

11 November 2015

OWNERSHIP CONSOLIDATION, DEBT EXTINGUISHMENT & NEW FUNDING

Further to the Company's announcement on 28 October 2015, Bannerman Resources Limited (ASX: BMN, TSX: BAN, NSX: BMN) ("**Bannerman**" or the "**Company**") is pleased to confirm that it has reached agreement with the Company's major shareholders, Resource Capital Fund IV L.P. and Resource Capital Fund VI L.P. ("**RCF IV**" and "**RCF VI**" respectively and "**RCF**" collectively), and with Mr Clive Jones, a director and shareholder of the Company, in relation to proposed transactions that would deliver a significant project ownership and balance sheet restructure.

The transactions below, which are conditional and subject to shareholder approval, would result in Bannerman moving to 100% ownership of the Etango Project, becoming debt free and receiving net new funding of A\$4 million:

- **Acquisition of the minority interest (20%) in the Etango Project** from the current owners (represented by Mr Clive Jones) for payment of approximately 123.4 million new Bannerman shares (which will represent approximately 17.4% of the enlarged issued share capital of the Company) and A\$1 million in cash;
- **Extinguishment of the A\$12 million convertible notes** through:
 - conversion of A\$8 million of the convertible notes held by RCF into Bannerman shares at the given conversion price of A\$0.075 per share;
 - sale of a 1.5% royalty over the Etango Project to RCF for A\$6 million, comprising A\$2 million in cash and extinguishment of the residual convertible notes held by RCF (comprising A\$4 million); and
- **A\$3 million capital raising** through an equity placement of approximately 63.3 million new Bannerman shares to RCF VI at A\$0.0474 per share.

The shareholdings of RCF IV and RCF VI would move to approximately 20.4% and 19.3% of Bannerman's issued share capital respectively. The shareholding of Mr Clive Jones has the potential to increase to approximately 19.6%, assuming that all relevant shares are issued to him rather than his nominees. A summary of the key terms of the proposed transactions are set out in the schedule to this announcement.

The Company has applied for waivers of ASX Listing Rules 6.18, 10.7 and 10.13.3 in respect of the proposed transactions and will update shareholders if and when such waivers are obtained. The transactions remain subject to shareholder approval and other approvals, including renewal of EPL 3345 by the Namibian Ministry of Mines and Energy. The details of a Shareholders' Extraordinary General Meeting will be confirmed in the coming weeks.

Bannerman Chief Executive Officer, Len Jubber, said:

"Moving to 100% ownership of the world class Etango project is something we have long sought to achieve. In addition to the greater economic interest, consolidation of the holding structure is expected to provide considerable structural benefits when project financing is sought for development of Etango. The transactions with RCF deliver us a debt free balance sheet with new funds that allow Etango to be taken to the next stage".



Len Jubber
Chief Executive Officer

Conference Call

Len Jubber (Managing Director and CEO) will host a conference call to discuss the Company's recent activities at **9.00am Australian Eastern Daylight Time ("AEDT") on Thursday 12th November 2015.**

The conference call includes Q & A participation. Please dial in five minutes before the conference starts and provide your name and Conference ID.

Conference ID: 675198

Dial-in numbers:

- Australia: 1 800 558 698
- Australia: 02 9007 3187
- China: 4001 200 659
- Canada 1855 8811 339
- Hong Kong: 800 966 806
- Singapore: 800 101 2785
- United Kingdom: 0800 051 8245
- United States: (855) 881 1339

A recording of the conference call will be available on the Company's website later in the day.

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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.

