being amortised into earnings as interest expense. Accordingly, over the term of the convertible note, the debt component will increase to the face value of \$4 million at the maturity date of 30 September 2016. The interest expense recorded on the convertible note reflects an effective interest rate of approximately 26% over the life of the note. Included in trade and other payables is an amount of \$80,000 for accrued 8% coupon interest on the RCFVI convertible note to 31 December 2014 (June 2014: \$4,000).

Both convertible notes are secured by a fixed and floating charge over the Company's assets and a share mortgage over the Company's shares in its subsidiary entities holding indirect and direct interests in the Etango Project.

Under the terms of both convertible notes, the Company must, unless otherwise approved, maintain a minimum cash and cash equivalents balance of not less than \$1,250,000.

In accordance with the terms of both convertible notes, a review event arises upon a change in control of the Company, defined to be where a third party acquires a relevant interest in 50% or more of the securities in the Company. In this circumstance, RCF may decide at its absolute discretion to require the Company to repay the convertible note (including all accrued interest thereon) or to convert the convertible note (including all accrued interest thereon) to shares in Bannerman.

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FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

11. PROVISIONS – NON-CURRENT

	Six months ended 31 December 2014 \$'000	Year ended 30 June 2014 \$'000
Arising during the year	381	-
	381	-

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

The rehabilitation provision represents the present value of the rehabilitation costs relating to the heap leach demonstration plant. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of the rehabilitation is likely to depend on when the pre-development activities cease.

The discount rate used in the calculation of the provision as at 31 December 2014 equalled 8.5%, which is based on the Namibian risk free rate.

12. CONTRIBUTED EQUITY

(a) Issued and outstanding:

	December 2014 Number of Shares '000	December 2013 Number of Shares '000	December 2014 Amount \$'000	December 2013 Amount \$'000
<u>Ordinary shares</u>				
Issued and fully paid	335,262	319,659	117,134	116,290

Movements in ordinary shares on issue

	No. of Shares '000	Amount \$'000
Balance 1 July 2013	309,393	115,810
- Issue of shares (i)	1,840	-
- Issue of shares (ii)	5,886	320
- Issue of shares (iii)	2,540	160
Balance 31 December 2013	319,659	116,290
Balance 1 July 2014	326,653	116,730
- Issue of shares (iv)	2,810	-
- Issue of shares (v)	5,799	404
Balance 31 December 2014	335,262	117,134

- (i) The following shares were issued upon vesting of performance rights:
- On 1 July 2013, 441,548 ordinary shares were issued upon vesting of performance rights.
 - On 3 September 2013, 87,440 ordinary shares were issued upon vesting of performance rights.
 - On 21 November 2013, 1,038,312 ordinary shares were issued upon vesting of performance rights.
 - On 25 November 2013, 272,592 ordinary shares were issued upon vesting of performance rights.
- (ii) The following shares were issued in satisfaction of the interest payable on the convertible note with RCFIV in accordance with the convertible note terms:
- On 4 July 2013, 2,659,361 shares were issued in satisfaction of the A\$159,562 interest payable for the period 1 April 2013 to 30 June 2013.

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FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

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

(b) Options on issue:

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

Expiry Dates	Exercise Price	Balance 1 Jul 14	Granted	Exercised	Expired / Cancelled	Balance 31 Dec 14	Vested 31 Dec 14
November 17, 2014	A\$0.678	1,500,000	-	-	(1,500,000)	-	-
November 17, 2014	A\$0.36	114,500	-	-	(114,500)	-	-
November 17, 2014	A\$0.36	788,000	-	-	(788,000)	-	-
November 21, 2015	A\$0.12	427,600	-	-	-	427,600	427,600
November 21, 2015	A\$0.12	1,367,600	-	-	-	1,367,600	1,367,600
November 22, 2016	A\$0.072	4,504,000	-	-	-	4,504,000	4,504,000
November 15, 2017	A\$0.089	-	3,664,400	-	-	3,664,400	-
		8,701,700	3,664,400	-	(2,402,500)	9,963,600	6,299,200
Weighted average exercise price (\$)		0.22	0.09	-	0.56	0.09	0.9
Average life to expiry (years)		1.29	2.9	-	-	1.89	1.4

Certain of the share options above have performance hurdles linked to business targets and minimum service periods.

Directors held 9,536,000 share options as at 31 December 2014 with an average exercise price of A\$0.09 per share and an average life to expiry of 2 years.

(c) Performance share rights on issue

The performance share rights on issue as at 31 December 2014 were as follows:

Vesting Dates	Balance 1 Jul 14	Granted	Vested	Cancelled	Balance 31 Dec 14
July 31, 2014	750,000	-	(750,000)	-	-
November 17, 2014	1,631,722	-	(861,440)	(770,282)	-
November 21, 2014	842,987	-	(516,166)	(326,821)	-
November 22, 2014	682,000	-	(682,000)	-	-
January 31, 2015	1,000,000	-	-	-	1,000,000
November 11, 2015	-	170,000	-	-	170,000
November 15, 2015	-	423,700	-	-	423,700
November 21, 2015	3,502,674	-	-	-	3,502,674
November 22, 2015	1,476,500	-	-	(716,981)	759,519

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Vesting Dates	Balance 1 Jul 14	Granted	Vested	Cancelled	Balance 31 Dec 14
November 15, 2016	-	1,755,825	-	-	1,755,825
November 22, 2016	5,637,300	-	-	(541,670)	5,095,630
November 15, 2017	-	6,976,650	-	-	6,976,650
	15,523,183	9,326,175	(2,809,606)	(2,355,754)	19,683,998
Average life to vesting (years)	0.82	2.12	-	-	1.28

Note: Performance share rights have no exercise price.

