BANNERMAN
RESOURCES

# 2016 ANNUAL REPORT

# CORPORATE DIRECTORY

**NON-EXECUTIVE CHAIRMAN**
Ronnie Beevor

**CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**
Brandon Munro

**NON-EXECUTIVE DIRECTORS**
Ian Burvill
Clive Jones
David Tucker

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**STOCK EXCHANGE LISTINGS**
Australian Securities Exchange (ASX Code: BMN)
Namibian Stock Exchange (NSX Code: BMN)

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## ABOUT BANNERMAN RESOURCES LIMITED

**About Bannerman -** Bannerman Resources Limited is an ASX and NSX listed exploration and development company with uranium interests in Namibia, a southern African country which is a premier uranium mining jurisdiction. Bannerman's principal asset is its 100%-owned Etango Project situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and CGNPC's Husab uranium mine currently under construction. A definitive feasibility study and an optimisation study has confirmed the technical, environmental and financial (at consensus long term uranium prices) viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits.

In 2016, Bannerman is continuing a large scale heap leach demonstration program to provide further assurance to financing parties, generate process information for the detailed engineering design phase and build and enhance internal capability. More information is available on Bannerman's website at www.bannermanresources.com.

# CHAIRMAN'S LETTER TO SHAREHOLDERS

**Dear Shareholder**

Bannerman's Etango project has advanced significantly during the past year, at a time when decade-low uranium prices have otherwise deferred or stalled investment across the sector.

Despite these exceptionally difficult market conditions, your Board is proud of Bannerman's key achievements since November 2015, notably:

- a seamless leadership change which saw Brandon Munro appointed as Chief Executive Officer/Managing Director, Werner Ewald promoted to Managing Director – Namibia and Dustin Garrow appointed as Strategic Uranium Marketing Advisor;
- Bannerman's corporate structure was consolidated resulting in Bannerman owning 100% of the Etango project and eliminating all corporate debt;
- the Etango Optimisation Study was completed, reducing key operating and capital costs for the Etango project, compared with the 2012 Definitive Feasibility Study (DFS); and
- successful operation of the Etango Heap Leach Demonstration Plant, which confirmed or exceeded key DFS assumptions, thereby significantly de-risking the project and demonstrating further opportunities for cost reduction.

The above achievements collectively position Bannerman exceptionally well for an anticipated uranium price recovery, with a world-class scale project boasting an optimised DFS, environmental and social approvals and a successful demonstration plant.

Under the new leadership of Brandon Munro, our focus in the next year will be twofold. Firstly, we will further enhance the Etango project DFS by incorporating the results of the Heap Leach Demonstration Plant and other cost savings our engineering team has identified, with a view to improving operating and capital costs.

Secondly, we will continue to build on the marketing and financing initiatives that commenced this year with the appointment of Brandon Munro and Dustin Garrow, who together bring a depth of experience in uranium marketing and economics, corporate finance and capital markets strategy. These initiatives already have provided us with greatly enhanced insights into the nuclear fuel cycle and confidence in an abrupt and sustained recovery in the uranium price to levels that will enable profitable development of the Etango Project.

Bannerman continues to be a leader in Namibia in matters of health, safety, community and environment. For example:

- we have operated without incurring a lost time injury since 2009;
- our community engagement and corporate social responsibility (CSR) program earned us the keynote CSR presentation at the 2016 Namibian Mining Expo; and
- Bannerman continues its excellent environmental track record with superb rehabilitation of the trial mining site associated with the Heap Leach Demonstration Plant.

My sincere thanks to all of our management, employees, consultants and contractors who continue to work with dedication and without discouragement by current market conditions.

I also acknowledge and appreciate the support and patience of our shareholders during these difficult times, in particular the continued investment and technical support from Resource Capital Funds as our largest shareholder.

Yours sincerely

Ronnie Beevor
Chairman

## BOARD OF DIRECTORS

### Ronald (Ronnie) Beevor

*B.A. (Hons)*

**Non-Executive Chairman**

**Term of Office**

Director since 27 July 2009, Chairman since 21 November 2012

**Independent:** Yes

**Skills, experience and expertise**

Ronnie has more than 30 years of experience in investment banking, including being the Head of Investment Banking at NM Rothschild & Sons (Australia) Limited between 1997 and 2002. During his career, Ronnie has had an extensive involvement in the natural resources industry, both in Australia and internationally. He is a former director of Oxiana Limited which successfully developed the Sepon gold-copper project in Laos as well as the Prominent Hill copper-gold project in South Australia.

Ronnie has an Honours Degree in Philosophy, Politics and Economics from Oxford University (UK) and qualified as a chartered accountant in London in 1972.

**Special Responsibilities**

Member of the Audit Committee

Member of the Remuneration, Nomination and Corporate Governance Committee

**Current ASX listed directorships**

Wolf Minerals Limited (appointed 20 September 2013)

MZI Resources Limited (appointed 15 April 2016)

**Former ASX listed directorships over the past three years**

Ampella Mining Limited (5 July 2011 to 31 March 2014)

Bullabulling Gold Limited (2 July 2012 to 1 August 2014)

Unity Mining Limited (1 November 2002 to 18 November 2015)

### Brandon Munro

*LLB, B.Econ, GAICD, F Fin*

**Chief Executive Officer (CEO) and Managing Director**

**Term of Office:**

CEO and Managing Director since 9 March 2016

**Independent:** No

**Skills, experience and expertise**

Brandon has 18 years of experience as a corporate lawyer and resources executive, including serving as Bannerman's General Manager between 2009-2011, based in Namibia. Before joining Bannerman as CEO/Managing Director, Brandon was Managing Director of ASX-listed Kunene Resources Ltd, which was focused on base metals exploration in Namibia.

Brandon lived in Namibia for over five years between 2009-2015, where he also served as Governance Advisor to the Namibian Uranium Association and Strategic Advisor – Mining Charter to the Namibian Chamber of Mines.

Brandon is a Trustee of Save the Rhino Trust Namibia, a high profile Namibian NGO.

**Special Responsibilities**

Managing Director

**Current ASX listed directorships**

Rewardle Holdings Limited (appointed 25 March 2014)

Novatti Group Limited (appointed 12 October 2015)

**Former ASX listed directorships over the past three years**

Kunene Resources Limited (4 April 2014 to 18 December 2015)

### Leonard (Len) Jubber

*BEng (Civil), MBA*

**Chief Executive Officer (CEO) and Managing Director**

**Term of Office:**

CEO and Managing Director from 17 November 2008 to 8 March 2016

**Independent:** No

**Skills, experience and expertise**

Len has over 25 years of international experience in the minerals industry. Immediately prior to joining Bannerman, Len was the Managing Director and Chief Executive Officer of Perilya Limited from May 2005 to March 2008. Len also worked for seven years with OceanaGold Limited, ultimately becoming Chief Operating Officer and an Executive Director of the company. Len started his mining career in Namibia with Rössing Uranium Limited, a subsidiary of Rio Tinto.

**Special Responsibilities**

Managing Director

**Current ASX listed directorships**

Nil

**Former ASX listed directorships over the past three years**

Nil

## Ian Burvill

*BEng (Mech), MBA, MIEAust, CPEng, M.AusIMM, GAICD*
**Non-Executive Director**

**Term of Office**
Director since 14 June 2012

**Independent** No

**Skills, experience and expertise**
Ian has more than 30 years of mining industry experience, firstly in process plant engineering, then in project finance (with Rothschild Australia Limited) and more recently in private equity finance (with Resource Capital Funds, until 30 June 2016). Ian is a director of Jolimont Global Mining Systems Pty Ltd, a mining innovation investment company. He was nominated to Bannerman's board by RCF.

**Special Responsibilities**
Member of the Remuneration, Nomination and Corporate Governance Committee

**Current ASX listed directorships**
Nil

**Other current listed directorships**
Nil

**Former ASX listed directorships over the past three years**
Nil

## Clive Jones

*B.App.Sc(Geol), M.AusIMM*
**Non-Executive Director**

**Term of Office**
Director since 12 January 2007

**Independent** No

**Skills, experience and expertise**
Clive has more than 25 years of experience in mineral exploration, across a diverse range of commodities including gold, base metals, mineral sands, uranium and iron ore. Clive is the original vendor of the Company's Etango Project in Namibia.

**Special Responsibilities**
Chairman of the Remuneration, Nomination and Corporate Governance Committee
Member of the Health, Safety, Environment and Community Committee
Member of the Audit Committee

**Current ASX listed directorships**
Cazaly Resources Limited (Joint Managing Director) (appointed 15 September 2003)
Corazon Mining Limited (Chairman) (appointed 10 February 2005)

**Former ASX listed directorships over the past three years**
Unity Mining Limited (Chairman) (10 January 2013 to 1 June 2016)

## David Tucker

*BSc.Geol (Hons), MSc(Mining and Exploration Geology), M.AusIMM, FAICD*
**Non-Executive Director**

**Term of Office**
Director since 18 March 2008

**Independent** Yes

**Skills, experience and expertise**
David has more than 40 years of experience in mining and exploration, including 20 years working as an exploration geologist, the first 10 years of which were in the uranium sector with United Uranium NL, Noranda Australia, the Australian Atomic Energy Commission and Esso Australia Limited. David was formerly responsible for business development, public affairs and investor relations at Homestake Gold of Australia, Director of Corporate Affairs at Barrick Australia Pacific and a director of Homestake's Australian subsidiaries, Barrick Mining Company (Australia) and Barrick Gold of Australia.

**Special Responsibilities**
Chairman of the Health, Safety, Environment and Community Committee
Chairman of the Audit Committee

**Current ASX listed directorships**
Nil

**Former ASX listed directorships over the past three years**
Nil

# COMPANY SECRETARY

## Robert Dalton

*BA (Hons), FCCA, AFIN, AGIA, ACIS*

**Term of Office**
Company Secretary since 17 September 2014

**Skills, experience and expertise**
Robert has more than 15 years of experience in auditing, accounting and secretarial roles. He commenced his career at an international accounting firm and has had significant exposure to the resources sector. His most recent appointment was that of Chief Financial Officer and Company Secretary at Tangiers Petroleum Ltd.

## EXECUTIVE

### Werner Ewald

*BSc (Elect), MBA (Stellenbosch)*

**Managing Director, Bannerman Mining Resources (Namibia) (Pty) Ltd**

**Term of Office**

Since 24 June 2010

**Skills, experience and expertise**

Werner joined Bannerman in June 2010 as the Etango Project Co-ordinator following 22 years with Rio Tinto which included 20 years at the Rössing Uranium Mine in Namibia and 2 years at the Tarong Coal Mine in Queensland, Australia. He held numerous operational roles at Rössing including Engineering Manager, Mine Operations Manager and Business Improvement Manager. Prior to Rio Tinto he worked with the De Beers Group at their underground operations near Kimberly, South Africa and the Namdeb alluvial operations in Namibia.

The directors present their report on the consolidated entity comprising Bannerman Resources Limited ("**Bannerman**" or the "**Company**") and its controlled entities (the "**Group**") for the year ended 30 June 2016 ("**the financial year**"). Bannerman is a company limited by shares that is incorporated and domiciled in Australia.

## BOARD OF DIRECTORS

The directors of Bannerman in office during the financial year and up to the date of this report were:

| Name | Position | Independent | Appointed / Resigned |
|---|---|---|---|
| Ronnie Beevor | Non-Executive Chairman | Yes | 27 July 2009 |
| Brandon Munro | Chief Executive Officer | No | 9 March 2016 |
| Len Jubber | Chief Executive Officer | No | Resigned 8 March 2016 |
| Ian Burvill | Non-Executive Director | No | 14 June 2012 |
| Clive Jones | Non-Executive Director | No | 12 January 2007 |
| David Tucker | Non-Executive Director | Yes | 18 March 2008 |

## COMPANY SECRETARY

The company secretary of Bannerman in office during the financial year and up to the date of this report was:

| Name | Appointed |
|---|---|
| Robert Dalton | 17 September 2014 |

## INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Particulars on the skills, experience, expertise and responsibilities of each director and the company secretary at the date of this report, including all directorships of other companies listed on the Australian Securities Exchange, held or previously held by a director at any time in the past three years, are set out on pages 2 to 4 of this report.

## BOARD MEETING ATTENDANCE

Particulars of the number of meetings of the Board of directors of Bannerman and each Board committee of directors held and attended by each director during the 12 months ended 30 June 2016 are set out in Table 1 below.

**Table 1. Directors in Office and attendance at Board and Board Committee Meetings during 2015/2016**

| | Board meetings | | Board committee meetings | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Audit Committee | | Remuneration, Nomination & Corp. Governance Committee | | HSEC Committee | |
| | A | B | A | B | A | B | A | B |
| Ronnie Beevor | 12 | 12 | 4 | 4 | 5 | 5 | 2* | - |
| Brandon Munro | 3 | 3 | - | - | 2* | - | 1* | - |
| Len Jubber | 9 | 9 | 4* | - | 3* | - | 1* | - |
| Ian Burvill | 12 | 12 | - | - | 5 | 5 | - | - |
| Clive Jones | 12 | 12 | 4 | 4 | 5 | 5 | 2 | 2 |
| David Tucker | 12 | 12 | 4 | 4 | 4* | - | 2 | 2 |

**A =** Number of meetings attended
**B =** Number of meetings held during the time the director held office or was a member of the relevant committee during the year.
***** Indicates that a Director attended some or all meetings by invitation whilst not being a member of a specific committee.

## DIRECTORS' INTERESTS IN SECURITIES IN BANNERMAN

As at the date of this report, the relevant interests of each director in the ordinary shares and share options in Bannerman, as notified to the Australian Securities Exchange in accordance with s205G(1) of the Corporations Act 2001, are as follows:

| | Fully Paid Ordinary Shares | | Share Options | | Performance Rights | |
|---|---|---|---|---|---|---|
| | Beneficial, private company or trust | Own name | Beneficial, private company or trust | Own name | Beneficial, private company or trust | Own name |
| Ronnie Beevor | 1,601,543 | 719,100 | - | 8,007,200 | - | - |
| Brandon Munro | 2,000,000 | - | 20,000,000 | - | - | - |
| Ian Burvill (1) | - | - | 4,003,600 | - | - | - |
| Clive Jones | 77,207,668 | - | 4,003,600 | - | - | - |
| David Tucker | 2,313,275 | - | - | - | 862,100 | - |

(1) These share options are held by Resource Capital Funds Management Pty Ltd, and are noted against the relevant RCF representative director.

## PRINCIPAL ACTIVITIES

Bannerman Resources Limited is an exploration and development company with uranium interests in Namibia, a southern African country which is a premier uranium mining jurisdiction. Bannerman's principal asset is its 100%-owned Etango Project situated southwest of Rio Tinto's Rössing uranium mine and CGNPC's Husab Project currently under construction and to the north west of Paladin Energy's Langer-Heinrich mine. Etango is one of the world's largest undeveloped uranium deposits. Bannerman is focused on the development of a large open pit uranium operation at Etango.

## OPERATING AND FINANCIAL REVIEW

### CORPORATE

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

The completed transactions entailed:

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

### TSX De-Listing

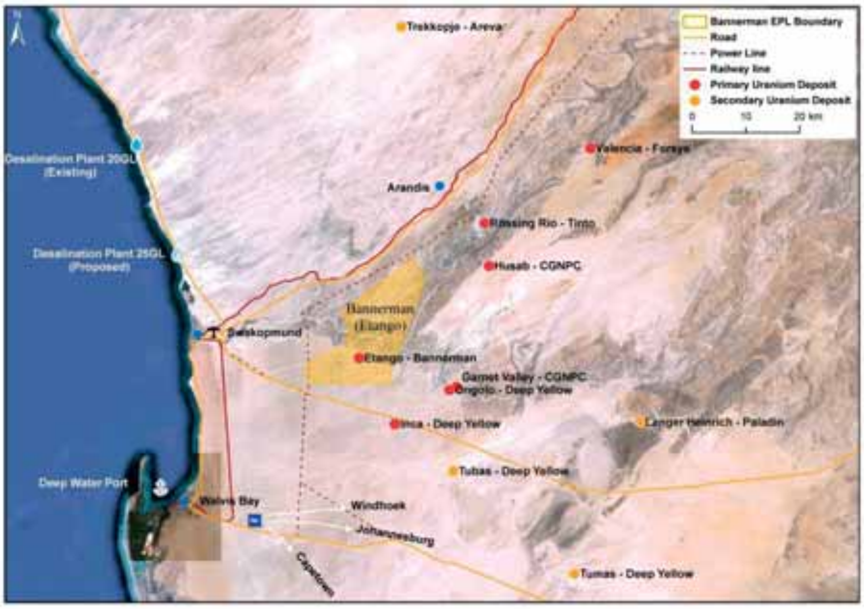
During the year, Bannerman made an application to the Toronto Stock Exchange ("**TSX**") to de-list Bannerman's securities. The Company's securities no longer traded on the TSX after close of trading on Wednesday 11 May 2016.