SCHEDULE – KEY TERMS OF PROPOSED TRANSACTIONS

Key term	Description
General terms	
Background	<u>Share Acquisition</u> The Company's primary asset and undertaking is its interest in the Etango Project, one of the world's largest undeveloped Uranium projects located in Namibia (Etango Project). The Etango Project is owned by Bannerman Mining Resources (Namibia) (Pty) Ltd (Bannerman Namibia). The Company owns 80% of Bannerman Namibia, via its wholly owned subsidiary Bannerman Resources Nominees (UK) Pty Ltd (BMN UK), with Mr Clive Jones holding the remaining 20% interest in Bannerman Namibia (Sale Interest). <u>RCF Transaction</u> Resource Capital Fund IV L.P (RCF IV) is the current holder of a convertible note under which the Company owes \$8.0 million, with a maturity date of 30 September 2016 (First RCF Convertible Note). Resource Capital Fund VI L.P (RCF VI) is the holder of an additional convertible note under which the Company owes \$4.0 million, also with an anticipated maturity date of 30 September 2016 (Second RCF Convertible Note).
Overview of Proposed Transactions	Under the Share Acquisition, Bannerman proposes to acquire the Sale Interest from Mr Clive Jones (Share Acquisition). As an inter-conditional transaction, Bannerman also intends to convert / repay the First RCF Convertible Note and the Second RCF Convertible Note, sell a 0.75% gross revenue royalty in respect of the Etango Project to each of RCF IV and RCF VI, and raise further funds from RCF VI under a capital raising (RCF Transaction).
Conditions precedent	The Share Acquisition and RCF Transaction (together, the Proposed Transactions) are inter-conditional. Completion under the Proposed Transactions will occur if the following conditions precedent are satisfied: • approval of the Proposed Transactions by Bannerman shareholders for the purposes of the ASX Listing Rules and the <i>Corporations Act 2001</i> (Cth); • renewal of EPL 3345 by the Ministry of Mines and Energy in Namibia on terms and conditions satisfactory to Bannerman, RCF IV and RCF VI; • issue of legal opinions to RCF in respect of transaction documents; and • the grant of waiver under Listing Rule 10.7 to permit the Share Acquisition. Completion is expected to occur within 5 business days following the satisfaction or waiver of these conditions precedent.
Termination rights	The parties may terminate the relevant agreements to which they are a party, if not in breach of the relevant agreement, by written notice if completion has not occurred by 10 March 2016. If the Proposed Transactions have not completed by 10 August 2016, the agreements will terminate automatically. In addition, RCF IV and RCF VI may terminate the RCF Transaction if a material adverse change occurs in relation to Bannerman at any time prior to completion (other than certain exclusions such as general industry or economic conditions).
Share Acquisition with Mr Clive Jones	
Shares acquired	At completion, Mr Clive Jones will transfer the Sale Interest (being 20% of the issued share capital in Bannerman Namibia) to Bannerman UK, free from all encumbrances and third party rights in exchange for the consideration set out below.