The performance share rights have been issued in accordance with the shareholder approved EIP and NEDSIP, and vest into shares for no consideration on the completion of minimum service periods and, in certain cases, the achievement of specified vesting hurdles related to the Company's relative share price performance, internal business targets and/or personal performance.

Directors held 11,891,770 performance rights as at 31 December 2014 with an average life to vesting of 1.63 years.

Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

13. RESERVES

		31 December 2014 \$'000	30 June 2014 \$'000
Share-based payment reserve	(a)	53,747	53,523
Foreign currency translation reserve	(b)	(23,009)	(25,648)
Asset revaluation reserve	(c)	167	167
Convertible note reserve	(d)	4,038	4,038
TOTAL RESERVES		34,943	32,080

	Six months ended 31 December 2014 \$'000	Year ended 30 June 2014 \$'000
Balance at the beginning of the reporting period	53,523	54,115
Share-based payment vesting expense during the period	224	(592)
Balance at the end of the reporting period	53,747	53,523

(a) Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payment transactions for the acquisition of project interests and the provision of share-based incentives to directors, employees and consultants.

(b) Foreign currency translation reserve

Reserves at the beginning of the reporting period	(25,648)	(20,149)
Currency translation differences arising during the period	2,639	(5,499)
Balance at the end of the reporting period	(23,009)	(25,648)

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(EXPRESSED IN AUSTRALIAN DOLLARS)

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

Over the 6 month period ended 31 December 2014, the Namibian dollar strengthened by approximately 4.8% against the Australian dollar, from the rate of A\$1:N\$9.96 as at 30 June 2014 to the rate of A\$1:N\$9.48 as at 31 December 2014. As per the Statement of Comprehensive Income, the consequential foreign currency translation difference arising for the 6 month period ended 31 December 2014 amounted to \$2,660,000, allocated between non-controlling interests \$21,000 and the Group \$2,639,000.

Over the quarter ended 31 December 2014, the Namibian dollar strengthened by approximately 3.6% against the Australian dollar from the rate of A\$1:N\$9.83 as at 30 September 2014 to A\$1:N\$9.48 as at 31 December 2014. As per the Statement of Comprehensive Income, the consequential foreign currency translation difference arising for the quarter ended 31 December 2014 amounted to \$1,912,000, allocated between non-controlling interests \$16,000 and the Group \$1,896,000.

	Six months ended 31 December 2014 \$'000	Year ended 30 June 2014 \$'000
(c) Asset revaluation reserve		
Reserves at the beginning of the reporting period	167	78
Revaluation of land and buildings during the year	-	89
Balance at the end of the reporting period	167	167

The asset revaluation reserve is used to record increases and decreases (to the extent that such decrease relates to an increase on the same asset previously recognised in equity) in the fair value of land and buildings.

(d) Convertible note reserve

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

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

14. SUBSEQUENT EVENTS

Subsequent to the period end, Bannerman issued 3,456,751 ordinary shares to RCF in settlement of the respective RCFIV and RCFVI convertible note interest charges for the December quarter and 1,000,000 ordinary shares to an employee on vesting of their performance rights under the EIP.

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

15. CONTINGENCIES

On 17 December 2008, the Company entered into a settlement agreement with Savanna Marble CC ("Savanna") relating to Savanna's legal challenge to the Company's rights to the Etango Project Exclusive Prospecting Licence. Under the terms of the Savanna settlement agreement, in consideration for the termination of proceedings, the first

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tranche payment of A\$3.0 million and 5.5 million shares was made in early 2009. The second and final tranche payment of A\$500,000 and 4.0 million ordinary shares is due to Savanna upon receipt of the Etango Project mining licence. The mining licence application was lodged in December 2009, and further supplementary information has since been lodged in support of the application. As at 31 December 2014, the probability and timing of the grant of the mining licence is uncertain. Due to this uncertainty, the second tranche payment has been disclosed as a contingent liability and not as a provision as at 31 December 2014.

16. COMMITMENTS

(a) Exploration and evaluation expenditure

Statutory two-year renewal of the Etango (EPL 3345) Exclusive Prospecting Licence has been received to 26 April 2015. A further extension has been applied for under applicable Namibian minerals legislation.

In order to maintain current rights of tenure to EPL 3345, the Group has exploration and evaluation expenditure obligations up until the expiry of the licence. The following stated obligations, which are subject to renegotiation upon expiry of the current licences, are not provided for in the financial statements and represent a commitment of the Group:

	31 December 2014 \$'000	30 June 2014 \$'000
Not longer than one year	137	349
Longer than one year, but not longer than five years	-	-
Longer than five years	-	-
	<u>137</u>	<u>349</u>

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

In addition to the above, on 22 September 2014 the Group announced the award of major contracts to construct and operate the Etango heap leach demonstration plant. Activities at the site commenced in early October and construction is scheduled for completion by early 2015. The capital cost is estimated at A\$1.54 million. If the Group terminates these contracts before completion, then the Group is obliged to pay for works carried out to the date of termination. As at 31 December 2014, the Group has spent A\$1 million of the estimated capital cost of the Etango heap leach demonstration plant.