No change occurred to the quotation and trading of Bannerman shares on the Australian Securities Exchange ("**ASX**") or the Namibian Stock Exchange ("**NSX**") and Bannerman's securities remain available for trading on the ASX and NSX under the code BMN.

## ETANGO URANIUM PROJECT (BANNERMAN 100%)

### Overview

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, China General Nuclear Power Company (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.




### DFS (completed in 2012)

Bannerman completed the DFS and Environmental and Social Impact Assessment ("**ESIA**") on the Etango project in 2012. The respective studies, as announced to the market on 10 April 2012, confirmed the technical, economic and environmental viability of the project at historical term uranium prices.

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

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

| Item | Units | DFS Optimisation Study | Definitive Feasibility Study | % Change |
|---|---|---|---|---|
| Base Case Uranium Price | US$/lb $U_3O_8$ | **75** | 75 | - |
| Mine Life | Years | **15.7** | 15.0 | 4% |
| Total Mined Ore | Mt | **303** | 280 | 8% |
| Life-of-mine stripping ratio | Waste : Ore | **2.78 : 1** | 3.34 : 1 | -17% |
| Annual Processing Throughput | Mt of ore | **20** | 20 | - |
| Processed grade | ppm $U_3O_8$ | **195** | 194 | - |
| Processed grade (First 5 years of full production) | ppm $U_3O_8$ | **241** | 207 | +16% |
| Processing recovery | % | **86.9** | 86.9 | - |

| Item | Units | DFS Optimisation Study | Definitive Feasibility Study | % Change |
|---|---|---|---|---|
| Ave. Annual Production for first 5 full production years | Mlbs $U_3O_8$ pa | **9.18** | 7.92 | +16% |
| Average Annual Production ($U_3O_8$) | Mlbs $U_3O_8$ pa | **7.20** | 6.90 | +4% |
| Life-of-mine Production ($U_3O_8$) | Mlbs $U_3O_8$ | **113** | 104 | +9% |
| Pre-production Capital Expenditure | US$ million | **793** | 870 | -9% |
| Sustaining Capital Expenditure | US$ million | **282** | 381 | -26% |
| Average Cash Operating Cost for first 5 years | US$/lb $U_3O_8$ | **33** | 41 | -20% |
| Average Cash Operating Cost for life-of-mine | US$/lb $U_3O_8$ | **38** | 46 | -17% |
| Net cash flow breakeven uranium price | US$/lb $U_3O_8$ | **52** | 61 | -15% |
| Payback (from first production) | Years | **4.4** | 6.0 | -27% |

### Mineral Resource Estimates

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

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

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

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

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

*Note 1: Refer to the Competent Persons Statement on page 29 for further information on the Etango Mineral Resource Estimate. The Etango estimate has been reported in accordance with JORC 2012. The figures may not add due to rounding.*

*Note 2 & 3: Refer to the Competent Persons Statement on page 29 for further information on the Ondjamba and Hyena Mineral Resource Estimates. The Ondjamba and Hyena estimates remain unchanged from the previous declaration and therefore have been reported in accordance with JORC 2004. The figures may not add due to rounding.*

### Ore Reserve Estimates

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

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

The updated Ore Reserve Estimate is tabulated below.

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

**Regulatory Approvals**

Bannerman currently holds Exclusive Prospecting Licence 3345 (EPL 3345) in Namibia.

On 4 July 2016, the Company announced that the MME has endorsed the renewal of EPL 3345. The licence has been renewed until 25 April 2017 in accordance with its original term.

The Ministry of Environment and Tourism granted Bannerman initial Environmental Clearances for the Etango Project in 2010 and for the project's Linear Infrastructure in 2012, both of which are important pre-requisites for a Mining Licence. A renewal for the Etango Project Environmental Clearance was granted in November 2015 for a further 3 years while the renewal for the project's Linear Infrastructure Environmental Clearance was granted in May 2016 also for a further 3 years.

The Company also announced on 4 July 2016 that correspondence had been received from the MME stating that the Honourable Minister intends to refuse the application for the Etango project Mining Licence, which was applied for in December 2009, citing the current low uranium price. The Honourable Minister's decision is not unexpected and Bannerman retains the right to re-apply for a mining licence when the uranium market recovers.

**Heap Leach Demonstration Plant Program**

In September 2014, Bannerman awarded the major contracts to construct and operate the Etango heap leach demonstration plant. Activities at the site commenced in October 2014 and construction was completed in March 2015. The demonstration plant program commenced in April 2015 and is an integral step of the Etango Uranium Project's engineering and financing phases. It is specifically aimed at demonstrating the design and projected performance reflected in the DFS, further enhancing the project knowledge and pursuing value engineering. The results to date have already gone a significant way towards achieving these objectives.

The demonstration program schedule and objectives are summarised in the Table below:

| Phase | Objective(s) | Activities | Schedule |
|---|---|---|---|
| 1<br>Commissioning | Commissioning of Plant.<br>Validate leaching assumptions in DFS. | Open cycle operation of all cribs and columns.<br><br>Identify issues and correct plant and operating procedures as required. | June 2015 Quarter (Completed) |
| 2<br>Heap Leaching | Demonstrate consistent operation of plant.<br>Validate leaching assumptions in DFS. | Operate 2 cribs and 4 columns.<br>Utilize same blended sample in both cribs. | September 2015 Quarter (Completed) |

| | | | |
|---|---|---|---|
| 3<br>Solution Recycle | Simulate the heap leach pad cycle to generate Pregnant Leach Solution (PLS).<br>Assess the possible impacts of the build-up of deleterious elements emanating from the recycling of solution. | Operate three cribs in closed cycle.<br>Analyse the possible build-up of deleterious elements.<br>Generate and store sufficient PLS to enable the validation of SX assumptions in Phase 4. | December 2015 Quarter (Completed) |
| 4<br>Solvent Extraction & Value Engineering | Demonstrate the solvent extraction process and assumptions in the DFS.<br>Conduct optimisation studies. | Operate SX plant in laboratory in Swakopmund.<br>Primarily utilise 8 columns to evaluate various opportunities to improve the project economics. | March 2016 Quarter (Completed) |
| 5<br>Value Engineering | Conduct optimisation studies | Primarily utilise 8 columns to evaluate various opportunities to improve the project economics. | June 2016 Quarter |

Key observations, results and preliminary conclusions are as follows:

1. *Demonstrating the design and projected performance reflected in the Definitive Feasibility Study ("DFS")*
   - Fast and high average leach extraction were achieved in all phases of the demonstration plant. As expected the leach extractions were higher during the open circuit leaching than during the closed circuit leaching. The latter which ultimately informs the project metallurgical assumptions.
   - These open circuit extraction values ranged from 92.2% to 94.5% whilst the closed circuit extraction values ranged from 92.5% to 93.0%. The average extraction for the three cribs operated in closed circuit was 92.8% (compared to the DFS projection for a scaled up heap of 86.9%). The associated six columns recorded an average uranium extraction of 93.0% also operating in closed circuit.
   - Average sulphuric acid consumption for the closed circuit trials was 13.6 kg/tonne (compared to the DFS projection of 17.6kg/tonne) for the cribs whilst the columns recorded an acid consumption of 14.2 kg/tonne.
   - The leach solution collected was clear and clean and subsequent visual observations during the unloading of the cribs confirmed uniform percolation through the material and integrity of the agglomerate.
   - The clarity of the solution raises an issue regarding the need for the two pinbed clarifiers currently included in the DFS processing flowsheet.
   - Analysis indicated no evidence of build-up of deleterious elements occurring during the recycling of leach solution.
2. *Further enhancing project knowledge*
   - Operation of the demonstration plant fostered a more complete understanding of the leach kinetics associated the Etango ore, in particular the management of oxidant demand during the leaching process.
   - The total sample tested in Phase 1 through to Phase 3 amounted to approximately 273 tonnes significantly increasing the confidence in the metallurgical assumptions.
3. *Pursuing value engineering*
   - It was evident during the trials that rapid and uniform percolation, coupled with rapid and high leach extraction at a larger scale point towards the potential to further improve project economics, potentially through lower acid consumption.
   - No noticeable reduction in leach extraction performance was observed between the larger scale cribs and the smaller columns whilst operating in closed circuit. This poses the question as to the appropriate scale up factors to be used in the detailed engineering of the heap leach operation.

**Project Financing**

The continued support of RCF as a strategic cornerstone investor in Bannerman, from the existing investment of RCF IV in 2008 to the continuing investment by RCF VI is a beneficial and positive progression of its investment in Bannerman.

The results from the successful Demonstration Plant Program strongly support the heap leach assumptions and projections incorporated in the DFS, and are expected, therefore, to enhance the bankability of the project. The program scheduled for the coming quarters will focus on further value engineering work.

## CONSOLIDATED RESULTS

The consolidated net loss after tax for the 12 months ending 30 June 2016 was $152,000 (2015: $4,241,000) was attributable primarily to the gain recognised on extinguishment of the convertible notes, offset by corporate and administrative expenses, borrowing costs and non-cash share-based compensation expenses.

Corporate, administration, personnel and other expenses for the reporting period were $4,753,000 (2015: $4,830,000), including employee and director share-based payment expense of $540,000 (2015 expense: $535,000). Refer to the Remuneration Report and Note 21 of the financial report for further details on share-based payments.

Income for the reporting period included interest income of $30,000 (2015: $75,000). During the year, the Company received research and development incentive funds of $145,000 (2015: $500,000).

Capitalised exploration and evaluation expenditure was $48,759,000 as at 30 June 2016 (2015: $61,262,000) reflecting the capitalisation of costs relating to the Etango Project heap leach demonstration plan construction and operation, feasibility study, resource definition drilling and assaying, and other exploration and evaluation costs, net of foreign currency translation movements and sale of a royalty. Total additions for the year amounted to $1,516,000 (2015: $3,289,000). A foreign exchange translation reduction of $8,502,000 (2015: increase of $3,074,000), resulting in an decrease in carrying value, was also recorded for the year. This adjustment reflects the strengthening of the Australian $ against the Namibian $ over the year. Also a credit of $5,517,000 (2015: $nil) relating to the sale of a royalty over the Etango project which represents its fair value at the date of the completion of the transaction.

*Cash Position*

Cash and cash equivalents were $1,600,000 as at 30 June 2016 (2015: $2,291,000).

Cash outflow from operating activities during the year amounted to $3,145,000 (2015: $1,526,000).

Cash outflow from investing activities during the year amounted to $568,000 (2015: $3,146,000), related primarily to the operation heap leach demonstration plant and optimisation study and acquisition of the minority interest in the Etango Project, offset by the receipt from the sale of a royalty over the Etango Project.

Cash inflow from financing activities during the year amounted to $3,000,000 (2015: $1,855,000), related to the $3 million share placement undertaken during the year.

*Issued Capital*

Issued capital at the end of the financial year amounted to $129,634,000 (2015: $119,468,000). The increase of $10,666,000 (2015: $2,738,000) related to the issue of 20,918,000 shares in satisfaction of interest and the issue of 106,667,000 shares in conversion in December 2015 of the Company's convertible notes held by RCF IV and RCF VI, 63,291,000 shares in relation to the $3 million share placements and 123,425,000 shares issues for acquisition of 20% of the Etango Project in December 2015.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than items already noted elsewhere in this report, there were no additional significant changes in the state of affairs of the Group during the financial year.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Group are set out in the "Etango Uranium Project" on page 7 - 10 of this report.

Disclosure of any further information has not been included in this report, because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Group.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

## SHARE OPTIONS / PERFORMANCE RIGHTS

*Share Options / Performance Rights on Issue*

Details of share options and performance rights in Bannerman as at the date of this report are set out below:

| Security Type | Number | Exercise price | Expiry date |
|---|---|---|---|
| Share Options | 4,504,000 | $0.072 | 22 November 2016 |
| Share Options | 3,664,400 | $0.089 | 15 November 2017 |
| Share Options | 7,846,000 | $0.044 | 15 November 2018 |
| Share Options | 6,000,000 | $0.045 | 25 July 2019 |
| Share Options | 9,000,000 | $0.057 | 25 July 2019 |
| Share Options | 9,000,000 | $0.07 | 25 July 2019 |
| Performance Rights | 3,086,271 | n/a | 15 November 2016 |
| Performance Rights | 1,345,645 | n/a | 22 November 2016 |
| Performance Rights | 500,000 | n/a | 1 January 2017 |
| Performance Rights | 250,000 | n/a | 1 March 2017 |
| Performance Rights | 250,000 | n/a | 1 June 2017 |
| Performance Rights | 7,464,542 | n/a | 15 November 2017 |
| Performance Rights | 7,689,200 | n/a | 15 November 2018 |

*Share Options and Performance Rights issued*

During the financial year 27,846,000 share options (2015: 3,664,400) and 27,751,400 performance rights (2015: 10,717,388) were issued. Subsequent to year end, 4,000,000 share options and 1,000,000 performance rights were issued.

No share option or performance rights holder has any right under the share options or rights to participate in any other share issue of the Company or any other entity.

*Share options exercised*

During or since the end of the financial year, no share options (2015: nil) were exercised.

*Performance Rights vested*

During or since the end of the financial year, 12,759,714 performance rights (2015: 3,809,606) vested.

*Share Options and Performance Rights forfeited or cancelled*

During or since the end of the financial year, no share options (2015: 1,500,000) and 15,481,239 performance rights (2015: 2,355,754) were forfeited or cancelled.

*Share Options expired or lapsed*

During or since the end of the financial year, 1,795,200 share options (2015: 902,500) have expired or lapsed.

## ENVIRONMENTAL DISCLOSURE

The Group is subject to various laws governing the protection of the environment in matters such as air and water quality, waste emission and disposal, environmental impact assessments, mine rehabilitation and access to, and the use of, ground water. In particular, some activities are required to be licensed under environmental protection legislation of the jurisdiction in which they are located and such licenses include requirements specific to the subject site.

So far as the directors are aware, there have been no material breaches of the Company's licence conditions, and all exploration activities have been undertaken in compliance with the relevant environmental regulations.

## INDEMNITIES AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium to insure the directors and officers of the Group against liabilities incurred in the performance of their duties. Under the terms and conditions of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

The officers of the Group covered by the insurance policy include any person acting in the course of duties for the Group who is, or was, a director, executive officer, company secretary or a senior manager within the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers, in their capacity as officers, of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

## PROCEEDINGS ON BEHALF OF THE GROUP

At the date of this report, there are no leave applications or proceedings brought on behalf of the Group under s237 of the *Corporations Act 2001*.

## DIVIDENDS

No dividend has been declared or paid during the year (2015: nil).

## ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable and where noted ($'000)) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

## NON-AUDIT SERVICES

In accordance with the Company's External Auditor Policy, the Company may decide to engage the external audit firm on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor, Ernst & Young, for audit and non-audit services provided during the financial year are set out in Note 5 of the financial report.

The Board of directors, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services detailed in Note 5 of the financial report is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are also satisfied that the provision of these non-audit services did not compromise the auditor independence requirements of the *Corporations Act 2001* because:

- they have no reason to question the veracity of the auditor's independence declaration referred to in the section immediately following this section of the report; and
- the nature of the non-audit services provided is consistent with those requirements.

## AUDITOR'S INDEPENDENCE DECLARATION

Ernst & Young continues as external auditor in accordance with s327 of the *Corporations Act 2001*. The auditor's independence declaration as required under s307C of the *Corporations Act 2001* is set out below and forms part of this report.

Building a better working world

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

As lead auditor for the audit of Bannerman Resources Limited for the year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Robert A Kirkby
Partner
13 September 2016

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RK:JH:BMN:035

## REMUNERATION REPORT (AUDITED)

### INTRODUCTION AND REMUNERATION STRATEGY

The Board of Bannerman is committed to providing a remuneration framework that is designed to attract, motivate and maintain appropriately qualified and experienced individuals whilst balancing the expectations of shareholders. The Company's remuneration policies are structured to ensure a link between Company performance and appropriate rewards, and remuneration for executives involves a combination of both fixed and variable ("at risk") remuneration, including long term incentives to drive the Company's desired results.

In developing the Company's remuneration policy, the Board remains focussed on competitive remuneration packages and long term equity plans, which reward executives for delivering satisfactory performance to shareholders. In this regard, Bannerman has developed equity rewards based on performance hurdles that deliver returns for shareholders.