Consideration	The consideration for the Sale Interest will be: • 123,424,534 fully paid ordinary shares in the Company (Shares); and • A\$1,000,000 in cash. The Shares are to be issued to Mr Clive Jones (or his nominees).
RCF Transaction with RCF IV and RCF VI	
Conversion of convertible notes	A\$5.0 million of the principal outstanding on the First RCF Convertible Note, and A\$3.0 million principal outstanding on the Second RCF Convertible Note, is to be converted by RCF IV and RCF VI respectively into Shares at a conversion price of \$0.075 per Share. This will result in the aggregate issue of 106,666,667 Shares to RCF. Following repayment of the balance of the First RCF Convertible Note and the Second RCF Convertible Note through the issue of the Royalty and the conversion, the relevant First RCF Convertible Note and Second RCF Convertible Note agreements terminate and all associated security is to be released.
Subscription for shares	RCF VI will subscribe for A\$3.0 million of Shares at an issue price of A\$0.0474 per Share, equating to approximately 63,291,139 Shares.
Grant of royalties	BMN UK will grant a 0.75% gross revenue royalty in respect of the Etango Project to each of RCF IV and RCF VI (being a total royalty of 1.5%)(each a Royalty and together Royalties) on the terms set out below for total consideration of A\$6.0 million comprising: • A\$2.0 million in cash to be paid by RCF VI to Bannerman; • the notional payment of \$3.0 million by RCF IV to the Bannerman (to be applied towards repayment of the principal outstanding under the First RCF Convertible Note); and • the notional payment of \$1.0 million by RCF VI to the Bannerman (to be applied towards repayment of the principal outstanding under the Second RCF Convertible Note).
Royalty Area	In general terms, Royalties will be payable in relation to the area within Exclusive Prospecting Licence 3345 (EPL 3345) and any successor, renewal, modification or substitute of EPL 3345 and (other than in respect of certain exclusions) any other tenement which is contiguous to EPL 3345 and acquired by Bannerman Namibia or any of its related entities for the purposes of forming part of the Etango Project from time to time.
Calculation of royalty	Each royalty is calculated based on the gross proceeds actually received (or deemed to be received) by Bannerman Namibia from the sale of any mineral or metallic product extracted or recovered from the Royalty Area but excluding any hedging arrangements. BMN UK will be entitled to reduce gross revenue for certain costs such as: • reasonable transportation, sales and marketing, and insurance costs in selling and transporting the product sold or disposed of from the mine gate of the Royalty Area to the customer; • value added tax and/or goods and services tax or other indirect taxes collected for the relevant taxing authority and actually paid to the relevant taxing authority in respect of product; • the effective tax rate on funds to be distributed up from BMRN to BMN UK to pay the Royalties (which may comprise both corporate income tax in Namibia and the UK, and also withholding tax in Namibia), however only half of such costs will be allowable to the extent that this effective tax rate is above 42.5%. BMN UK will be able to off-set amounts otherwise payable under the Royalties against additional costs incurred due to the Royalties being payable at the BMN UK level, up to an annual limit of US\$50,000 (adjusted annually based on the average consumer price index in the UK and Namibia). Payments are to be calculated and paid by BMN UK to the relevant royalty holder within 60 days of the end of each quarter in US\$. BMN UK must gross-up the royalty holder for any amounts which it is legally required to deduct from the Royalty payments.

Grant of security	Bannerman has agreed to grant the following new security in favour of RCF IV and RCF VI to secure obligations in respect of Royalties: • a fixed and floating charge over all of the assets of BMN UK; and • a pledge over the shares held by BMN UK in Bannerman Namibia; and • if requested, a security interest over the beneficial interest in the shares in Bannerman Namibia held by the Company.
Nominee directors	Each of RCF IV and RCF VI will have the right, but not the obligation, to appoint a nominee to the board of Bannerman. If either of RCF IV or RCF VI holds less than 5% of the issued shares in Bannerman for more than 30 consecutive trading days, it will procure that its nominee director will resign from the board of Bannerman.
Anti-dilution right	Subject to ASX granting Bannerman a waiver of Listing Rule 6.18, for so long as RCF IV and RCF VI hold voting power in aggregate of not less than 10% of Bannerman at the relevant time, they will each have the right, but not the obligation, to participate in any new issue of equity securities by Bannerman on the same terms as other participants in the relevant issue of equity securities, up to such additional number of equity securities as would be sufficient to enable them individually to maintain their percentage shareholding in Bannerman (prior to the relevant equity issue). The anti-dilution right will not apply to: • issues of Shares through pro-rata share issues, Shares issued on the exercise of any Equity Securities convertible into Shares that are in existence upon agreement of the transaction, dividend reinvestment plans, share purchase plans, asset acquisition or pursuant to a takeover or scheme of arrangement; or • issues of any Shares, options, performance rights or other equity securities under an employee incentive scheme.
Debt participation right	Subject to obtaining any necessary approvals, Bannerman will use its best endeavours to enable RCF IV and RCF VI to participate in any debt fundraising by the Bannerman group (including any security to be granted) in proportion to RCF IV and RCF VI's aggregate percentage shareholding in Bannerman (immediately prior to the debt fund raising being considered).