(b) Operating lease commitments

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

	31 December 2014 \$'000	30 June 2014 \$'000
Not longer than one year	84	83
Longer than one year, but not longer than five years	15	57
Longer than five years	-	-
	<u>99</u>	<u>140</u>

NOTES TO THE FINANCIAL STATEMENTS

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17. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO and the management team in assessing performance and in determining the allocation of resources.

The Group is undertaking development studies and exploring for uranium resources in southern Africa, and hence the operations of the Group represent one operating segment.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

18. RELATED PARTY INFORMATION

Subsidiaries

The consolidated financial statements include the financial statements of Bannerman Resources Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	% Equity Interest	
		31 December 2014	30 June 2014
Bannerman Mining Resources (Namibia) (Pty) Ltd	Namibia	80	80
Bannerman Resources Nominees (UK) Limited	United Kingdom	100	100
Elfort Nominees Pty Ltd	Australia	100	100

Ultimate Parent

Bannerman Resources Limited is the ultimate Australian parent entity and the ultimate parent of the Group.

Transactions with related entities:

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

Under the terms of the Share Sale Agreement dated May 12, 2005, by which Bannerman acquired its 80% interest in Bannerman Mining Resources (Namibia) (Pty) Ltd ("BMRN"), the 20% non-controlling interest is sole funded by Bannerman to completion of a bankable feasibility study on one of BMRN's projects. After this time, should the 20% shareholder elect not to contribute the 20% share of post-bankable feasibility study expenditure but instead elect to dilute the interest in accordance with the Share Sale Agreement then, upon the interest being diluted to less than a 5% shareholding, it automatically converts into a 2% net revenue royalty on future production from the Etango Project. The registered holder of the 20% non-controlling interest in BMRN is Mr Jones, a director of Bannerman, who holds this interest for his associates and business partner.

Non-Executive Director Ian Burvill is a senior vice president of Resource Capital Funds Management Pty Ltd ("RCFM"). RCFIV and RCFVI, which has a management agreement with RCFM's parent company, hold convertible notes with a face value of A\$8 million and A\$4 million respectively, together with 56,375,566 Bannerman shares representing 16.64% of the voting capital in Bannerman as at the date of this report.

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

NOTES TO THE FINANCIAL STATEMENTS

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19. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 31 December 2014.

	31 December 2014 \$'000	30 June 2014 \$'000
	Loans and receivables	Loans and receivables
Financial assets		
Trade and other receivables	15	15
Total non-current	15	15
Trade and other receivables	196	55
Total current	196	55
Total	211	70
Financial liabilities		
Interest bearing liabilities	9,726	9,213
Total non-current	9,726	9,213
Trade and other payables	390	527
Total current	390	527
Total	10,116	9,740

Foreign Currency Risk

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

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

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

Net Fair Values

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

	31 December 2014		30 June 2014	
	Carrying Amount \$'000	Net fair Value \$'000	Carrying Amount \$'000	Net fair Value \$'000
Financial assets				
Trade and other receivables	15	15	15	15
Total non-current	15	15	15	15
Trade and other receivables	196	196	55	55
Total current	196	196	55	55
Total	211	211	70	70

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	31 December 2014		30 June 2014	
	Carrying Amount \$'000	Net fair Value \$'000	Carrying Amount \$'000	Net fair Value \$'000
Financial liabilities				
Interest bearing liabilities	9,726	9,726	9,213	9,213
Total non-current	9,726	9,726	9,213	9,213
Trade and other payables	390	390	527	527
Total current	390	390	527	527
Total	10,116	10,116	9,740	9,740



DIRECTORS' DECLARATION

FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014

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

In the opinion of the directors:

- (a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half year ended on that date of the Group; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) at the date of this declaration, subject to the disclosure in Note 1 "Going Concern", there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Len Jubber
Chief Executive Officer

PERTH
11 February 2015

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bannerman Resources Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a description of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the accompanying financial report does not present fairly the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complies with International Accounting Standard 34 *Interim Financial*. As the auditor of Bannerman Resources Limited and the entities it controlled during the half-year, ASRE 2410 also requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

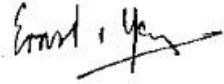
Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1. The matters, as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



Robert Kirkby
Partner
Perth
11 February 2015

This Management's Discussion and Analysis ("**MD&A**") of Bannerman Resources Limited ("**Bannerman**" or the "**Company**") is dated February 11, 2015 and provides an analysis of the Company's performance and financial position for the three months ended December 31, 2014 (the "**Quarter**"). This MD&A should be read in conjunction with the Company's June 30, 2014 audited annual financial statements and notes thereto and the reviewed December 31, 2014 half year financial statements and notes thereto. The financial statements (and the financial information contained in this MD&A) comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. These documents, along with others published by the Company, including the Company's Annual Information Form ("**AIF**"), are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

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

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

OVERVIEW

Bannerman is a uranium mine development company listed on the Australian, Toronto and Namibian stock exchanges. Bannerman's principal focus is the exploration and development of uranium projects in Namibia, southern Africa. The 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 Chinese state-owned nuclear power entity China General Nuclear Power Company ("**CGNPC**"). Etango is 73km by road from one of the region's busiest deep-water ports through which uranium has been exported for over 35 years. Road, rail, electricity and water networks are all located nearby.