### SUMMARY

The remuneration report summarises the remuneration arrangements for the reporting period 1 July 2015 to 30 June 2016 for the directors and executives of Bannerman and the Group in office during the financial year.

The information provided in this remuneration report has been audited as required by s308(3C) of the *Corporations Act 2001*.

### KEY MANAGEMENT PERSONNEL

For the purpose of this report, key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) are those persons identified in this section who have authority and responsibility for planning, directing and controlling the activities of the Group, whether directly or indirectly, including any director (whether executive or otherwise) of the parent entity.

The directors and executives considered to be key management personnel of the Group up to the date of this report are the directors and executives set out in Table 1 below.

**Table 1 - Key management personnel**

| Name | Position | Period |
|---|---|---|
| **Non-Executive Directors** | | |
| Ronnie Beevor | Non-Executive Chairman | Full |
| Ian Burvill | Non-Executive Director | Full |
| Clive Jones | Non-Executive Director | Full |
| David Tucker | Non-Executive Director | Full |
| **Executive Director** | | |
| Brandon Munro | Chief Executive Officer and Managing Director | Since 9 March 2016 |
| Len Jubber | Chief Executive Officer and Managing Director | To 8 March 2016 |
| **Other Executive Personnel** | | |
| Werner Ewald | Managing Director - Namibia | Full |

### 1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

#### Board Remuneration, Nomination and Corporate Governance Committee

The Remuneration Committee assists the Board to fulfil its responsibilities to shareholders by ensuring the Group has remuneration policies that fairly and competitively reward executives and the broader Bannerman workforce. The Remuneration Committee's decisions on reward structures are based on the current competitive environment, remuneration packages for executives and employees in the resources industry and the size and complexity of the Group.

The Remuneration Committee's responsibilities include reviewing the Company's remuneration framework and evaluating the performance of the CEO and monitoring the performance of the executive team.

Independent remuneration consultants are engaged by the Remuneration Committee from time to time to ensure the Company's remuneration system and reward practices are consistent with market practices. No remuneration consultants were used in the current year.

### Directors' remuneration policy and structure

Bannerman's non-executive director remuneration policy aims to reward non-executive directors fairly and responsibly having regard to the:

- level of fees paid to directors relative to other comparatively sized exploration and mining companies;
- size and complexity of Bannerman's operations; and
- responsibilities and work requirements of individual Board members.

Fees paid to the non-executive directors of Bannerman are usually reviewed annually by the Remuneration Committee, and based on periodic advice from external remuneration consultants. The Board decided that in light of the operating environment it was appropriate that non-executive director remuneration remained unchanged for the current year.

*Directors' remuneration limits*

Non-executive directors' fees are determined within an aggregated directors' annual fee limit of $750,000, which was last approved by shareholders on 17 September 2008.

*Directors' remuneration framework*

Non-executive directors' remuneration consists of base fees (inclusive of superannuation); annual grants of share rights or share options; and audit committee chairman fees, details of which are set out in Table 2 below. Non-executive directors may also receive an initial grant of share rights or share options at the time of joining the Board. Board fees are not paid to the executive director as the time spent on Board work and the responsibilities of Board membership are considered in determining the remuneration package provided as part of his normal employment conditions.

**Table 2 – Annual Board and committee fees payable to non-executive directors**

| Position | Year ended 30 June 2015 | | Year ended 30 June 2016 | | Year ending 30 June 2017 | |
|---|---|---|---|---|---|---|
| | Cash $ | Share Options / Performance Rights $ | Cash $ | Share Options / Performance Rights $ | Cash $ | Share Options / Performance Rights $ |
| Chairman of the Board | 100,000 | 50,000 | 90,000 | 60,000 | 60,000 | 90,000 |
| Non-Executive Director | 50,000 | 25,000 | 45,000 | 30,000 | 30,000 | 45,000 |
| *Additional fees for:* | | | | | | |
| Chairman of the Audit Committee | 10,000 | - | 9,000 | 1,000 | 6,000 | 4,000 |

Note:
- Mr Ian Burvill elected not to receive the cash component of his fee effective 1 January 2013.
- Share options and rights issued to non-executive directors vest after a 12 month period.
- On 1 April 2016, the Board elected to decrease the cash component of their remuneration by 40%, and replaced it with Share Options or Performance Rights of equivalent value.
- No fees are payable for being a member of a committee or for being the Chairman of a committee other the Chairman of the Audit Committee.

No retirement benefits are paid other than the statutory superannuation contributions of 9.5% required under Australian superannuation guarantee legislation.

The Non-Executive Director Share Incentive Plan ("**NEDSIP**"), as approved by shareholders on 25 July 2016, allows for the provision of either share rights or share options to directors. Under the NEDSIP, the Company's non-executive directors will receive one-third of their director's fees plus the equivalent of 40% of the cash component of their director's fees in the form of either share rights or share options. The directors consider that the issue of share rights or share options to non-executive directors as part of their remuneration package is reasonable and appropriate given:

(a) it is a cost effective and efficient reward for service. The issue of share rights or share options in lieu of cash payments preserves the Company's cash resources and reduces on-going costs which is a significant aspect while the Company remains in a development phase; and
(b) in part, it aligns remuneration with the future growth and prospects of the Company and the interests of shareholders by encouraging non-executive director share ownership.

Refer to Table 7 in Section 4 for details of the number and value of share options and share rights issued to non-executive directors during the year.

As part of the Company's Securities Trading Policy, the Company prohibits directors from entering into arrangements to protect the value of unvested incentive awards. This includes entering into contracts to hedge exposure to share options, share rights or shares granted as part of their remuneration packages.

The Board assesses the appropriateness, nature and amount of remuneration paid to non-executive directors on a periodic basis, including the granting of equity based payments, and considers it appropriate to grant share options or share rights to non-executive directors with the overall objective of retaining a high quality Board whilst preserving cash reserves.

### Executive remuneration policy and structure

Bannerman's executive remuneration policy is designed to reward the CEO and other senior executives. The main principles underlying Bannerman's executive remuneration policy are to:

- provide competitive rewards to attract, retain and motivate executives;
- set levels of performance which are clearly linked to an executive's remuneration;
- structure remuneration at a level which reflects the executive's duties and accountabilities;
- set a competitive level of remuneration that is sufficient and reasonable;
- align executive incentive rewards with the creation of value for shareholders; and
- comply with applicable legal requirements and appropriate standards of governance.

*Executive remuneration structure*

Bannerman's remuneration structure for the CEO and senior executives for the year ended 30 June 2016 was divided into two principal components:

- base pay and benefits, including superannuation; and
- variable annual reward, or "at risk" component, by way of the issue of long term share-based incentives.

Performance reviews for all senior executives are conducted on an annual basis. The performance of each senior executive is measured against pre-determined key performance indicators. The most recent performance reviews were completed in November 2015.

*Base pay*

The base pay component of executive remuneration comprises base salary, statutory superannuation contributions and other allowances where applicable. It is determined by the scope of each executive's role, working location, level of knowledge, skill and experience along with the executive's individual performance. There is no guarantee of base pay increases included in any executive's contract.

Bannerman benchmarks this component of executive remuneration against appropriate market comparisons using information from similar companies and, where applicable, advice from external consultants.

*Short-term incentive component (STI)*

During the year there were no STI awards granted.

*Long-term incentive component (LTI)*

The LTI awards are aimed specifically at creating long term shareholder value and the retention of employees. The Company has implemented an Employee Incentive Plan ("**EIP**") which enables the provision of share options or performance rights to executives and employees.

During the 2016 financial year, performance rights which will vest subject to pre-defined performance hurdles were allocated to all executives. The grant of performance rights aims to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. Refer to Table 7 in Section 4 for the number and value of performance rights issued to executives during the year.

*Performance measures to determine vesting*

The vesting of half of the performance rights is subject to the Company's relative Total Shareholder Return ("**TSR**") as measured by share price performance (allowing for the reinvestment of dividends) over the life of the performance rights, versus a comparator group of uranium development companies. The vesting of the other half is subject to the attainment of defined individual and group performance criteria, chosen to align the interests of employees with shareholders, representing key drivers for delivering long term value. Group and individual performance measures are weighted and specify performance required to meet or exceed expectations. The performance measures for the 2016 performance rights related to:

- Safety - total recordable incidents and significant environmental incidents.
- Operational – execution of company development and operational plans.
- Capital - maintaining adequate working capital and achieving operating budgets.
- Regulatory - obtaining timely renewal of licences.
- Corporate - execution of transactions mandated by the Board.

Relative TSR was selected as a LTI performance measure given it ensures an alignment between comparative shareholder return and reward for executives, and minimises the effects of market cycles and commodity price changes.

The comparator group includes the following uranium development companies:

| | | | |
|---|---|---|---|
| A-Cap Resources | Energy Fuels Inc. | Mega Uranium Limited | U3O8 Corp. |
| Aura Energy Limited | Forsys Metals Corp. | Plateau Uranium Inc. | Uranium Resources Inc |
| Azarga Uranium Corp. | Kivalliq Energy Corporation | Peninsula Energy Limited | Ur-Energy Inc. |
| Berkeley Resources Limited | Laramide Resources Limited | Toro Energy Limited | Vimy Resources Limited |
| Deep Yellow Limited | | | |

The Board has updated, in 2016, the members of the comparator group to ensure it is reflective of the Company's peers. The limitation to uranium-focused development companies seeks to ensure that the TSR calculation is not materially impacted by price movements of other commodities.

The comparator group is composed of Australian and foreign uranium development companies chosen to reflect the Group's competitors for capital and talent. The Group's performance against the measure is determined according to Bannerman's ranking against the companies in the TSR group over the performance period. The vesting schedule is as follows:

**Table 3 – TSR Vesting Schedule**

| Relative TSR performance outcome | Percentage of award that will vest |
|---|---|
| Below or at the 25$^{th}$ percentile | 0% |
| Between the 25$^{th}$ and 75$^{th}$ percentile | Scale applicable whereby every 1 percentile equates to 2% vesting |
| At or above the 75$^{th}$ percentile | 100% |

*Termination and change of control provisions*

Where an executive ceases employment prior to the vesting of an award, the incentives are forfeited unless the Board applies its discretion to allow vesting at or post cessation of employment in appropriate circumstances.

In the event of a change of control of the Group, the performance period end date will generally be brought forward to the date of the change of control and the share options and rights will vest in full, subject to ultimate Board discretion.

*No hedging of LTIs*

As part of the Company's Securities Trading Policy, the Company prohibits executives from entering into arrangements to protect the value of unvested LTI awards. This includes entering into contracts to hedge exposure to share options, performance rights or shares granted as part of their remuneration package.

## 2. DETAILS OF REMUNERATION

### Non-Executive Directors' Remuneration

Details of the nature and amount of remuneration of Bannerman's non-executive directors for the year ended 30 June 2016 are as follows:

**Table 4 – Non-executive director remuneration**

| | | Short-term | | Post Employment | Sub-total | Share Based Payments | Total | Performance Related |
|---|---|---|---|---|---|---|---|---|
| | Year | Base Fees $ | Other $ | Superannuation $ | $ | Options / Rights $ | $ | % |
| **Non-Executive Directors** | | | | | | | | |
| Ronnie Beevor | 2016 | 90,000 | - | - | 90,000 | 45,723 | 135,723 | - |
| | 2015 | 100,000 | - | - | 100,000 | 50,176 | 150,176 | - |
| Ian Burvill (i) | 2016 | - | - | - | - | 22,861 | 22,861 | - |
| | 2015 | - | - | - | - | 25,089 | 25,089 | - |
| Clive Jones | 2016 | 41,095 | - | 3,905 | 45,000 | 22,861 | 67,861 | - |
| | 2015 | 45,662 | - | 4,338 | 50,000 | 25,089 | 75,089 | - |
| David Tucker | 2016 | 21,357 | 9,000 | 23,643 | 54,000 | 20,095 | 74,095 | - |
| | 2015 | 20,876 | 10,000 | 29,124 | 60,000 | 25,089 | 85,089 | - |
| **Total** | **2016** | **152,452** | **9,000** | **27,548** | **189,000** | **111,540** | **300,540** | - |
| | 2015 | 166,538 | 10,000 | 33,462 | 210,000 | 125,443 | 335,443 | - |

(i) Mr Ian Burvill elected not to receive the cash component of his fee effective 1 January 2013.
(ii) On 1 April 2016, the Board elected to decrease the cash component of their remuneration by 40%, and replaced with Share Options or Performance Rights of equivalent value.

The category of "Other" includes payments for Chairman of the Audit Committee as well as extra services and consultancy fees for specific duties, as approved by the Board.

### Executive Remuneration

Details on the nature and amount of remuneration of Bannerman's executives for the year ended 30 June 2016 are as follows.

**Table 5 – Executive remuneration**

| | Year | Short–term | | Post Employment | Sub-total | Share Based Payments | Total | Performance Related |
|---|---|---|---|---|---|---|---|---|
| | | Salary & Fees $ | Other $ | Superannuation $ | $ | Options / Performance Rights $ | $ | % |
| **Executive Director** | | | | | | | | |
| Brandon Munro (i) | 2016 | 62,617 | - | 5,949 | 68,566 | 88,085 | 156,651 | 56.2 |
| | 2015 | - | - | - | - | - | - | - |
| Len Jubber (ii) | 2016 | 251,450 | 100,000 | 41,239 | 392,689 | 112,976 | 505,665 | 22.3 |
| | 2015 | 365,297 | - | 34,703 | 400,000 | 216,445 | 616,445 | 35.1 |
| **Other Executive Personnel** | | | | | | | | |
| Werner Ewald (iii) | 2016 | 142,458 | 49,878 | 39,852 | 232,188 | 96,658 | 328,846 | 29.4 |
| | 2015 | 164,393 | 47,734 | 37,309 | 249,436 | 104,285 | 353,721 | 29.5 |
| **Total** | **2016** | **456,525** | **149,878** | **87,040** | **693,443** | **297,719** | **991,162** | **-** |
| | 2015 | 529,690 | 47,734 | 72,012 | 649,436 | 320,730 | 970,166 | - |

(i) Mr Munro commenced employment on 9 March 2016.
(ii) Mr Jubber resigned effective 8 March 2016. The category of "Other" includes payments for notice in lieu.
(iii) Mr Ewald's contract is denominated in Namibian dollars.

## 3. SERVICE AGREEMENTS

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation.

Remuneration and other terms of employment for the CEO and the other executives are also formalised in service agreements. Major provisions of the agreements relating to remuneration are summarised below.

### Remuneration of the Chief Executive Officer(s)

Mr Munro was appointed on 9 March 2016 as CEO and Managing Director. Under the employment contract with Mr Munro, he is entitled to receive an annual salary, superannuation, and LTI awards (grant of share options or performance rights, which are subject to performance hurdles). Details of Mr Munro's contract and remuneration are follows:

*Annual Salary*

Mr Munro's annual salary is $220,000 per annum inclusive of 9.5% superannuation. Upon achieving certain key performance indicators, Mr Munro's salary may increase to $300,000 per annum inclusive of 9.5% superannuation at the Board's discretion.

*Short term incentives*

No short term incentive is payable.

Long term incentives

Mr Munro's employment contract provided for the grant of 20,000,000 share options, subject to shareholder approval, which was duly obtained on 25 July 2016. Mr Munro also participated in a share placement of 2,000,000 ordinary shares at $0.03.

*Termination Benefits*

Mr Munro is entitled to 6 months' annual salary if his employment is terminated other than for cause, plus statutory entitlements for annual leave. The contract also provides that Mr Munro's employment may be terminated with three months' notice by either party.

Mr Jubber was appointed on 17 November 2008 as CEO and Managing Director and resigned effective 8 March 2016. Under the employment contract with Mr Jubber, he was entitled to receive an annual salary, superannuation, and LTI awards (grant of share options or performance rights, which were subject to performance hurdles). Details of Mr Jubber's contract and remuneration were as follows:

*Annual Salary*

Effective 10 April 2012, following completion of the Board-approved DFS on the Etango Project, Mr Jubber's annual salary increased from $400,000 per annum to $462,500 per annum (rate set in 2008), inclusive of 9% superannuation. Contractually Mr Jubber was entitled to an annual salary of $525,000 upon attainment of development finance for the Etango Project.

In recognition of the current adverse uranium and capital markets and the resultant low share price, Mr Jubber voluntarily implemented a 13.5% reduction in his personal remuneration with effect from 1 July 2013.

*Short term incentives*

No short term incentive is payable.

Long term incentives

During the year, Mr Jubber was granted 13,793,100 performance rights subject to shareholder approval, which was obtained in December 2015. The performance rights were offered and the terms and conditions were agreed to and accepted by Mr Jubber. The rights were subject to performance hurdles and lapsed if Mr Jubber left the employment of the Group and immediately vest in the event of a change of control. As part of Mr Jubber's resignation the Board applied its discretion and approved the vesting of 8,040,205 Performance Rights pursuant to the terms of the Employee Incentive Plan. Refer to Table 7 on page 23.

*Termination Benefits*

Mr Jubber was entitled to 6 months' annual salary if his employment was terminated other than for cause, plus statutory entitlements for annual leave. The contract also provides that Mr Jubber's employment may be terminated with three months' notice by either party. Mr Jubber resigned effective 9 March 2016

## Contracts for executives – employed in the Group as at 30 June 2016

A summary of the key contractual provisions for each of the current key management personnel is set out in Table 6 below.

**Table 6 - Contractual provisions for executives engaged as at 30 June 2016**

| Name and job title | Employing company | Contract duration | Notice period company | Notice period employee | Termination provision |
|---|---|---|---|---|---|
| Brandon Munro – CEO & Managing Director | Bannerman Resources Limited | No fixed term | 3 months | 3 months | 6 months base salary and accrued leave entitlements if terminated by the Company. |
| Werner Ewald – Managing Director Namibia | Bannerman Mining Resources (Namibia) (Pty) Ltd | No fixed term | 3 months | 3 months | 6 months base salary and accrued leave entitlements if terminated by the Company. |

## 4. SHARE-BASED COMPENSATION

Key management personnel are eligible to participate in the company's NEDSIP or EIP.

### Long Term Incentives

The details of share options and performance rights over Bannerman shares issued and/or vested pursuant to the NEDSIP and EIP during the year which affects the remuneration of the key management personnel in office at the end of the reporting period are set out in Table 7 below. The performance hurdles for the performance rights issued to executives relate to the Company's relative TSR and defined individual and group performance targets, including operational targets and safety performance.

Share options and performance rights do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

**Table 7 – Key terms over share options and share rights issued, vested and lapsed to key management personnel during the year ended 30 June 2016**

| Name | Year | Grant date (i) | Type of Award | No. Granted | Exercise price | Accounting fair value per right / share option at grant date | Performance Hurdles | Vesting date | Expiry date | No. vested during the year | No. lapsed during the year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | | | | | | | |
| Ronnie Beevor | 2016 | 12-Feb-16 | Share Options | 3,923,400 | $0.044 | $0.0127 | - | 15-Nov-16 | 15-Nov-18 | - | - |
| | 2015 | 18-Dec-14 | Share Options | - | $0.089 | $0.027 | - | 15-Nov-15 | - | 1,832,000 | - |
| Ian Burvill | 2016 | 12-Feb-16 | Share Options | 1,961,500 | $0.044 | $0.0127 | - | 15-Nov-16 | 15-Nov-18 | - | - |
| | 2015 | 18-Dec-14 | Share Options | - | $0.089 | $0.027 | - | 15-Nov-15 | - | 916,100 | - |
| | 2013 | 21-Nov-12 | Share Options | - | $0.12 | $0.0366 | - | 21-Nov-13 | - | - | 683,800 |
| Clive Jones | 2016 | 12-Feb-16 | Share Options | 1,961,500 | $0.044 | $0.0127 | - | 15-Nov-16 | 15-Nov-18 | - | - |
| | 2015 | 18-Dec-14 | Share Options | - | $0.089 | $0.027 | - | 15-Nov-15 | - | 916,100 | - |
| | 2013 | 21-Nov-12 | Share Options | - | $0.12 | $0.0366 | - | 21-Nov-13 | - | - | 683,800 |
| David Tucker | 2016 | 12-Feb-16 | Share Rights | 862,100 | N/A | $0.028 | - | 15-Nov-16 | 15-Nov-16 | - | - |
| | 2015 | 18-Dec-14 | Share Rights | - | N/A | $0.059 | - | 15-Nov-15 | - | 423,700 | - |

Share options and share rights granted to non-executive directors are not subject to performance hurdles but are subject to continuous service. They have been issued as a cost effective and efficient reward for service and in part aligns remuneration with the future growth of the Company.

**Table 7 (continued) – Key terms over share options and performance rights issued, vested and lapsed to key management personnel during the year ended 30 June 2016**

| Name | Year | Grant date (i) | Type of Award | No. Granted | Exercise price | Accounting fair value per right / share option at grant date | Performance Hurdles | Vesting date | Expiry date | No. vested during the year | No. lapsed during the year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Executive Director** | | | | | | | | | | | |
| Brandon Munro (iii) | 2016 | 25-Jul-16 | Share Options | 5,000,000 | A$0.045 | A$0.011 | Continuous employment | 8-Jun-16 | 25-Jul-19 | 5,000,000 | - |
| | | 25-Jul-16 | Share Options | 7,500,000 | A$0.057 | A$0.009 | Continuous employment | 8-Mar-17 | 25-Jul-19 | - | - |
| | | 25-Jul-16 | Share Options | 7,500,000 | A$0.07 | A$0.008 | Continuous employment | 8-Mar-18 | 25-Jul-19 | - | - |
| Len Jubber (iv) | 2016 | 29-Dec-15 | Performance Rights | 13,793,100 | N/A | 6,896,550 @ A$0.027 | Relative TSR | 15-Nov-18 | 15-Nov-18 | 1,241,379 | 5,655,171 |
| | | | | - | N/A | 6,896,550 @ A$0.03 | Operational targets | 15-Nov-18 | 15-Nov-18 | 1,839,080 | 5,057,470 |
| | 2015 | 4-Nov-14 | Performance Rights | - | N/A | A$0.05 | Relative TSR | 15-Nov-17 | - | 661,021 | 1,881,366 |
| | | | | | N/A | A$0.054 | Operational targets | 15-Nov-17 | - | 1,423,737 | 1,118,651 |
| | 2014 | 11-Dec-13 | Performance Rights | - | N/A | A$0.048 | Relative TSR | 22-Nov-16 | - | 1,666,660 | - |
| | | | | - | N/A | A$0.054 | Operational targets | 22-Nov-16 | - | 1,208,328 | 874,997 |
| | 2013 | 21-Dec-12 | Performance Rights | - | N/A | A$0.071 | Relative TSR | 21-Nov-15 | - | 1,170,360 | - |
| | | | | - | N/A | A$0.079 | Operational targets | 21-Nov-15 | - | 1,300,416 | 162,534 |
| **Executive** | | | | | | | | | | | |
| Werner Ewald | 2016 | 12-Feb-16 | Performance Rights | 4,815,600 | N/A | 2,407,800 @ A$0.025 | Relative TSR | 15-Nov-18 | 15-Nov-18 | - | - |
| | | | | - | N/A | 2,407,800 @A$0.028 | Operational targets | 15-Nov-18 | 15-Nov-18 | - | - |
| | 2015 | 18-Dec-14 | Performance Rights | - | N/A | A$0.08 | Operational targets | 15-Nov-17 | - | - | 113,512 |
| | 2013 | 13-Dec-12 | Performance Rights | - | N/A | A$0.063 | Relative TSR | 21-Nov-15 | - | 415,471 | 51,928 |
| | | | | - | N/A | A$0.071 | Operational targets | 21-Nov-15 | - | 401,964 | - |

(i) The grant date in the table above refers to the actual issue date of the share options or rights; however for accounting purposes the grant date is recognised as the date that the Company's obligation for the share options or rights arose.
(ii) Operational targets refer to the performance measures discussed on page 20 of this report.
(iii) The grant and vesting of Brandon Munro's options were subject to shareholder approval, obtained on 25 July 2016. The fair value disclosed is the estimated fair value as at 30 June 2016 as the options have not been granted.
(iv) Performance rights were forfeited on resignation as per the terms of the EIP. The Board applied its discretion in issuing 8,040,205 ordinary shares to Mr Jubber in accordance with the EIP. These were accounted for as replacement awards with the fair value being the share price at date of issue.

All unvested share options and rights lapse on cessation of employment, unless otherwise approved by the Board or under special circumstances such as retirement or redundancy. All share options and rights issued to key management personnel vest immediately in the event of a change of control in Bannerman.

*Other remuneration information*

Further details relating to share options and rights and the proportion of key management personnel remuneration related to equity compensation during the year are tabulated below.

**Table 8 – Value of share options and performance rights issued and exercised during the year ended 30 June 2016**

| | Type | Proportion of remuneration consisting of options / rights for the year(1) % | Value of options / rights granted during the year(2) $ | Value of options exercised / rights vested during the year(3) $ |
|---|---|---|---|---|
| **Directors** | | | | |
| Ronnie Beevor | Share Options | 34% | 50,000 | - |
| Brandon Munro(4) | Share Options | 56% | 185,693 | - |
| Len Jubber | Performance Rights | 22% | 393,104 | 332,625 |
| Ian Burvill | Share Options | 100% | 25,000 | - |
| Clive Jones | Share Options | 34% | 25,000 | - |
| David Tucker | Share Rights | 27% | 25,000 | 15,677 |
| **Executives** | | | | |
| Werner Ewald | Performance Rights | 29% | 147,566 | 27,793 |

(1) Calculated based on Tables 4 and 5 as the share-based expense for the year as a percentage of total remuneration. The percentage of total remuneration varies among each director given the impact of consulting or other fees paid during the financial year.
(2) Based on fair value at time of grant per AASB 2. For details on the valuation of the options and rights, including models and assumptions used, refer to Note 21.
(3) Calculated based on the fair value of the Company's shares on date of vesting.
(4) The granting of Mr Munro's options were approved at a Shareholder meeting on 25 July 2016.

Other than detailed above in Table 7 there were no other alterations to the terms and conditions of the share options / rights awarded as remuneration since their award date.

**Table 9 – Share options and performance rights holdings of key management personnel (i)**

| 30 June 2016 | Type | Opening Balance 1 July 2015 | Granted as Remuneration | Exercised / converted / lapsed | Net Change Other | Closing Balance 30 June 2016 | Vested at 30 June 2016 Total | Exercisable | Not exercisable |
|---|---|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | | | |
| Ronnie Beevor | Options | 4,084,200 | 3,923,000 | - | - | 8,007,200 | 4,084,200 | 4,084,200 | - |
| Brandon Munro (ii) | Options | - | 20,000,000 | - | - | 20,000,000 | 5,000,000 | - | 5,000,000 |
| Len Jubber | Rights | 11,468,070 | 13,793,100 | (10,510,981) | (14,750,189) | - | - | - | - |
| Ian Burvill (iii) | Options | 2,725,900 | 1,961,500 | - | (683,800) | 4,003,600 | 2,042,100 | 2,042,100 | - |
| Clive Jones | Options | 2,725,900 | 1,961,500 | - | (683,800) | 4,003,600 | 2,042,100 | 2,042,100 | - |
| David Tucker | Rights | 423,700 | 862,100 | (423,700) | - | 862,100 | - | - | - |
| | | 21,427,770 | 42,501,200 | (10,934,681) | (16,117,789) | 36,876,500 | 13,168,400 | 8,168,400 | 5,000,000 |
| **Executives** | | | | | | | | | |
| Werner Ewald | Rights | 4,106,884 | 4,815,600 | (817,436) | (165,440) | 7,939,608 | - | - | - |
| | | 4,106,884 | 4,815,600 | (817,436) | (165,440) | 7,939,608 | - | - | - |

(i) Includes share options and performance rights held directly, indirectly and beneficially by key management personnel.
(ii) These options although vested were not exercisable until shareholder approval, which was obtained on 25 July 2016.
(iii) These share options are held by Resource Capital Funds Management Pty Ltd, and are noted above against the relevant RCF representative director.

**Table 10 – Shareholdings of key management personnel (i)**

| 30 June 2016 | Opening Balance 1 July 2015 | Granted as Remuneration | Received on Exercise of Share options / conversion of rights | (Sales) Purchases | Net Change Other | Closing Balance 30 June 2016 |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| Ronnie Beevor | 2,320,643 | - | - | - | - | 2,320,643 |
| Brandon Munro | - | - | - | - | - | - |
| Len Jubber (ii) | 10,223,828 | - | 10,510,981 | - | (21,349,600) | - |
| Ian Burvill | - | - | - | - | - | - |
| Clive Jones (iii) | 15,495,401 | - | - | - | 61,712,267 | 77,207,668 |
| David Tucker | 1,889,575 | - | 423,700 | - | - | 2,313,275 |
| **Executives** | | | | | | |
| Werner Ewald | 2,627,227 | - | 817,436 | - | - | 3,444,663 |
| | 33,171,465 | - | 11,752,117 | - | 40,362,667 | 85,286,249 |

(i) Includes shares held directly, indirectly and beneficially by key management personnel.
(ii) Mr Jubber resigned effective 8 March 2016.
(iii) Net Other Change relates to approximately 123.4 million new shares and A$1 million in cash received as consideration for the acquisition of the 20% non-controlling interest in the Etango Project.

All equity transactions with key management personnel other than those arising from the exercise of remuneration share options or asset acquisition share options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length

**Table 11 – Shares issued on exercise of performance rights during the year ended 30 June 2016**

| | Shares issued # | Paid per share $ | Unpaid per share $ |
|---|---|---|---|
| **Directors** | | | |
| Len Jubber | 10,510,981 | - | - |
| David Tucker | 423,700 | - | - |
| **Executives** | | | |
| Werner Ewald | 817,436 | - | - |

## 5. ADDITIONAL INFORMATION

### Performance over the Past 5 Years

The objective of the LTI program is to reward and incentivise non-executive directors and executives in a manner which aligns with the creation of shareholder wealth. Bannerman's performance during 2015/16 and the previous four financial years are tabulated in Table 12 below:

**Table 12 – Bannerman's performance for the past five years**

| Year ended 30 June | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| Net loss after tax ($'000) | (152) | (4,241) | (2,421) | (5,688) | (9,600) |
| Net assets ($'000) | 50,610 | 53,117 | 51,086 | 56,685 | 64,453 |
| Market capitalisation ($ '000's) at 30 June | 19,000 | 19,000 | 23,000 | 19,000 | 36,000 |
| Closing share price ($) | $0.027 | $0.049 | $0.07 | $0.06 | $0.12 |

## END OF REMUNERATION REPORT (AUDITED)

This report is made in accordance with a resolution of the directors.

**Brandon Munro**
**CEO and Managing Director**
Perth, 13 September 2016

## TECHNICAL DISCLOSURES

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

Mineral Resources include Ore Reserves (Mineral Reserves).