The Etango Project area forms part of Exclusive Prospecting Licence ("**EPL**") 3345 which was granted to Bannerman's 80% subsidiary, Bannerman Mining Resources (Namibia) (Pty) Ltd ("**BMRN**"), on April 27, 2006 to explore for nuclear fuels, including uranium, expressed as uranium oxide (U₃O₈). The title was renewed for a two year period from April 26, 2013 to April 26, 2015.

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

HIGHLIGHTS OF THE QUARTER

- Construction of the heap leach demonstration plant well advanced by end of quarter.
- Increased trading activity resulted in the uranium spot price reaching a high of US\$44/lb U_3O_8 before dropping back to US\$35.50 U_3O_8 and the term price increased to US\$50/lb U_3O_8 .
- Bannerman's cash balance as at 31 December 2014 was A\$2.8 million.

ETANGO PROJECT (BANNERMAN 80%)

BACKGROUND

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

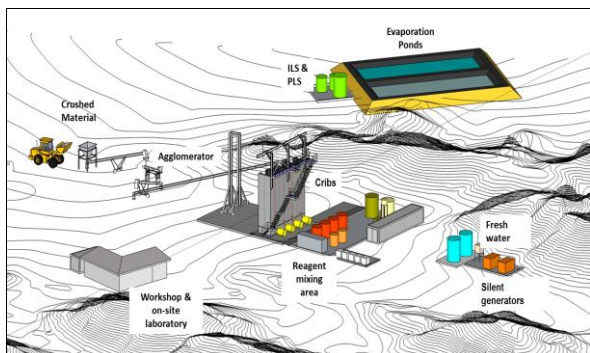
The progression to a heap leach demonstration program (announced on 8 April 2014), as an integral step of the project's detailed engineering and financing phases, is specifically aimed at:

- demonstrating the design and projected performance reflected in the DFS;
- maintaining and building project knowledge,
- conducting meaningful in-country activities, and
- pursuing value engineering.

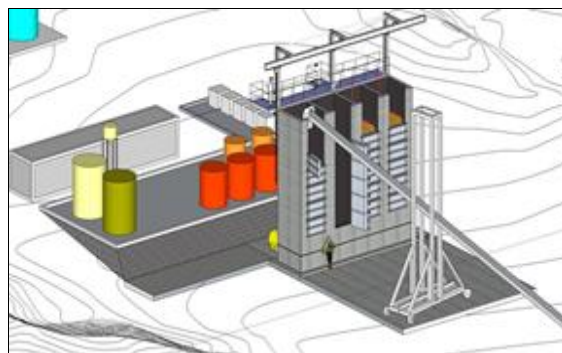
HEAP LEACH DEMONSTRATION PLANT PROGRAM

On 22 September 2014, Bannerman announced the award of the major contracts to construct and operate the Etango heap leach demonstration plant.

Plant Design & Layout



Four 40t Capacity Heap Leach Crib



Activities at the site commenced in early October and construction is on schedule for completion during the March Quarter 2015. Waste and ore material was blasted within the Onkelo region of the deposit and crushed in a three stage crushing process including high pressure grinding rolls to deliver a product specification similar to the ore feed characteristics assumed in the DFS. A key feature of the deposit is that over 90% of the uranium mineralisation is hosted in granite known locally as “alaskite”.



The civil construction of the heap leach cribs and the reagent mixing area was completed in mid January.



The construction of the double lined evaporation ponds has been completed. The solution and leached material will be transported to the Rössing mine for disposal in their existing tailings impoundment.

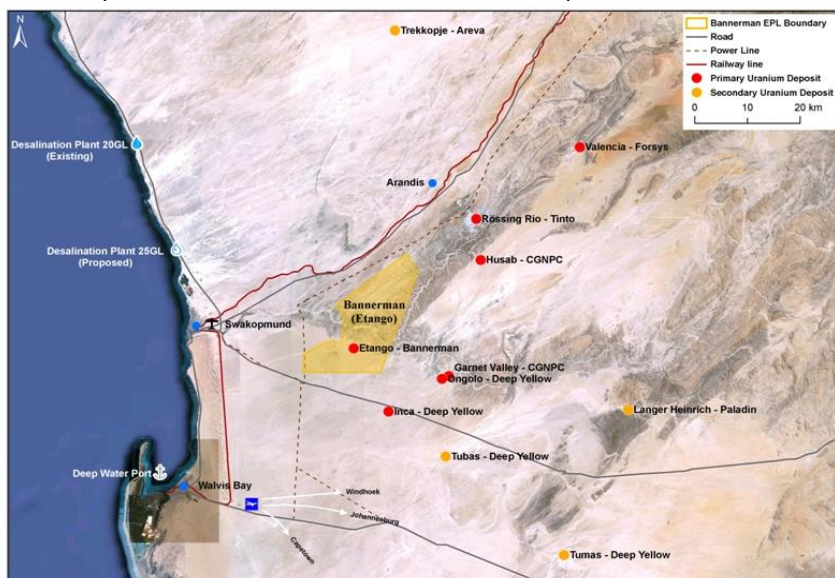


PROJECT OPTIMISATION

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

DEFINITIVE FEASIBILITY STUDY

The Etango Project is one of the world's largest undeveloped uranium deposits, located in the Erongo uranium mining region of Namibia which hosts the Rössing and Langer-Heinrich mines and the Husab Project which is currently under construction by the Chinese state owned enterprise, CGNPC. Etango is 73km by road from Walvis Bay, one of southern Africa's busiest deep-water ports through which uranium has been exported for over 35 years. Road, rail, electricity and water networks are all located nearby.