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

The information in this report relating to the Ore Reserves of the Etango Project is based on information prepared by Mr Leon Fouché, extracted from the Technical Reports. Mr Fouché is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Fouché is a full-time employee of the Company. Mr Fouché has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and a Qualified Person as defined by Canadian National Instrument 43-101. Mr Fouché consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 30 JUNE 2016**
**(EXPRESSED IN AUSTRALIAN DOLLARS)**

| | Note | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|---|
| Interest revenue | 2 | 30 | 75 |
| Other income | 3 | 4,426 | 14 |
| | | | |
| Employee benefits | 4(a) | (1,538) | (1,556) |
| Borrowing costs | 4(b) | (1,227) | (2,104) |
| Compliance and regulatory expenses | | (315) | (236) |
| Depreciation expense | | (53) | (88) |
| Other expenses | 4(c) | (1,620) | (846) |
| | | | |
| **Loss before income tax** | | **(297)** | **(4,741)** |
| Income tax benefit | 6 | 145 | 500 |
| | | | |
| **Net loss for the year** | | **(152)** | **(4,241)** |
| | | | |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation | 15(b) | (8,605) | 2,999 |
| | | | |
| **Other comprehensive income for the year** | | **(8,605)** | **2,999** |
| | | | |
| **Total comprehensive loss** | | **(8,757)** | **(1,242)** |
| | | | |
| Loss is attributable to: | | | |
| Equity holders of Bannerman Resources Limited | | (113) | (4,137) |
| Non-controlling interest | | (39) | (104) |
| | | | |
| | | **(152)** | **(4,241)** |
| Total comprehensive loss is attributable to: | | | |
| Equity holders of Bannerman Resources Limited | | (8,638) | (1,162) |
| Non-controlling interest | | (119) | (80) |
| | | | |
| | | **(8,757)** | **(1,242)** |
| | | | |
| **Basic and diluted loss per share to the ordinary equity holders of the Company (cents per share):** | 18 | **(0.02)** | **(1.21)** |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2016
## (EXPRESSED IN AUSTRALIAN DOLLARS)

| | Note | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | 1,600 | 2,291 |
| Other receivables | 8 | 27 | 166 |
| Other | | 107 | 82 |
| **TOTAL CURRENT ASSETS** | | 1,734 | 2,539 |
| **NON CURRENT ASSETS** | | | |
| Other receivables | 8 | 15 | 15 |
| Property, plant and equipment | 9 | 722 | 872 |
| Exploration and evaluation expenditure | 10 | 48,759 | 61,262 |
| **TOTAL NON CURRENT ASSETS** | | 49,496 | 62,149 |
| **TOTAL ASSETS** | | **51,230** | **64,688** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | 160 | 693 |
| Provisions | | 90 | 198 |
| **TOTAL CURRENT LIABILITIES** | | 250 | 891 |
| **NON CURRENT LIABILITIES** | | | |
| Interest bearing liabilities | 12 | - | 10,281 |
| Provisions | 13 | 370 | 399 |
| **TOTAL NON CURRENT LIABILITIES** | | 370 | 10,680 |
| **TOTAL LIABILITIES** | | **620** | **11,571** |
| **NET ASSETS** | | **50,610** | **53,117** |
| **EQUITY** | | | |
| Contributed equity | 14 | 129,634 | 119,468 |
| Reserves | 15 | 22,003 | 35,590 |
| Accumulated losses | | (101,027) | (100,914) |
| **TOTAL PARENT ENTITY INTEREST** | | **50,610** | **54,144** |
| Non-controlling interest | | - | (1,027) |
| **TOTAL EQUITY** | | **50,610** | **53,117** |

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

# CONSOLIDATED CASH FLOW STATEMENT
## FOR THE YEAR ENDED 30 JUNE 2016
## (EXPRESSED IN AUSTRALIAN DOLLARS)

| | Note | Consolidated 2016 $'000 | 2015 $'000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Payments to suppliers and employees | | (3,321) | (2,101) |
| Interest received | | 31 | 75 |
| R&D tax incentive received | | 145 | 500 |
| *Net cash flows used in operating activities* | 19 | (3,145) | (1,526) |
| **Cash Flows From Investing Activities** | | | |
| Payments for exploration and evaluation | | (1,542) | (3,124) |
| Acquisition of non-controlling interest in exploration project | | (1,000) | - |
| Sale of a royalty | | 2,000 | - |
| Purchase of property, plant & equipment | | (26) | (47) |
| Proceeds from disposal of property, plant & equipment | | - | 25 |
| *Net cash flows used in investing activities* | | (568) | (3,146) |
| **Cash Flows from Financing Activities** | | | |
| Proceeds from issue of shares | | 3,000 | 2,000 |
| Transaction costs of financing | | - | (145) |
| *Net cash flows provided by financing activities* | | 3,000 | 1,855 |
| **Net (decrease) / increase in cash and cash equivalents** | | (713) | (2,817) |
| **Cash and cash equivalents at beginning of year** | | 2,291 | 5,112 |
| Net foreign exchange differences | | 22 | (4) |
| **Cash and cash equivalents at end of year** | 7 | **1,600** | **2,291** |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2016
## (EXPRESSED IN AUSTRALIAN DOLLARS)

| | Issued Capital Note 14 | Accumulated Losses | Share Based Payment Reserve Note 15(a) | Foreign Currency Reserve Note 15(b) | Asset Revaluation Reserve Note 15(c) | Convertible Note Reserve Note 15 (d) | Equity Reserve Note 15 (e) | Non-controlling Interest Note 27 | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 July 2015** | **119,468** | **(100,914)** | **54,058** | **(22,673)** | **167** | **4,038** | **-** | **(1,027)** | **53,117** |
| Loss for the period | - | (113) | - | - | - | - | - | (39) | (152) |
| Other comprehensive loss | - | - | - | (8,525) | - | - | - | (80) | (8,605) |
| *Total comprehensive loss for the period* | - | (113) | - | (8,525) | - | - | - | (119) | (8,757) |
| Acquisition of Non-controlling interest | 3,456 | - | - | - | - | - | (5,602) | 1,146 | (1,000) |
| Shares issued during the period | 6,710 | - | - | - | - | - | - | - | 6,710 |
| Share-based payments | - | - | 540 | - | - | - | - | - | 540 |
| **Total Equity at 30 June 2016** | **129,634** | **(101,027)** | **54,598** | **(31,198)** | **167** | **4,038** | **(5,602)** | **-** | **50,610** |

| | Issued Capital Note 14 | Accumulated Losses | Share Based Payment Reserve Note 15(a) | Foreign Currency Reserve Note 15(b) | Asset Revaluation Reserve Note 15(c) | Convertible Note Reserve Note 15 (d) | Equity Reserve Note 15 (e) | Non-controlling Interest Note 27 | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 July 2014** | **116,730** | **(96,777)** | **53,523** | **(25,648)** | **167** | **4,038** | **-** | **(947)** | **51,086** |
| Loss for the period | - | (4,137) | - | - | - | - | - | (104) | (4,241) |
| Other comprehensive income / (loss) | - | - | - | 2,975 | - | - | - | 24 | 2,999 |
| *Total comprehensive income /(loss) for the period* | - | (4,137) | - | 2,975 | - | - | - | (80) | (1,242) |
| Shares issued during the period | 2,883 | - | - | - | - | - | - | - | 2,883 |
| Shares issue costs | (145) | - | - | - | - | - | - | - | (145) |
| Share-based payments | - | - | 535 | - | - | - | - | - | 535 |
| **Total Equity at 30 June 2015** | **119,468** | **(100,914)** | **54,058** | **(22,673)** | **167** | **4,038** | **-** | **(1,027)** | **53,117** |

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

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

**Corporate Information**

This financial report of Bannerman for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 13 September 2016.

Bannerman is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the Namibian Stock Exchange.

**Basis of Preparation and Accounting Policies**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has also been prepared on an historical cost basis, except for land and buildings which has been measured at fair value.

The financial report covers the consolidated entity comprising Bannerman and its controlled entities (the "**Group**").

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission (ASIC) Class Order 2016/191. The Company is an entity to which the Class Order applies.

For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

**Statement of Compliance**

The financial report complies 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.

**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.

(EXPRESSED IN AUSTRALIAN DOLLARS)

**New Accounting Standards and Interpretations**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

From 1 July 2015, the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on 1 July 2015. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new Standards or Interpretations.

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2015:

| Reference | Title | Summary |
|---|---|---|
| AASB 2013-9 | *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* | The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.<br><br>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.<br><br>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.<br><br>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 Financial Instruments. |
| AASB 2015-3 | *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* | The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. |

Australian Accounting Standards and interpretations which have recently been issued or amended but are not yet effective have not been early-adopted by the Group for the annual reporting period ending 30 June 2016. These standards and interpretations are tabulated below:

| Reference | Title | Summary | Application date of standard | Application date for Group | Impact on Group Accounting Policies |
|---|---|---|---|---|---|
| AASB 9 | *Financial Instruments* | AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting.<br><br>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.<br>Classification and measurement<br><br>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.<br><br>The main changes are described below.<br>*Financial assets*<br><br>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the | 1 Jan 2018 | 1 Jul 2018 | The Group has yet to fully assess the impact of these amendments on the financial statements. |

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| Reference | Title | Summary | Application date of standard | Application date for Group | Impact on Group Accounting Policies |
|---|---|---|---|---|---|
| | | characteristics of the contractual cash flows.<br><br>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.<br><br>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.<br><br>*Financial liabilities*<br><br>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.<br>Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:<br><br>► The change attributable to changes in credit risk are presented in other comprehensive income (OCI)<br><br>► The remaining change is presented in profit or loss<br><br>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.<br><br>*Impairment*<br><br>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.<br><br>Hedge accounting<br><br>Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.<br>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.<br>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.<br>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015. | | | |

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| Reference | Title | Summary | Application date of standard | Application date for Group | Impact on Group Accounting Policies |
|---|---|---|---|---|---|
| AASB 2014-3 | Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11] | AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:<br><br>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and<br><br>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.<br><br>This Standard also makes an editorial correction to AASB 11. | 1 Jan 2016 | 1 Jul 2016 | The Group has yet to fully assess the impact of these amendments on the financial statements. |
| AASB 2014-4 | Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138) | AASB 116 *Property Plant and Equipment* and AASB 138 *Intangible Assets* both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.<br><br>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.<br><br>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. | 1 Jan 2016 | 1 Jul 2016 | The amendments to this standard are not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application. |
| AASB 15 | Revenue from Contracts with Customers | AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).<br><br>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:<br><br>(a) Step 1: Identify the contract(s) with a customer<br>(b) Step 2: Identify the performance obligations in the contract<br>(c) Step 3: Determine the transaction price | 1 Jan 2018 | 1 Jul 2018 | The Group has yet to fully assess the impact of these amendments on the financial statements. |

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| Reference | Title | Summary | Application date of standard | Application date for Group | Impact on Group Accounting Policies |
|---|---|---|---|---|---|
| | | (d) Step 4: Allocate the transaction price to the performance obligations in the contract<br>(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.<br><br>AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.<br><br>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.<br><br>AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15* amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15. | | | |
| AASB 1057 | Application of Australian Accounting Standards | This Standard lists the application paragraphs for each Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible.<br><br>The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities. | 1 Jan 2016 | 1 Jul 2016 | This standard is not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application. |
| AASB 2014-9 | Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements | AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.<br><br>AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted. | 1 Jan 2016 | 1 Jul 2016 | This standard is not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application. |
| AASB 2014-10 | Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | AASB 2014-10 amends AASB 10 C*onsolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:<br><br>(a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and<br><br>(b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10.<br><br>AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2018. Early adoption permitted. | 1 Jan 2018 | 1 Jul 2018 | The amendments to this standard are not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application. |
| AASB 2015-1 | Amendments to Australian Accounting Standards – Annual Improvements | The subjects of the principal amendments to the Standards are set out below:<br>AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:*<br><br>• Changes in methods of disposal – where an entity | 1 Jan 2016 | 1 Jul 2016 | The amendments to this standard are not expected to have a significant impact on the Group's |

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| Reference | Title | Summary | Application date of standard | Application date for Group | Impact on Group Accounting Policies |
|---|---|---|---|---|---|
| | to Australian Accounting Standards 2012– 2014 Cycle | reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.<br><br>AASB 7 *Financial Instruments: Disclosures:*<br><br>• Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.<br>• Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 *Disclosure–Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 *Interim Financial Reporting* when its inclusion would be required by the requirements of AASB 134.<br><br>AASB 119 *Employee Benefits*:<br><br>• Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.<br><br>AASB 134 *Interim Financial Reporting:*<br><br>• Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from | | | financial results or balance sheet in the initial year of application. |
| AASB 2015-2 | Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 | The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. | 1 Jan 2016 | 1 Jul 2016 | The amendments to this standard are not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application. |
| AASB 2015-9 | Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057] | This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015.<br><br>There is no change to the requirements or the applicability of AASB 8 and AASB 133. | 1 Jan 2016 | 1 Jul 2016 | The amendments to this standard are not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application. |

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| Reference | Title | Summary | Application date of standard | Application date for Group | Impact on Group Accounting Policies |
|---|---|---|---|---|---|
| AASB 16 | Leases | The key features of AASB 16 are as follows:<br><br>Lessee accounting<br><br>• Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.<br>• A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.<br>• Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.<br>• AASB 16 contains disclosure requirements for lessees.<br><br>Lessor accounting<br><br>• AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.<br>• AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.<br><br>AASB 16 supersedes:<br>(a) AASB 117 Leases<br>(b) Interpretation 4 Determining whether an Arrangement contains a Lease<br>(c) SIC-15 Operating Leases—Incentives<br>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease<br><br>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16. | 1 Jan 2019 | 1 Jul 2019 | The Group has yet to fully assess the impact of these amendments on the financial statements. |
| 2016-1 | Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112] | This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. | 1 Jan 2017 | 1 Jul 2017 | The amendments to this standard are not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application. |
| 2016-2 | Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 | This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. | 1 Jan 2017 | 1 Jul 2017 | The amendments to this standard are not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application. |

| Reference | Title | Summary | Application date of standard | Application date for Group | Impact on Group Accounting Policies |
|---|---|---|---|---|---|
| IFRS 2 (Amendments) | Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2] | This standard amends to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:<br>• The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments<br>• Share-based payment transactions with a net settlement feature for withholding tax obligations<br>• A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. | 1 Jan 2018 | 1 Jul 2018 | The amendments to this standard are not expected to have a significant impact on the Group's financial results or balance sheet in the initial year of application. |

**Accounting Policies**

## a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received

- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

b) Income and Other Taxes

*Income taxes*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences, the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

*Other taxes*

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

- when the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expenses item as applicable; and
- receivables and payables, which are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the relevant taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the relevant taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the relevant taxation authority.

### c) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

(i) such costs are expected to be recouped through successful development, exploitation or sale of the area; or

(ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned or assessed as not having economically recoverable reserves are written off in full against profit in the year in which the decision to abandon the area is made.

A periodic review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### d) Property, Plant and Equipment

Plant and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment costs.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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*Depreciation*

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate | |
|---|---|---|
| | 2016 | 2015 |
| Buildings | 2.0% | 2.0% |
| Plant and equipment | 33.3% | 33.3% |
| Office Furniture & Equipment | 33.3% | 33.3% |
| Vehicles | 33.3% | 33.3% |

An asset's residual value, useful life and amortisation method are reviewed, and adjusted if appropriate, at each financial year end.

Gains or losses on disposals are determined by comparing proceeds with the net carrying amount. These are included in the statement of comprehensive income.

### e) Fair value measurement

The Group measures non-financial assets such as land and buildings at fair value less accumulated depreciation on buildings at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The valuation committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, Management and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the lessee, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the statement of comprehensive income.

Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

### g) Basic Earnings/Loss Per Share

Basic earnings/loss per share is calculated by dividing the net profit / loss attributable to members of the parent for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Group, adjusted for any bonus issue.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

### i) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand, cash on call and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as described, net of outstanding bank overdrafts.

### j) Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value (less costs to sell) and value-in-use. It is determined for an individual asset, unless the asset's value-in-use cannot be estimated to be close to its fair value (less costs to sell) and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### k) Payables

Trade and other payables are carried at amortised cost. Due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in the respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

### l) Interest Bearing Loans and Borrowings

The component of the convertible notes which exhibits characteristics of a borrowing is recognised as a liability in the statement of financial position, net of transaction costs. On the issue of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note and this amount is carried as a long-term liability on an amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds of the convertible note is the equity component, which is allocated to a convertible note reserve that is recognised and included in shareholders' equity. The carrying amount of the reserve is not re-measured in subsequent years.

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred. The Group does not currently hold any qualifying assets but, if it did, the directly associated borrowing costs would be capitalised (including any other associated costs attributable to the borrowing and temporary investment income earned on the borrowing).

### m) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outlay of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when a reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. Any increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation Provision

Rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities. The Group assesses its rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related assets to the extent that it was incurred. Additional disturbances which arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with AASB 6.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

### n) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date.

Contributions are made by the Group to employee superannuation and pension funds and are charged as expenses when incurred.

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

### o) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

### p) Share-based Payment Transactions

The Group provides benefits to employees and directors of the Group, acquires assets and settles expenses through consideration in the form of share-based payment transactions, whereby employees render services, assets are acquired and expenses are settled in exchange for shares or rights over shares ("**equity-settled transactions**").

There is currently a Non-Executive Director Share Option Plan and an Employee Incentive Plan which enables the provision of benefits to directors, executives and staff.

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black Scholes option pricing model. A Monte Carlo simulation is applied to fair value the Total Shareholder Return element of the EIP incentives. Further details of which are disclosed in Note 21.

In valuing equity-settled transactions, no account is taken of any vesting condition, other than (if applicable):

- Non-vesting conditions that do not determine whether the Group or Company receives the services that entitle the employees to receive payment in equity or cash; or
- Conditions that are linked to the price of the shares of Bannerman Resources Limited (market conditions).

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent report date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

(i) The grant date fair value of the award;

(ii) The current best estimate of the number of the awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
(iii) The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above, less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by Bannerman to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with the corresponding credit to equity. As a result, the expense recognised by Bannerman in relation to equity-settled awards only represents the expenses associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market conditions or non-vesting conditions is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied.

## q) Foreign Currency Translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The consolidated financial statements are presented in Australian dollars, which is Bannerman's functional and presentation currency.

(ii) Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date and any gains or losses are recognised in the statement of comprehensive income.

(iii) Group companies
For all Group entities with a functional currency other than Australian dollars, the functional currency has been translated into Australian dollars for presentation purposes. Assets and liabilities are translated using exchange rates prevailing at the reporting date; revenues and expenses are translated using average exchange rates prevailing for the statement of comprehensive income year; and equity transactions are translated at exchange rates prevailing at the dates of transactions. The resulting difference from translation is recognised in a foreign currency translation reserve.