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

- JORC and NI 43-101 compliant Ore Reserves totalling 279.6 million tonnes at an average grade of 194ppm U₃O₈ for 119.3 Mlbs of contained U₃O₈;
- Production of 7-9 Mlbs U₃O₈ per year for the first five years and 6-8 Mlbs U₃O₈ per year thereafter, based on an average processing throughput of 20Mt per annum and an average recovery rate of 86.9%, which would rank Etango as a global top 10 uranium only mine;
- Cash operating costs of US\$41/lb U₃O₈ in the first 5 years and US\$46/lb U₃O₈ over the life of mine;
- At a uranium price of US\$75/lb U₃O₈, the Etango Project generates operating cashflow of US\$2.7 billion before capital and tax, and free cashflow of US\$923 million after capital and tax, based on 104Mlbs U₃O₈ life of mine production;
- Pre-production capital cost of US\$870 million; and
- Minimum mine life of 16 years, with further extensions possible through the inclusion of measured and indicated resources below the designed pit, and the conversion of existing inferred resources.

All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS (as previously announced on April 10, 2012 and reported on January 30, 2014 in compliance with Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.

MINING LICENCE

The Ministry of Environment and Tourism granted formal environmental approval for development of the Etango Project to Bannerman in the September 2012 quarter. Bannerman also lodged the DFS with the Ministry of Mines and Energy in the same quarter, in support of the existing Etango Mining Licence application.

CORPORATE

PROJECT FINANCING

The continued support of Resource Capital Funds ("RCF") as a strategic cornerstone investor in Bannerman, through the existing investment of Resource Capital Fund IV L.P. ("RCFIV") and the new investment by Resource Capital Fund VI L.P. ("RCFVI") is a beneficial and positive progression of its investment in Bannerman. RCFVI is expected to still be in the relatively early stages of its life cycle when the financing of the future development of the Etango project is required.

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

KEY ECONOMIC TRENDS IN THE URANIUM INDUSTRY

The uranium market continues to be characterized by limited longer term transactions and volatility. The spot price rose to a high of US\$44 per lb U₃O₈ in mid-November from the eight year low of US\$28.75 per lb U₃O₈ in July 2014. The price receded to US\$35.50 per lb U₃O₈ at the end of the quarter before increasing to US\$36.60 per lb U₃O₈ by mid-January 2015.

It is noteworthy that the volume of term sales in 2014 increased almost fourfold to approximately 80 Mlbs compared to 2013 and also the Tradetech long term uranium price increased 10% in the quarter to US\$50 per lb U₃O₈.

The much anticipated restart of reactors in Japan took another important step forward during the quarter when the Nuclear Regulatory Authority ("NRA") granted preliminary approval of the upgraded design and safety features of the Takahama Reactors 3 & 4.

It is expected that the restarts of Sendai Reactors 1 and 2 will commence in early 2015 and, together with the successful preliminary approvals of the Takahama Reactors 3 & 4, will set a precedent for the other 16 applications already in the approvals pipeline.

Globally, there are currently 437 nuclear reactors operable and 70 under construction. In China, 22 reactors are currently in operation and construction of 27 reactors continues with numerous construction progress reports released during the quarter.

RESULTS OF OPERATIONS

The Company incurred a net loss of A\$1.2 million for the Quarter compared with the net loss of A\$0.6 million for the prior corresponding quarter ended December 31, 2013. The result for the Quarter was attributable primarily to administrative and corporate expenses, employee costs, borrowing costs and non-cash share-based compensation expenses.

Operating expenses for the Quarter totalled A\$1.2 million versus A\$1.6 million for the prior corresponding period, with the key items including administrative costs of A\$.2 million (A\$0.3 million in the prior period), employee costs of A\$0.3 million (A\$0.4 million) and interest expenses of A\$0.5 million (A\$0.7 million).

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

Total capitalised exploration and evaluation expenditure for the Quarter increased by A\$3.5 million compared to the prior Quarter, reflecting costs of A\$1m related to the construction of the heap leach demonstration plant, A\$0.1 million related to assays, feasibility study activities and project personnel costs, and foreign exchange translation movements of A\$1.9 million.