(iv) Subsidiary company loans
All subsidiary company loans from the parent company are translated into Australian dollars, on a monthly basis, using the exchange rates prevailing at the end of each month. The resulting difference from translation is recognised in the statement of comprehensive income of the parent company and on consolidation the foreign exchange differences are recognised in a foreign currency translation reserve as the loan represents a net investment in a foreign entity.

## r) Receivables

Receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. VAT receivables relating to Namibian expenditure generally have a 90+ day term.

Collectability of receivables is reviewed on an on-going basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, and default payments or debts more than 90 days overdue (apart from GST/VAT), are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

### s) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operation results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers being the executive management team.

The operations of the Group represent one operating segment under AASB 8 Operating Segments. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial report.

### t) Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash, receivables, payables, convertible instruments, finance leases, cash and short term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management strategy. The objective of the strategy is to support the delivery of the Group's financial targets whilst protecting future financial security.

### u) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements and estimates on historical experience and on other various factors believed to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the critical accounting policies detailed below for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements. The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

*Impairment of capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related mineral title 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 level of measured, indicated and inferred mineral resources, proven and probable ore reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations), changes to commodity prices, ability to finance, renewal of the exclusive prospecting licence and the issue of a mining licence.

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.

*Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees 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. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 21.

*Rehabilitation provision*

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

*Revaluation of land and buildings*

The Group applies the revaluation model to land and buildings and recognises any changes in fair value in the asset revaluation reserve in equity. The Group engaged an independent valuation specialist to assess fair value as at 30 June 2016. Land and buildings were revalued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|

## 2. INTEREST REVENUE

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Interest revenue | 30 | 75 |
| | 30 | 75 |

## 3. OTHER INCOME

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Profit on disposal of plant and equipment | - | 14 |
| Other | 12 | - |
| Gain on extinguishment of convertible note (refer note 12) | 4,414 | - |
| | 4,426 | 14 |

## 4. EXPENSES

(a) Employee Benefits

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Salaries and wages | 734 | 744 |
| Superannuation | 68 | 55 |
| Employee share-based payment expense | 428 | 410 |
| Other | 7 | 12 |
| Directors' fees | 189 | 210 |
| Directors' share-based payment expense | 112 | 125 |
| | 1,538 | 1,556 |

(b) Borrowing Costs

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Interest accreted or payable | 1,227 | 2,104 |
| | 1,227 | 2,104 |

(c) Other Expenses

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Corporate and overheads | 271 | 288 |
| Consulting – fees | 982 | 114 |
| Legal | 82 | 76 |
| Travel | 113 | 116 |
| Employer related taxes | 13 | 74 |
| Recruitment | - | 26 |
| Occupancy | 99 | 102 |
| Insurance | 52 | 50 |
| Loss on disposal of plant and equipment | 8 | - |
| | 1,620 | 846 |
| Included in the above expenses are operating lease payments of the following amounts: | | |
| Minimum lease payments | 53 | 57 |

| | Consolidated 2016 | 2015 |
|---|---|---|

## 5. AUDITOR'S REMUNERATION

The auditor of the Group is Ernst & Young.

*Amounts received or due and receivable by Ernst & Young (Australia) for:*

| | $ | $ |
|---|---|---|
| Auditing or reviewing the financial report | 50,929 | 48,000 |
| Audit related | - | 4,120 |
| Taxation services (i) | 150,500 | 9,000 |
| | 201,429 | 61,120 |

(i) Taxation services relating to tax structuring advice.

*Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:*

| | | |
|---|---|---|
| Auditing or reviewing the financial report | 14,063 | 14,800 |
| Taxation services | 1,286 | 1,725 |
| | 15,349 | 16,525 |

## 6. INCOME TAX BENEFIT

| | $'000 | $'000 |
|---|---|---|
| **The components of income tax benefit comprise:** | | |
| *Current income tax benefit* | (145) | (500) |
| *Deferred income tax benefit* | - | - |
| Income tax benefit reported in the consolidated statement of comprehensive income | (145) | (500) |
| Income tax expense recognised in equity | - | - |

| | | |
|---|---|---|
| Accounting loss before tax | (297) | (4,741) |
| At the parent company statutory income tax rate of 30 % | (89) | (1,422) |
| Other non-deductible expenditure for income tax purposes | 2,151 | 880 |
| Effect of different tax rate for overseas subsidiary | (30) | (36) |
| Prior year adjustment – current tax on R&D tax offset | (145) | (500) |
| (Recognised) / Unrecognised tax losses | (2,032) | 578 |
| Income tax benefit reported in the consolidated statement of comprehensive income | (145) | (500) |

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| Carried forward revenue losses | 12,020 | 14,013 |
| Share issue costs | 26 | 69 |
| Provisions and accruals | 155 | 202 |
| Other | - | - |
| Gross deferred tax asset | 12,201 | 14,284 |
| Offset against deferred tax liability | (6) | (521) |
| Unrecognised deferred tax assets | 12,195 | 13,763 |
| *Deferred tax liabilities* | | |
| Exploration expenditure | - | - |
| Convertible Note | - | 516 |
| Other | 6 | 5 |
| Gross deferred tax liability | 6 | 521 |
| Offset against deferred tax asset | (6) | (521) |
| Net deferred tax liability | - | - |

The carried forward tax losses for Bannerman Resources Limited at 30 June 2016 are $36,476,972. The carried forward tax losses for Bannerman Namibia Pty Ltd at 30 June 2016 are $2,870,696. These tax losses do not expire and may not be used to offset taxable income elsewhere in the Group. The Group neither has any taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

The Group has not elected to form a tax consolidated group.

## 7. CASH AND CASH EQUIVALENTS

| | 2016 | 2015 |
|---|---|---|
| Cash on hand | 1 | 3 |
| Cash at bank and on call (interest bearing) | 1,579 | 1,441 |
| Short-term deposits (interest bearing) | 20 | 847 |
| | 1,600 | 2,291 |

The effective interest rate on short-term bank deposits was 1.90% (2015: 2.72%). These deposits have an average maturity of 90 days (2015: 90 days).

## 8. OTHER RECEIVABLES

| | 2016 | 2015 |
|---|---|---|
| **Current** | | |
| GST/VAT | 27 | 165 |
| Other | - | 1 |
| | 27 | 166 |
| **Non-Current** | | |
| Restricted cash | 15 | 15 |
| | 15 | 15 |

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

Fair value and credit risk

Due to the short term nature of current receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of the receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

As at 30 June 2016, the ageing analysis of trade receivables is as follows:

| | Total | Neither past due nor impaired | Past due but not impaired | | |
|---|---|---|---|---|---|
| | | | 61-90 days | 91-120 days | >120 days |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| 2016 | 27 | 27 | - | - | - |
| 2015 | 166 | 166 | - | - | - |

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 16(a) and (b).

## 9. PROPERTY, PLANT AND EQUIPMENT

| | Office Equipment | Lab & Field Equipment | Sundry | Vehicles | Land & Buildings [(i)] | Total |
|---|---|---|---|---|---|---|
| **30 June 2016** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Opening net book value | 71 | 20 | 74 | 47 | 660 | 872 |
| Additions | 23 | - | 3 | - | - | 26 |
| Disposals | (7) | - | (2) | - | - | (9) |
| Exchange difference | (7) | (3) | (3) | (6) | (95) | (114) |
| Depreciation charge | (16) | (1) | (22) | (7) | (7) | (53) |
| Closing net book value | 64 | 16 | 50 | 34 | 558 | 722 |
| | | | | | | |
| **At 30 June 2016** | | | | | | |
| Cost or fair value | 303 | 123 | 446 | 184 | 572 | 1,628 |
| Accumulated depreciation and impairment | (239) | (107) | (396) | (150) | (14) | (906) |
| Net book value | 64 | 16 | 50 | 34 | 558 | 722 |
| | | | | | | |
| **30 June 2015** | | | | | | |
| Opening net book value | 82 | 26 | 106 | 34 | 632 | 880 |
| Additions | 19 | - | 1 | 27 | - | 47 |
| Disposals | (4) | - | - | (7) | - | (11) |
| Exchange difference | 2 | 2 | 1 | 2 | 37 | 44 |
| Depreciation charge | (28) | (8) | (34) | (9) | (9) | (88) |
| Closing net book value | 71 | 20 | 74 | 47 | 660 | 872 |
| | | | | | | |
| **At 30 June 2015** | | | | | | |
| Cost or fair value | 387 | 136 | 466 | 215 | 669 | 1,873 |
| Accumulated depreciation and impairment | (316) | (116) | (392) | (168) | (9) | (1,001) |
| Net book value | 71 | 20 | 74 | 47 | 660 | 872 |

(i) *Revaluation of land and buildings*

The revalued land and buildings consist of the office property in Swakopmund, Namibia. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

Fair value of the property was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation, 31 May 2016, the property's fair values are based on valuations performed by Ingo Buchert Property Valuation Services, an accredited independent valuer.

| **Significant unobservable valuation input:** | **Range** |
|---|---|
| Price per square metre | \$205 – \$240 |

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

| | **2016 \$'000** | **2015 \$'000** |
|---|---|---|
| Cost | 529 | 619 |
| Accumulated depreciation | (66) | (77) |
| Net book value | 463 | 542 |

## 10. EXPLORATION AND EVALUATION EXPENDITURE

| | **Consolidated 2016 \$'000** | **Consolidated 2015 \$'000** |
|---|---|---|
| Opening balance | 61,262 | 54,899 |
| Expenditure incurred during the year | 1,516 | 3,289 |
| Foreign currency translation movements | (8,502) | 3,074 |
| Sale of royalty | (5,517) | - |
| Closing balance | 48,759 | 61,262 |

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

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

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

Etango Uranium Project – Bannerman 100%

The Etango Uranium Project is situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and CGNPC's Husab uranium mine currently under construction. Bannerman, in 2012, completed a Definitive Feasibility Study ("**DFS**") on a 7-9 million pounds $U_3O_8$ per annum open pit mining and heap leach processing operation at Etango. The DFS confirmed the technical, environmental and financial (at consensus long term uranium prices) viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. In 2015, Bannerman commenced a large scale heap leach demonstration program to provide further assurance to financing parties, generate process information for the detailed engineering design phase and build and enhance internal capability.

On 11 November 2015, the Company announced the results of the DFS Optimisation Study ("**OS**"). The OS focussed primarily on the geology and mining aspects of the project and incorporated an updated Mineral Resource model that simulates the selectivity associated with the established process of radiometric truck scanning in uranium mining. A relatively minor amount of additional drilling was also included in the model.

Capital costs and operating costs were updated to ensure that these estimates remained current and reflect the prevailing economic climate. The mine plan was updated to incorporate the aforementioned changes and included updated pit optimisations, pit designs, geotechnical review and mine production schedules employing variable cut-off grade policies.

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

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

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

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

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

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

The Etango Project comprises one Exclusive Prospecting Licence ("EPL") 3345 in Namibia.

The Namibian Ministry of Mines and Energy ("**MME**") has endorsed the renewal of EPL 3345. The licence has been renewed until 25 April 2017 in accordance with its original term.

The Company has received correspondence from the MME stating that the Honourable Minister intends to refuse the application for the Etango project Mining Licence, which was applied for in December 2009, citing the current low uranium price. The Honourable Minister's decision is not unexpected and Bannerman retains the right to re-apply for a mining licence when the uranium market recovers.

The Ministry of Environment and Tourism granted Bannerman initial Environmental Clearances for the Etango Project in 2010 and for the project's Linear Infrastructure in 2012, both of which are important pre-requisites for a Mining Licence. A renewal for the Etango Project Environmental Clearance was granted in November 2015 for a further 3 years while the renewal for the project's Linear Infrastructure Environmental Clearance was granted in May 2016 also for a further 3 years.

| Exploration & Evaluation Expenditure for the Etango Project | Consolidated 30 June 2016 $'000 | Consolidated 30 June 2015 $'000 |
|---|---|---|
| **Opening balance** | **61,262** | **54,899** |
| Drilling and consumables | - | 4 |
| Assays and freight | 2 | - |
| Salaries and wages | 691 | 675 |
| Consultants and contractors | 272 | 181 |
| Demonstration plant construction cost | 51 | 1,631 |
| Demonstration plant change in rehabilitation provision | 34 | 399 |
| Demonstration plant operational cost | 350 | 317 |
| Travel and accommodation | 5 | 15 |
| Other | 111 | 67 |
| **Total expenditure for the period** | **1,516** | **3,289** |
| Foreign currency translation movements | (8,502) | 3,074 |
| Sale of royalty | (5,517) | - |
| **Closing balance** | **48,759** | **61,262** |

## 11. TRADE AND OTHER PAYABLES

| | | |
|---|---|---|
| Trade payables | 132 | 403 |
| Other payables and accruals | 28 | 290 |
| | 160 | 693 |

Trade payables are non-interest bearing and are normally settled on 30 day terms (or less). Other payables are non-interest bearing and have an average term of 60 days.

Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

## 12. INTEREST BEARING LIABILITIES

**Non Current**

| | | |
|---|---|---|
| Secured convertible note | - | 10,281 |
| | - | 10,281 |

RCFIV and RCFVI convertible notes

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

## 13. PROVISIONS – NON-CURRENT

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| Rehabilitation provision | 370 | 399 |
| | | |
| Balance 1 July 2015 | 399 | - |
| Arising during the year | - | 399 |
| Unwinding of discount | 30 | - |
| Foreign exchange translation movements | (59) | - |
| | 370 | 399 |

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

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

The discount rate, which is based on the Namibian risk free rate, used in the calculation of the provision as at 30 June 2016 is 8.5% (June 2015: 8.5%).

## 14. CONTRIBUTED EQUITY

(a) Issued and outstanding:

| | June 2016 | June 2015 | June 2016 | June 2015 |
|---|---|---|---|---|
| | Number of Shares | | Amount | |
| | '000 | '000 | $'000 | $'000 |
| Ordinary shares | | | | |
| Issued and fully paid | 709,974 | 382,914 | 129,634 | 119,468 |

| | Number of Shares '000 | Amount $'000 |
|---|---|---|
| Movements in ordinary shares on issue | | |
| Balance 1 July 2014 | 326,653 | 116,730 |
| - Issue of shares (i) | 3,810 | - |
| - Issue of shares (ii) | 13,990 | 883 |
| - Share Purchase Plan (iii) | 7,836 | 408 |
| - Share Purchase Plan Shortfall Placements (iv) | 30,625 | 1,592 |
| - Share issue costs | - | (145) |
| **Balance 30 June 2015** | **382,914** | **119,468** |
| | | |
| Balance 1 July 2015 | 382,914 | 119,468 |
| - Issue of shares (v) | 12,759 | - |
| - Issue of shares (vi) | 20,918 | 723 |
| - Issue of shares (vii) | 66,667 | 1,867 |
| - Issue of shares (viii) | 40,000 | 1,120 |
| - Issue of shares (ix) | 63,291 | 3,000 |
| - Issue of shares (x) | 123,425 | 3,456 |
| **Balance 30 June 2016** | **709,974** | **129,634** |

(i) The following shares were issued upon vesting of performance rights:
   a. On 9 August 2014, 750,000 ordinary shares were issued upon vesting of performance rights.
   b. On 20 November 2014, 861,440 ordinary shares were issued upon vesting of performance rights.
   c. On 27 November 2014, 1,198,166 ordinary shares were issued upon vesting of performance rights.
   d. On 6 February 2015, 1,000,000 ordinary shares were issued upon vesting of performance rights.

(ii) The following shares were issued in satisfaction of the interest payable on the two convertible notes in accordance with the convertible notes' terms:
   a. On 10 July 2014, 2,279,452 shares were issued in satisfaction of the A$159,562 interest payable on the convertible note with RCFIV for the period 1 April 2014 to 30 June 2014.
   b. On 10 July 2014, 62,622 shares were issued in satisfaction of the A$4,384 interest payable on the convertible note with RCFVI for the period 26 June 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 30 September 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 30 September 2014.
   e. On 9 January 2015, 2,304,501 shares were issued in satisfaction of the A$161,315 interest payable on the convertible note with RCFIV for the period 1 October 2014 to 31 December 2014.
   f. On 9 January 2015, 1,152,250 shares were issued in satisfaction of the A$80,658 interest payable on the convertible note with RCFVI for the period 1 October 2014 to 31 December 2014.
   g. On 10 April 2015, 3,156,164 shares were issued in satisfaction of the A$157,808 interest payable on the convertible note with RCFIV for the period 1 January 2015 to 31 March 2015.
   h. On 10 April 2015, 1,578,082 shares were issued in satisfaction of the A$78,904 interest payable on the convertible note with RCFVI for the period 1 January 2015 to 31 March 2015.

(iii) On 21 April 2015, the Company completed a Share Purchase Plan comprising of 7,836,482 fully paid ordinary shares at an issue price of A$0.052.

(iv) Subsequent to the Share Purchase Plan, the Company completed Shortfall Placements with existing shareholders, comprising of 21,346,153 fully paid ordinary shares on the same terms as the Share Purchase Plan and 9,278,845 fully paid ordinary shares on the same terms as the Share Purchase Plan to three directors, namely Ronnie Beevor, Len Jubber and David Tucker as approved at the Extraordinary General Meeting of Shareholders held on 30 June 2015.

(v) The following shares were issued upon vesting of performance rights
   a. On 21 December 2015, 4,719,509 ordinary shares were issued upon vesting of share and performance rights in accordance with the terms of the Non-Executive Director Share Incentive Plan and Employee Incentive Plan.
   b. On 28 April 2016, 8,040,205 ordinary shares were issued upon vesting of share and performance rights in accordance with the terms of the Employee Incentive Plan.

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

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

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

(ix) On 31 December 2015, 63,291,139 shares were issued to RCFVI pursuant to a A$3 million placement at $0.0474.

(x) On 31 December 2015, 123,424,534 shares were issued to Clive Jones (and his nominees) as satisfaction for the part-consideration for the remaining 20% interest in the Company's Etango Project.

(EXPRESSED IN AUSTRALIAN DOLLARS)

(b) Share options on issue:

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

| Expiry Dates | Exercise Price | Balance 1 Jul 15 | Granted | Exercised | Expired / Cancelled | Balance 30 Jun 16 | Vested 30 Jun 16 |
|---|---|---|---|---|---|---|---|
| 21 November 2015 | A$0.12 | 1,795,200 | - | - | (1,795,200) | - | - |
| 22 November 2016 | A$0.072 | 4,504,000 | - | - | - | 4,504,000 | 4,504,000 |
| 15 November 2017 | A$0.089 | 3,664,400 | - | - | - | 3,664,400 | 3,664,400 |
| 15 November 2018 | A$0.044 | - | 7,846,000 | - | - | 7,846,000 | - |
| 25 July 2019 | A$0.045 | - | 5,000,000 | - | - | 5,000,000 | 5,000,000 |
| 25 July 2019 | A$0.057 | - | 7,500,000 | - | - | 7,500,000 | - |
| 25 July 2019 | A$0.07 | - | 7,500,000 | - | - | 7,500,000 | - |
| | | 9,963,600 | 27,846,000 | - | (1,795,200) | 36,014,400 | 13,168,400 |
| Weighted average exercise price ($) | | 0.09 | 0.05 | - | 0.12 | 0.06 | 0.07 |
| Average life to expiry (years) | | 1.4 | 3.3 | - | - | 1.69 | 1.2 |

The remaining unvested share options above have performance hurdles linked to minimum service periods. The 5,000,000 vested share options above are not exercisable as at 30 June 2016. These share options were approved by Shareholders 25 July 2016 and became exercisable on that date.

Directors held 36,014,400 share options as at 30 June 2016 with an average exercise price of $0.06 per share and an average life to expiry of 1.69 years.

(c) Performance Rights on issue

The performance rights on issue as at 30 June 2016 were as follows:

| Vesting Dates | Balance 1 Jul 15 | Granted | Vested | Cancelled / Forfeited | Balance 30 Jun 16 |
|---|---|---|---|---|---|
| 11 November 2015 | 170,000 | - | (170,000) | - | - |
| 15 November 2015 | 686,344 | - | (686,344) | - | - |
| 21 November2015 | 3,502,674 | - | (3,288,212) | (214,462) | - |
| 22 November 2015 | 759,519 | - | (574,953) | (184,566) | - |
| 15 November 2016 | 2,132,015 | 1,335,300 | - | (381,044) | 3,086,271 |
| 22 November 2016 | 5,095,630 | - | (2,874,988) | (874,997) | 1,345,645 |
| 15 November 2017 | 7,729,029 | 4,933,800 | (2,084,758) | (3,113,529) | 7,464,542 |
| 15 November 2018 | - | 21,482,300 | (3,080,459) | (10,712,641) | 7,689,200 |
| | 20,075,211 | 27,751,400 | (12,759,714) | (15,481,239) | 19,585,658 |
| Average life to vesting (years) | 1.08 | 1.6 | - | - | 0.9 |

Note: Performance rights have no exercise price.

The performance 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 862,100 performance rights as at 30 June 2016 with an average life to vesting of 0.38 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 and in proportion to the amount paid up on the 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.

*Capital Management*

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to obtain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure which assists to ensure the lowest appropriate cost of capital available to the Company. Refer to Note 1 with regards to going concern considerations.

## 15. RESERVES

| | | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|---|
| Share-based payment reserve | (a) | 54,598 | 54,058 |
| Foreign currency translation reserve | (b) | (31,198) | (22,673) |
| Asset revaluation reserve | (c) | 167 | 167 |
| Convertible note reserve | (d) | 4,038 | 4,038 |
| Equity reserve | (e) | (5,602) | - |
| **TOTAL RESERVES** | | **22,003** | **35,590** |

| *(a) Share-based Payment Reserve* | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Balance at the beginning of the reporting period | **54,058** | **53,523** |
| Share-based payment vesting expense during the period | 540 | 535 |
| Balance at the end of the reporting period | **54,598** | **54,058** |

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

| *(b) Foreign Currency translation reserve* | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Reserves at the beginning of the reporting period | **(22,673)** | **(25,648)** |
| Currency translation differences arising during the year | (8,525) | 2,975 |
| Balance at the end of the reporting period | **(31,198)** | **(22,673)** |

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

As per the Statement of Comprehensive Income, the foreign currency translation difference arising for the year ended 30 June 2016 amounted to $8,605,000 (2015: $2,999,000), allocated between non-controlling interests of $80,000 (2015: $44,000) and the Group of $8,525,000 (2015: $2,975,000). Over the year, the Australian dollar strengthened against the Namibian dollar, with a movement of approximately 14% from the rate as at 30 June 2015 (A$1.00:N$9.42) to the rate as at 30 June 2016 (A$1.00:N$11.01).

| *(c) Asset Revaluation reserve* | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Reserves at the beginning of the reporting period | **167** | **167** |
| Balance at the end of the reporting period | **167** | **167** |

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

| *(d) Convertible Note reserve* | | |
|---|---|---|
| Reserves at the beginning of the reporting period | **4,038** | **4,038** |
| Balance at the end of the reporting period | **4,038** | **4,038** |

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

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

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

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

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

## 16. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash and short term deposits, receivables, payables, convertible notes and finance leases.

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 30 June 2016.

| | **Consolidated** | |
|---|---|---|
| | **2016** | **2015** |
| **Financial assets** | **$'000** | **$'000** |
| Trade and other receivables | 15 | 15 |
| **Total non-current** | **15** | **15** |
| | | |
| Trade and other receivables | 27 | 166 |
| **Total current** | **27** | **166** |
| **Total** | **42** | **181** |
| | | |
| **Financial liabilities** | | |
| Interest bearing liabilities | - | 10,281 |
| **Total non-current** | **-** | **10,281** |
| | | |
| Trade and other payables | 160 | 693 |
| **Total current** | **160** | **693** |
| **Total** | **160** | **10,974** |

**Fair Values**

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

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Carrying Amount $'000 | Net fair Value $'000 | Carrying Amount $'000 | Net fair Value $'000 |
| **Financial assets** | | | | |
| Trade and other receivables | 15 | 15 | 15 | 15 |
| **Total non-current** | **15** | **15** | **15** | **15** |
| Trade and other receivables | 27 | 27 | 166 | 166 |
| **Total current** | **27** | **27** | **166** | **166** |
| **Total** | **42** | **42** | **181** | **181** |
| **Financial liabilities** | | | | |
| Interest bearing liabilities | - | - | 10,281 | 10,281 |
| **Total non-current** | **-** | **-** | **10,281** | **10,281** |
| Trade and other payables | 160 | 160 | 693 | 693 |
| **Total current** | **160** | **160** | **693** | **693** |
| **Total** | **160** | **160** | **10,974** | **10,974** |

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Management assessed that cash and short-term deposits, trade receivables, other current receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2016, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- The fair value of the convertible notes has been determined by discounting the cash-flows over the term of the facility, being the coupon interest and principal repayable on maturity, using a market interest rate for a similar instrument that does not have the conversion feature.

**Financial risk management objectives and policies**

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include the monitoring of levels of exposure to interest rates and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Liquidity risk is monitored through the development of future rolling cash flow forecasts and financing plans.

The Board reviews and agrees policies for managing each of the above risks and they are summarised below:

(a) Interest Rate Risk

Interest rate risk is managed by obtaining competitive commercial deposit interest rates available in the market from major Australian financial institutions.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities, comprises:

| Consolidated 2016 | Floating Interest Rate $'000 | Fixed Interest maturing in 1 year or less $'000 | Fixed Interest maturing over 1 to 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| Financial assets | | | | |
| Cash | 1,580 | 20 | - | 1,600 |
| | 1,580 | 20 | - | 1,600 |
| Weighted average interest rate | | | | 0.3% |

| Consolidated 2015 | Floating Interest Rate $'000 | Fixed Interest maturing in 1 year or less $'000 | Fixed Interest maturing over 1 to 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| Financial assets | | | | |
| Cash | 1,444 | 847 | - | 2,291 |
| | 1,444 | 847 | - | 2,291 |
| Weighted average interest rate | | | | 2.7% |
| Financial liabilities | | | | |
| Interest bearing liabilities | - | - | 10,281 | 10,281 |
| | - | - | 10,281 | 10,281 |
| Weighted average interest rate | | | | 8.0% |

The following table summarises the impact of reasonably possible changes in interest rates for the Group at 30 June 2016. The sensitivity analysis is based on the assumption that interest rates change by 1% with all other variables remaining constant. The 1% sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding 5 year period and management's expectation of short term future interest rates.

| | Consolidated | |
|---|---|---|
| Impact on post-tax gain/(loss): | 2016 $'000 | 2015 $'000 |
| 1% increase | 15 | 7 |
| 1% decrease | (15) | (8) |

There is no impact on other reserves in equity for the Group.

(b) Foreign Currency Risk

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

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

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

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing only with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk. For the remaining financial assets, there are no significant concentrations of credit risk within the Group and financial instruments are being spread amongst highly rated financial institutions and related parties to minimise the risk of default of counterparties.

(d) Liquidity

Liquidity is monitored through the development of monthly expenditure and rolling cash flow forecasts. Short term liquidity is managed on a day to day basis by the finance management team including the use of weekly cash forecasts.

The risk implied from the values shown in the table below reflects a balanced view of cash outflows:

| **Financial Liabilities** | **<6 months** | **6-12 months** | **1– 5 years** | **Total** |
|---|---|---|---|---|
| **2016** | **$'000** | **$'000** | **$'000** | **$'000** |
| Trade and other payables | 160 | - | - | 160 |
| Interest bearing liabilities | - | - | - | - |
| Total | 160 | - | - | 160 |
| **2015** | | | | |
| Trade and other payables | 693 | - | - | 693 |
| Interest bearing liabilities | - | - | 12,000 | 12,000 |
| Total | 693 | - | 12,000 | 12,693 |

## 17. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 30 June 2016:

| | | Fair value measurement using | | | |
|---|---|---|---|---|---|
| | **Date of valuation** | **Total** | **Quoted prices in active markets (Level 1)** | **Significant observable inputs (Level 2)** | **Significant unobservable inputs (Level 3)** |
| | | **$'000** | **$'000** | **$'000** | **$'000** |
| **Assets measured at fair value** | | | | | |
| *Revalued property, plant and equipment (Note 9)* | | | | | |
| Office property Namibia | 31 May 2016 | 660 | - | - | 660 |
| *Assets for which fair values are disclosed (Note 16)* | | | | | |
| Trade and other receivables | | | | | |
| - Current | 30 June 2016 | 27 | - | - | 27 |
| - Non-current | 30 June 2015 | 15 | - | - | 15 |
| **Liabilities measured at fair value** | | | | | |
| *Liabilities for which fair values are disclosed (Note 16)* | | | | | |
| Trade and other payables | 30 June 2016 | 160 | - | - | 160 |

## 18. LOSS PER SHARE

| | 2016 | 2015 |
|---|---|---|
| Basic and diluted loss per share to the ordinary equity holders of the Company (cents per share) | (0.02) | (1.21) |
| | **$'000** | **$'000** |
| Loss used in the calculation of weighted average basic and dilutive loss per share | (113) | (4,137) |
| | *Number of Shares* **'000** | *Number of Shares* **'000** |
| Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share | 547,420 | 341,741 |
| Number of share options / performance rights issued that could be potentially dilutive but are not included in diluted EPS as they are anti-dilutive for the periods presented. | 55,600 | 30,039 |

There have been no other conversions to or subscriptions for ordinary shares or issues of potential ordinary shares since the balance date and before the completion of this report.

## 19. CASH FLOW INFORMATION

| | Consolidated | |
|---|---|---|
| | **2016 $'000** | **2015 $'000** |
| **(a) Reconciliation from the net loss after tax to the net cash flow from operating activities** | | |
| Loss after income tax | (152) | (4,241) |
| **Non-cash flows in operating loss** | | |
| Depreciation | 53 | 88 |
| Share-based payments | 540 | 535 |
| Gain on extinguishment of convertible note | (4,414) | - |
| (Loss)/profit on sale of property, plant and equipment | 8 | (14) |
| Interest expense | 1,126 | 2,022 |
| **Changes in assets and liabilities** | | |
| (Increase) / decrease in receivables and prepayments | (15) | (36) |
| Increase / (decrease) in trade and other creditors and accruals | (183) | 94 |
| Increase / (decrease) in provisions | (108) | 26 |
| **Net cash outflows from Operating Activities** | (3,145) | (1,526) |

## 20. COMMITMENTS

a) Exploration and evaluation expenditure

Statutory two-year renewal of the Etango (EPL 3345) Exclusive Prospecting Licence can be applied for under applicable Namibian minerals legislation. An application to renew the EPL, which expired on 26 April 2015, was lodged on 26 January 2015 and was renewed in 2016.

In order to maintain current rights of tenure to mineral licences, the Group has exploration and evaluation expenditure obligations up until the expiry of those licences. 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:

| | Consolidated | |
|---|---|---|
| | **2016** | **2015** |
| | **$'000** | **$'000** |
| Not longer than one year | - | 801 |
| Longer than one year, but not longer than five years | - | 663 |
| Longer than five years | - | - |
| | - | 1,464 |

If the Group decides to relinquish certain mineral licences 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.

b) Operating lease commitments

The Group has entered into a lease for office premises. This lease has an initial lease term of 2 years.

| | | |
|---|---|---|
| Not longer than one year | 53 | 57 |
| Longer than one year, but not longer than five years | 44 | - |
| Longer than five years | - | - |
| | 97 | 57 |

## 21. SHARE-BASED PAYMENT PLANS

Recognised employee share-based payment expenses

The expense recognised for employee services received during the year are shown in the table below:

| | Consolidated | |
|---|---|---|
| | **2016** | **2015** |
| | **$'000** | **$'000** |
| Total expense arising from employee and director share-based payment transactions | 540 | 535 |

Types of share-based payment plans

*Employee Incentive Plan ("EIP")*

Performance rights are granted to all employees. The EIP is designed to align participants' interest with those of shareholders by increasing the value of the Company's shares. For grants of performance rights under the EIP, the vesting of half of the performance rights is subject to the Company's relative TSR as measured by share price performance (allowing for the reinvestment of dividends), versus a comparator group of uranium development companies, and the vesting of the other half is subject to the attainment of defined individual and group performance criteria as assessed by the Board in line with the work schedules under the Company's operating plans. The performance measurement date is two years from date of grant for employees and three years from the date of grant for executives.

(EXPRESSED IN AUSTRALIAN DOLLARS)

In assessing whether the relative TSR hurdle for each grant has been met, the Group's TSR growth from the commencement of each grant and that of the pre-selected peer group are ranked. The peer group chosen for comparison is a group of Australian and foreign uranium development companies at the date of grant. This peer group reflects the Group's competitors for capital and talent.

The Group's performance against the hurdle is determined according to Bannerman's ranking against the peer group TSR growth over the performance period:

- When Bannerman is ranked at the 75th percentile, 100% of the performance rights will vest.
- When Bannerman is ranked below the 25th percentile, the performance rights are forfeited.
- For rankings between the $25^{th}$ and $75^{th}$ percentile, a sliding scale applies whereby every 1 percentile equates to 2% vesting.