SUMMARY OF QUARTERLY RESULTS

	Dec 2014	Sept 2014	Jun 2014	Mar 2014	Dec 2013	Sept 2013	Jun 2013	Mar 2013
Interest income (A\$'000)	23	28	9	13	24	22	65	37
Net loss (A\$'000)	(1,155)	(610)	557	(1,199)	(621)	(1,158)	(640)	(1,376)
Basic/Diluted loss per share (A\$)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Cash and cash equivalents (A\$'000)	2,787	4,677	5,112	1,857	2,590	3,106	3,816	4,759
Total assets (A\$'000)	63,271	61,502	60,998	58,538	61,853	61,857	64,687	63,231
Total liabilities (A\$'000)	10,662	9,973	9,912	6,860	6,649	8,192	8,002	7,728
Net assets (A\$'000)	52,609	51,529	51,086	51,678	55,204	53,665	56,685	55,503

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

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

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

DISCUSSION OF QUARTERLY CASH FLOWS

Cash Flows A\$'000	December Quarter 2014	December Quarter 2013	December YTD (six months) 2014	December YTD (six months) 2013
Operating activities	(465)	(346)	(586)	(941)
Investing activities	(1,418)	(169)	(1,732)	(279)
Financing activities	-	-	-	-

Cash outflow from operating activities during the Quarter was A\$0.5 million compared with A\$0.3 million for the prior corresponding period.



Cash outflow from investing activities during the Quarter was A\$1.4 million compared with A\$0.2 million in the prior corresponding period. The increased outflow related primarily to the construction of the heap leach demonstration plant.

Cash outflow from financing activities for the Quarter was A\$nil. Interest in the current Quarter was settled through an issue of shares and therefore had no cash flow impact.

DISCUSSION OF FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

Cash and cash equivalents totalled A\$2.8 million as at December 31, 2014 versus A\$5.1 million as at June 30, 2014. The decrease reflects the expenditure incurred on the construction of the heap leach demonstration plant, exploration, feasibility study and corporate activities.

TRADE AND OTHER RECEIVABLES

Trade and other receivables were A\$0.3 million as at December 31, 2014 (June 30, 2014: A\$0.1 million) with the balance primarily reflecting GST and VAT receivables.

PROPERTY, PLANT AND EQUIPMENT

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

EXPLORATION AND EVALUATION EXPENDITURE

Capitalised exploration and evaluation expenditure was A\$59.3 million as at December 31, 2014 (June 30, 2014: A\$54.9 million) reflecting the capitalisation of costs relating to the Etango Project heap leach demonstration plant, feasibility study, resource definition drilling and assaying, and other exploration costs, net of foreign currency translation movements. Significant items for the Quarter included the construction of the heap leach demonstration plant (A\$1m) and salaries and wages (A\$0.2 million). A foreign exchange translation adjustment of A\$1.9 million resulting in an increase in carrying value, was also recorded for the Quarter. This adjustment reflects the strengthening of the N\$ against the A\$ over the period.

TRADE AND OTHER PAYABLES

Trade and other payables were A\$0.6 million as at December 31, 2014 (June 30, 2014: A\$0.7 million).

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as at December 31, 2014 totalled A\$9.7 million (June 30, 2014: A\$9.2 million) primarily attributable to the convertible note.

RCFIV A\$8 million convertible note

On September 6, 2013, the Group reached agreement with RCFIV for the extension and refinancing of the note from its maturity date of March 31, 2014 to September 30, 2016. The key terms of the amended RCFIV note are a conversion price of \$0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), an unchanged coupon interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the date of issue or cash in certain circumstances, and the extension fee of \$160,000 satisfied through the issue of 2,539,683 new Bannerman shares. The amended convertible note with RCFIV was approved by the Bannerman shareholders at the Annual General Meeting on November 22, 2013. The amendments came into effect after March 31, 2014.

At the refinancing date of November 22, 2013, the existing convertible note was derecognised and the amended RCFIV convertible note was recognised for accounting purposes. At the date of recognition of the amended note, its debt and equity components were separated according to their fair values. Total proceeds of the issue were allocated to the respective fair values of the equity and debt components with the effect that the discount on the debt

component is being amortised into earnings as interest expense. Accordingly, over the term of the convertible note, the debt component will increase to the face value of \$8 million at the maturity date of September 30, 2016. The interest expense recorded on the convertible note reflects an effective interest rate of approximately 20% over the life of the note. Included in trade and other payables is an amount of \$160,000 for accrued 8% coupon interest on the RCFIV convertible note to 31 December 2014 (June 2014: \$160,000).

RCFVI A\$4 million convertible note

In April 2014, Bannerman reached an agreement with its major shareholder RCF on a new \$4 million convertible note facility with RCFVI with a maturity date of September 30, 2016. The key terms of the new note are a conversion price of \$0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), a coupon interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the date of issue or cash in certain circumstances, and the establishment fee of \$120,000 satisfied through the issue of 1,714,286 new Bannerman shares. The new convertible note with RCFVI was approved by the Bannerman shareholders at the Extraordinary General Meeting on June 19, 2014. The note was drawn down in full on June 26, 2014.

At the date of recognition of the RCFVI note, its debt and equity components were separated according to their fair values. Total proceeds of the issue were allocated to the respective fair values of the equity and debt components with the effect that the discount on the debt component is being amortised into earnings as interest expense. Accordingly, over the term of the convertible note, the debt component will increase to the face value of \$4 million at the maturity date of September 30, 2016. The interest expense recorded on the convertible note reflects an effective interest rate of approximately 26% over the life of the note. Included in trade and other payables is an amount of \$80,000 for accrued 8% coupon interest on the RCFVI convertible note to December 31, 2014 (June 2014: \$4,000).

Both convertible notes are secured by a fixed and floating charge over the Company's assets and a share mortgage over the Company's shares in its subsidiary entities holding indirect and direct interests in the Etango Project.

Under the terms of both convertible notes, the Company must, unless otherwise approved, maintain a minimum cash and cash equivalents balance of not less than \$1,250,000.

In accordance with the terms of both convertible notes, a review event arises upon a change in control of the Company, defined to be where a third party acquires a relevant interest in 50% or more of the securities in the Company. In this circumstance, RCF may decide at its absolute discretion to require the Company to repay the convertible notes (including all accrued interest thereon) or to convert the convertible notes (including all accrued interest thereon) to shares in Bannerman.

PROVISIONS – NON-CURRENT

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

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

The rehabilitation provision represents the present value of the rehabilitation costs relating to the heap leach demonstration plant. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of the rehabilitation is likely to depend on when the pre-development activities cease.

The discount rate used in the calculation of the provision as at 31 December 2014 equalled 8.5%, which is based on the Namibian risk free rate.

EQUITY

Issued capital was A\$117.1 million as at December 31, 2014 (June 30, 2014: A\$116.7 million). The increase reflects the following transactions:

- The issue of 2,279,452 shares in satisfaction of the A\$159,562 interest payable on the convertible note with RCFIV for the period 1 April 2014 to 30 June 2014.



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

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The Company's cash reserves as at December 31, 2014 totalled A\$2.8 million.

The Group's consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group's cash flow forecast reflects that additional working capital will need to be raised within the current financial year to enable the Group to continue its planned business activities and expenditure levels.

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

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

Project Financing

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

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

FINANCIAL INSTRUMENTS AND RELATED RISKS

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

(a) Fair Value

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



(b) Liquidity Risk

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

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table provides a summary of the type and maturities of the Company's contractual liabilities as at December 31, 2014:

Contractual Obligations	Total A\$'000	Less than 1 Year A\$'000	1-3 Years A\$'000	4-5 Years A\$'000	After 5 Years A\$'000
Debt (convertible)	12,000	-	12,000	-	-
Debt interest *	1,600	960	640	-	-
Litigation settlement**	784	784	-	-	-
Tenement expenditure	137	137	-	-	-
Operating and office leases	99	84	15	-	-
Total Contractual Obligations	14,620	1,965	12,655	-	-

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

** Upon receipt of the Etango mining licence, the Company is obligated to pay A\$0.5 million cash and issue 4.0 million shares (calculated for the purposes of the above table at a notional price of A\$0.071 per share, being the Company's last traded share price on the ASX at the end of the Quarter).

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

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

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

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

In addition to the above, on 22 September 2014 the Group announced the award of major contracts to construct and operate the Etango heap leach demonstration plant. Activities at the site commenced in early October and construction is scheduled for completion by early 2015. The capital cost is estimated at A\$1.54 million. If the Group terminates these contracts before completion, then the Group is obliged to pay for works carried out to the date of termination. As at 31 December 2014, the Group has spent A\$1 million of the estimated capital cost of the Etango heap leach demonstration plant.

(c) Foreign Exchange Risk

The Company undertakes transactions in foreign currencies and reports the results of its operations in Australian dollars, its functional currency. It is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency and the translation of foreign currency balances to Australian dollars. The Company conducts its exploration and development activities in Namibia and thereby a substantial portion of the Company's assets,

liabilities and expenses are denominated in Namibian dollars which is currently pegged on a 1:1 basis to the South African Rand.

The Company does not currently engage in foreign currency hedging, and the exposure of the Company's financial assets and liabilities to foreign exchange risk is low. As at December 31, 2014, approximately 17.8% of Bannerman's cash reserves were held in Namibian dollars.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash equivalents are highly liquid and earn interest at market rates in short term fixed and variable term deposits. Due to the short term nature of these financial instruments, fluctuations in market interest rates do not have a significant impact on the fair values of the financial instruments as at December 31, 2014.

(e) Credit Risk

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

OFF-BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at December 31, 2014.

RELATED PARTY TRANSACTIONS

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

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

Under the terms of the Share Sale Agreement dated May 12, 2005, by which Bannerman acquired its 80% interest in BMRN, the 20% non-controlling interest is sole funded by Bannerman to completion of a bankable feasibility study on one of BMRN's projects. After this time, should the 20% shareholder elect not to contribute the 20% share of post-bankable feasibility study expenditure but instead elect to dilute the interest in accordance with the Share Sale Agreement then, upon the interest being diluted to less than a 5% shareholding, it automatically converts into a 2% net revenue royalty on future production from the Etango Project. The registered holder of the 20% non-controlling interest in BMRN is Mr Jones, a director of Bannerman, who holds this interest for his associates and business partner.

Non-executive director Ian Burvill is a senior vice president of Resource Capital Funds Management Pty Ltd ("RCFM"). RCFIV and RCFVI, which have management agreements with RCFM's parent company, hold convertible notes with a face value of A\$8 million and A\$4 million respectively, together with 56,375,566 Bannerman shares representing 16.64% of the voting capital in Bannerman as at the date of this report.

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

CRITICAL ACCOUNTING ESTIMATES

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



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

Valuation and impairment of exploration and evaluation expenditure

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

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related project itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the amount and quality of mineral resources and reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations), political stability, changes to commodity prices, the issue of a mining licence and availability and pricing of project funding. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

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

Share-based payment transactions

The Company measures the cost of equity-settled transactions with directors, employees and contractors by reference to the fair value of the equity instruments at the date at which they are granted and taking into consideration the likelihood of non-market-based conditions occurring. The Company measures the cost of option-based payments at fair value at the grant date using the market price and/or the Black-Scholes or other appropriate option pricing models, and taking into account the terms and conditions upon which the instruments were granted. Differences in estimated future stock price volatility, interest rates and other factors can have a material effect on the calculation of stock-based compensation expense. As such, the values derived may change significantly from period to period and are subject to significant uncertainty. The Company recorded a total stock based compensation expense of A\$0.08 million for the quarter (December 2013 quarter: A\$0.2 million).

Income taxes

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

NEW ACCOUNTING STANDARDS

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

RISK FACTORS

The Company's operations and results are subject to a number of different risks at any given time. A comprehensive summary of these risk factors is included in the section titled "Risk Factors" in the Company's Annual Information

OUTSTANDING SECURITIES DATA

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

	Number of Securities
Ordinary Shares on issue	339,718,258
Options on issue over Unissued Shares	9,963,600
Performance Rights on issue over Unissued Shares	18,683,998
Re-financed Convertible Note (if converted) ¹	84,210,526
Contingent – Shares	4,000,000
Total Fully Diluted	498,681,645

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

SHARE OPTIONS

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

Expiry Dates	Exercise Price	Balance	Vested
November 21, 2015	A\$0.12	1,795,200	1,795,200
November 22, 2016	A\$0.072	4,504,000	4,504,000
November 15, 2017	A\$0.089	3,664,400	-
		9,963,600	6,299,200
Weighted average exercise price (A\$)		0.09	0.09
Average life to expiry (years)		1.77	1.3

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

As at the date of this MD&A, the Directors hold 9,536,000 options with an average exercise price of A\$0.09 per share and an average life to expiry of approximately 1.9 years.

PERFORMANCE SHARE RIGHTS

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

Vesting Dates	Balance	Vested
November 11, 2015	170,000	-
November 15, 2015	423,700	-
November 21, 2015	3,502,674	-
November 22, 2015	759,519	-
November 15, 2016	1,755,825	-
November 22, 2016	5,095,630	-
November 15, 2017	6,976,650	-
	18,683,998	-
Average life to vesting	1.34	-



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

As at the date of this MD&A, the Directors hold 11,891,770 performance share rights with an average life to vesting of approximately 1.52 years.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

Disclosure Controls and Procedures

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

Internal Controls over Financial Reporting

Internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. The Board is responsible for ensuring that management fulfils its responsibilities in this regard. The Audit Committee fulfils its role of ensuring the integrity of the reported information through its review of the interim and annual financial statements. As at December 31, 2014, the Chief Executive Officer and the Financial Controller, in the capacity of the Chief Financial Officer, with participation of the Company's management, concluded that there were no material weaknesses at the end of the Quarter or changes to the Company's internal controls during the Quarter which have materially affected, or are considered to be reasonably likely to materially affect, the Company's ICFR.

Limitations of Controls and Procedures

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

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

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

“will” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

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

- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations;
- results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company’s expectations;
- risks relating to possible variations in resources, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined;
- mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development;
- the potential for delays in exploration or development activities or the completion of feasibility studies;
- risks related to the inherent uncertainty of production and operating and capital cost estimates and the potential for unexpected costs and expenses;
- risks related to commodity price and foreign exchange rate fluctuations;
- the uncertainty of profitability based upon the cyclical nature of the industry in which the Company operates;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities;
- risks related to environmental regulation and liability;
- political, fiscal and regulatory risks associated with mining and exploration; and
- other risks and uncertainties related to the Company’s prospects, properties and business strategy.

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

TECHNICAL DISCLOSURES

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

Mineral Resources that are not Ore Reserves do not have demonstrated economic viability.

Bannerman Resources Limited (“Bannerman”) manages its drilling and assaying activities in accordance with industry standard quality assurance/quality control (QA/QC) procedures. Samples are collected by Bannerman personnel and prepared in accordance with specified procedures at the relevant assay laboratories. Drill samples were analysed for uranium by the Bureau Veritas Laboratory in Swakopmund, Namibia. Bureau Veritas is an International Laboratory Group with operations in 140 countries, including Ultratrace and Amdel in Australia. Assay QA/QC involves the use of assay standards (sourced from African Mineral Standards (AMIS) in Johannesburg, made from Bannerman pulp rejects and cross-checked through umpire laboratories for which the round robin reports are available), field duplicates, blanks and barren quartz flushes. A third party “umpire” laboratory (Genalysis in Perth) is used to cross-check and validate approximately 5% of the assay results in accordance with standard procedures. Sample coarse rejects are retained and approximately 5% of samples are re-submitted for further assay verification. All sample pulps, half-core and rock-chip samples are retained at Bannerman’s Goanikontes Warehouse Facility (GWS) on site.

The information in this report relating to the Ore Reserves of the Etango Project is based on information compiled or reviewed by Mr Harry Warries, a full time employee of Coffey Mining Pty Ltd. Mr Warries is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”, and is an independent consultant to Bannerman and a Qualified Person as defined by Canadian National Instrument 43-101. Mr Warries consents, and provides corporate consent for Coffey Mining Pty Ltd, to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