When a participant ceases employment prior to the vesting of their rights, the rights are generally forfeited unless cessation of employment is due to termination initiated by the Group (except for termination with cause) or death. In the event of a change of control, the performance period end date will be bought forward to the date of change of control and rights will vest. The Company prohibits executives from entering into arrangements to protect the value of unvested EIP awards.

*Non-Executive Director Share Incentive Plan ("NEDSIP")*

Non-executive directors' remuneration includes initial and annual grants of share options or share rights (under the NEDSIP). Share options and share rights granted to non-executive directors are not subject to performance hurdles. They have been issued as an incentive to attract experienced and skilled personnel to the Board.

Summary of share options granted under NEDSIP and EIP arrangements

| | 2016<br>\# | 2016<br>WAEP[1] | 2015<br>\# | 2015<br>WAEP[1] |
|---|---|---|---|---|
| Outstanding at beginning of the year | 9,963,600 | 0.09 | 8,701,700 | 0.22 |
| Granted during the year | 7,846,000 | 0.04 | 3,664,400 | 0.09 |
| Exercised during the year | - | - | - | - |
| Expired during the year | (1,795,200) | 0.12 | (902,500) | 0.36 |
| Forfeited during the year | - | - | (1,500,000) | 0.678 |
| Outstanding at end of the year | 16,014,400 | 0.06 | 9,963,600 | 0.09 |

[1] Weighted Average Exercise Price ($/share)

Summary of share options granted outside of NEDSIP and EIP arrangements

| | 2016<br>\# | 2016<br>WAEP[1] | 2015<br>\# | 2015<br>WAEP[1] |
|---|---|---|---|---|
| Outstanding at beginning of the year | - | - | - | - |
| Granted during the year | 20,000,000 | 0.06 | - | - |
| Outstanding at end of the year | 20,000,000 | 0.06 | - | - |

[1] Weighted Average Exercise Price ($/share)

(EXPRESSED IN AUSTRALIAN DOLLARS)

Summary of performance rights granted under NEDSIP and EIP arrangements

| | 2016 # | 2015 # |
|---|---|---|
| Outstanding at beginning of the year | 20,075,211 | 15,523,183 |
| Granted during the year | 27,751,400 | 10,717,388 |
| Vested during the year | (12,759,714) | (3,809,606) |
| Forfeited during the year | (15,481,239) | (2,355,754) |
| Outstanding at end of the year | 19,585,658 | 20,075,211 |

Weighted average remaining contractual life

The weighted average remaining contractual life as at 30 June 2016 was:

- Share options 1.69 years (2015: 1.3 years).
- Performance rights 0.94 years (2015: 0.84 years).

Range of exercise price

The range of exercise prices for share options outstanding as at 30 June 2016 was $0.044 - $0.089 (2015: $0.072 - $0.12). The weighted average exercise price for share options outstanding as at 30 June 2016 was $0.06 (2015: $0.09) per share option.

Weighted average fair value

The weighted average fair value for the share options granted during the year was $0.01 (2015: $0.03) per share option. The weighted average fair value for the performance rights granted during the year was $0.03 (2015: $0.07) per performance right.

Share options / performance rights pricing model

*Equity-settled transactions*

The fair value of the equity-settled share options granted under the NEDSIP and EIP is estimated as at the date of grant using a Black-Scholes option price calculation method taking into account the terms and conditions upon which the share options/rights were granted. A Monte Carlo simulation is applied to fair value the TSR element. In accordance with the rules of the EIP, the model simulates the Company's TSR and compares it against the peer group over the two year period of each grant made to employees and the three year period of each grant made to executives. The model takes into account the historic dividends, share price volatilities and co-variances of the Company and each comparator company to produce a theoretical predicted distribution of relative share performance. This is applied to the grant to give an expected value of the TSR element.

**Pricing model inputs used for the year ended 30 June 2016:**

| | NEDSIP | NEDSIP | OTHER (i) | EIP | OTHER (i) |
|---|---|---|---|---|---|
| | Annual Grant Share Options | Annual Grant Rights | Annual Grant Rights | Annual Grant Rights | Director Options |
| Dividend Yield (%) | 0% | 0% | 0% | 0% | 0% |
| Expected volatility (%) | 81% | 85% | 81% | 87% | 83% |
| Risk- Free interest rate (%) | 2.75% | 2.75% | 2.75% | 1.76% - 1.98% | 1.75% |
| Expected life of Share Options / Rights (years) | 3 years | 1 year | 1 year | 2 - 3 years | 3 year |
| Share price at measurement date ($) | 0.059 | 0.029 | 0.029 | 0.028 - 0.03 | 0.03 |

(i) Share Options/Rights issued under separate terms and conditions and not issued as part of any formal plan.

**Pricing model inputs used for the year ended 30 June 2015:**

| | NEDSIP | NEDSIP | OTHER (i) | EIP |
|---|---|---|---|---|
| | Annual Grant Share Options | Annual Grant Rights | Annual Grant Rights | Annual Grant Rights |
| Dividend Yield (%) | 0% | 0% | 0% | 0% |
| Expected volatility (%) | 85% | 85% | 85% | 82% |
| Risk- Free interest rate (%) | 2.75% | 2.75% | 2.75% | 2.58% - 2.57% |
| Expected life of Share options / Rights (years) | 3 years | 1 year | 1 year | 2 - 3 years |
| Share price at measurement date ($) | 0.059 | 0.059 | 0.059 | 0.054 - 0.08 |

(i) Rights issued under separate terms and conditions and not issued as part of any formal plan.

## 22. 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. The Group considers the segment assets and liabilities to be consistent with those disclosed in the financial statements.

The analysis of the location of non current assets other than financial instruments is as follows:

| | Consolidated | |
|---|---|---|
| | 2016 $'000 | 2015 $'000 |
| Australia | 63 | 71 |
| Namibia | 49,418 | 62,063 |
| Total Non Current Assets | 49,481 | 62,134 |

## 23. EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

## 24. 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 2016 | % Equity Interest 2015 |
|---|---|---|---|
| Bannerman Mining Resources (Namibia) (Pty) Ltd | Namibia | 100 | 80 |
| Elfort Nominees Pty Ltd | Australia | 100 | 100 |
| Bannerman Resources Nominees (UK) Limited | United Kingdom | 100 | 100 |

**Ultimate Parent**

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

**Compensation of Key Management Personnel by Category:**

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Short-term employee benefits | 768 | 754 |
| Post-employment benefits | 115 | 105 |
| Share-based payments | 409 | 446 |
| | 1,292 | 1,305 |

**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.

Mr Clive Jones, a director of Bannerman, was the registered holder of the 20% non-controlling interest in Bannerman Mining Resources (Namibia) (Pty) (Ltd) and held that interest for his associates and business partner. Mr Jones holds a relevant interest in 77,207,668 shares in Bannerman, representing 10.84% of Bannerman's share capital.

Non-Executive Director Ian Burvill is a representative of Resource Capital Funds Management Pty Ltd ("**RCFM**"). RCFIV and RCFVI, which have management agreements with RCFM's parent company, hold 268,524,434 Bannerman shares representing 37.72% of the voting capital in Bannerman as at the date of this report.

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

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

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

## 25. 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, Savanna was entitled to receive $3.5 million cash and 9.5 million fully paid ordinary shares in Bannerman. The first tranche payment of $3.0 million and 5.5 million shares was made in early 2009. The second and final tranche payment of $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. Subsequent to year end, the Company announced that it had received correspondence from the MME stating the Honourable Minster intends to refuse the application for the Etango Project Mining Licence, citing the current low uranium price. Bannerman retains the right to re-apply for a mining licence when the uranium market recovers. As at 30 June 2016, 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 30 June 2016.

## 26. PARENT ENTITY INFORMATION

| a. *Information relating to Bannerman Resources Limited:* | **2016**<br>**$'000** | **2015**<br>**$'000** |
|---|---|---|
| Current assets | 1,698 | 2,183 |
| Total assets | 5,096 | 5,217 |
| Current liabilities | 277 | 784 |
| Total liabilities | 277 | 11,065 |
| Issued capital | 129,634 | 119,473 |
| Accumulated loss | (183,097) | (183,417) |
| Option Reserve | 54,244 | 54,058 |
| Convertible Note Reserve | 4,038 | 4,038 |
| Total shareholders' equity | 4,819 | (5,848) |
| Profit/(loss) of the parent entity | 320 | (14,396) |
| Total comprehensive loss of the parent entity | 320 | (14,396) |

b. *Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

There are no guarantees entered into to provide for debts of the Company's subsidiaries. The parent entity has provided a letter to BMRN evidencing the parent's intent to meet the financial obligations of BMRN for the period 1 July 2015 to 30 June 2016.

c. *Details of any contingent liabilities of the parent entity*

Refer to Note 25 for details relating to contingent liabilities.

d. *Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment*

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment as at reporting date.

## 27. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests are provided below:

**Proportion of equity interest held by non-controlling interests:**

| **Name** | **Country of incorporation** | **2016** | **2015** |
|---|---|---|---|
| Bannerman Mining Resources (Namibia) (Pty) Ltd | Namibia | nil | 20% |

| | | |
|---|---|---|
| **Accumulated balances of material non-controlling interest:** | **$'000** | **$'000** |
| Bannerman Mining Resources (Namibia) (Pty) Ltd | - | (1,027) |
| **Loss allocated to material non-controlling interest:** | | |
| Bannerman Mining Resources (Namibia) (Pty) Ltd | (119) | (80) |

On 11 November 2015, the Company announced the signing of an agreement with Mr Clive Jones, subject to shareholders approval, to acquire the non-controlling interest (20%) in the Etango Project from the vendors. The acquisition was subsequently approved by shareholders at Extraordinary General Meeting on 29 December 2015 and the Company moved to 100% ownership of Bannerman Mining Resources (Namibia) (Pty) Ltd.

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations and up to the date of acquisition of the non-controlling interest.

| **Bannerman Mining Resources (Namibia) (Pty) Ltd** | **2016** | **2015** |
|---|---|---|
| **Summarised statement of comprehensive income:** | **$'000** | **$'000** |
| Other income | 7 | 25 |
| Administrative expenses | (203) | (546) |
| **Loss before tax** | **(195)** | **(521)** |
| Income tax | - | - |
| **Loss for the year** | **(195)** | **(521)** |
| **Total comprehensive loss** | **(195)** | **(521)** |
| Attributable to non-controlling interests | (119) | (80) |
| **Summarised statement of financial position:** | | |
| Cash and bank balances and receivables (current) | 62 | 357 |
| Property, plant and equipment (non current) | 633 | 801 |
| Exploration and evaluation expenditure (non current) | 46,679 | 56,074 |
| Trade and other payables (current) | (88) | (215) |
| Other payables (non current) | (51,238) | (62,069) |
| **Total equity** | **(3,952)** | **(5,052)** |
| Attributable to: | | |
| Equity holders of parent | (3,952) | (4,025) |
| Non-Controlling interest | - | (1,026) |
| **Summarised cash flow information:** | | |
| Operating | (228) | (232) |
| Investing | (722) | (3,105) |
| Financing | 760 | 3,169 |
| **Net decrease in cash and cash equivalents** | **(190)** | **(168)** |

## DIRECTORS' DECLARATION

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

1. In the opinion of the directors:

(a) The financial statements, notes and additional disclosures included in the directors' report designated as audited, of the Group are in accordance with the Corporations Act 2001, including:

   i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the year ended on that date.
   ii) Complying with Accounting Standards and Corporations Regulations 2001.

(b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

(c) Subject to the matters outlined 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.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with s295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

On behalf of the Board

*Brandon Munro*
Managing Director & CEO
*Perth, 13 September 2016*

Building a better working world

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# Independent auditor's report to the members of Bannerman Resources Limited

## Report on the financial report

We have audited the accompanying financial report of Bannerman Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016 and 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the years then ended, notes comprising a summary 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 year's end or from time to time during the financial years.

## Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian and International Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independence

In conducting our audit 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.



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## Opinion

In our opinion:

a. the financial report of Bannerman Resources Limited is in accordance with the *Corporations Act 2001,* Including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and 30 June 2015 and of its performance for each of the years ended on those dates

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about 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.

## Report on the remuneration report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and the presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Bannerman Resources Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Robert A Kirkby
Partner
Perth
13 September 2016



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## ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. The information was applicable as at 29 September 2016.

### Distribution of Equity Securities

There were 2,564 holders of less than a marketable parcel of ordinary shares. The number of shareholders by size of holding is set out below:

**Fully Paid Ordinary Shares**

| Size of Holding | Number of holders | Number of shares |
|---|---|---|
| 1 - 1,000 | 718 | 358,570 |
| 1,001 - 5,000 | 1,073 | 3,191,397 |
| 5,001 - 10,000 | 523 | 4,210,654 |
| 10,001 - 100,000 | 1,173 | 42,457,854 |
| 100,001 and over | 380 | 661,755,918 |
| **TOTALS** | **3,867** | **711,974,393** |

**Unlisted Share options and Performance Rights**

| | Share options | | Performance Rights | |
|---|---|---|---|---|
| Size of Holding | Number of holders | Number of share options | Number of holders | Number of performance rights |
| 1 - 1,000 | - | - | - | - |
| 1,001 - 5,000 | - | - | - | - |
| 5,001 - 10,000 | - | - | - | - |
| 10,001 - 100,000 | - | - | 1 | 30,265 |
| 100,001 and over | 5 | 40,014,400 | 12 | 20,555,393 |
| **TOTALS** | **5** | **40,014,400** | **13** | **20,585,658** |

### Substantial Shareholders

An extract of the Company's register of substantial shareholders (who held 5% or more of the issued capital) is set out below:

| Shareholder | Number of shares | Percentage Held | Date of last lodgement |
|---|---|---|---|
| Resource Capital Fund IV L.P. and Resource Capital Fund VI L.P. | 268,524,434 | 37.7% | 4 January 2016 |
| Clive Jones | 77,207,668 | 10.8% | 31 December 2015 |
| Nathan McMahon | 61,712,267 | 8.67% | 31 December 2015 |

### Optionholders

An extract of the Company's register of optionholders (who held 20% or more of the issued options not issued under an employee incentive scheme) is set out below:

| Shareholder | Number of options | Percentage Held |
|---|---|---|
| Brandon Munro | 20,000,000 | 49.9% |

## Top 20 Shareholders

The top 20 largest shareholders are listed below:

| Name | Number of Shares | Percentage Held % |
|---|---|---|
| Merrill Lynch (Australia) Nominees Pty Limited | 272,525,358 | 38.28 |
| Mr Clive Jones <Alyse Investment A/C> | 61,712,267 | 8.67 |
| Kingsreef Pty Ltd <NB & DL Family A/C> | 61,712,267 | 8.67 |
| HSBC Custody Nominees (Australia) Limited | 23,774,107 | 3.34 |
| Mrs Alexandra Maidment Jubber | 19,150,315 | 2.69 |
| Citicorp Nominees Pty Limited | 16,892,593 | 2.37 |
| Widerange Corporation Pty Ltd | 15,495,401 | 2.18 |
| J P Morgan Nominees Australia Limited | 13,400,222 | 1.88 |
| Regent Pacific Group Ltd | 10,854,568 | 1.52 |
| HSBC Custody Nominees (Australia) Limited - A/C 3 | 9,000,002 | 1.26 |
| Peter Batten | 5,206,940 | 0.73 |
| Motte & Bailey Pty Ltd <Bailey Super Fund A/C> | 4,948,112 | 0.69 |
| M & K Korkidas Pty Ltd <M&K Korkidas P/L S/Fund A/C> | 4,447,467 | 0.69 |
| Mr Werner Ewald | 3,444,663 | 0.48 |
| Mr Feng Chen | 3,382,008 | 0.48 |
| Mr Mustafa Haddad | 3,224,527 | 0.45 |
| ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C> | 3,003,333 | 0.42 |
| Dunco Pty Ltd <DM & JL Duncan S/Fund A/C> | 3,000,704 | 0.42 |
| IJG Nominees Pty Ltd | 2,602,751 | 0.37 |
| Seven Four Seven Pty Ltd <Bluebird Super Fund A/C> | 2,120,000 | 0.30 |
| **TOTAL TOP 20 HOLDERS** | **539,925,605** | **75.83** |
| **TOTAL NON-TOP 20 HOLDERS** | **172,048,788** | **24.17** |
| **TOTAL** | **711,974,393** | **100** |

## Voting Rights

*Ordinary Shares*

For all ordinary shares, voting rights are on a show of hands whereby every member present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

*Share options and Performance Rights*

There are no voting rights attached to share options and performance rights.

## Stock Exchanges

Bannerman has a primary listing of its ordinary shares on the Australian Securities Exchange (ASX code: BMN) and has an additional listing of its ordinary shares on the Namibian Stock Exchange (NSX code: BAN).

## Mineral Licence Schedule

The mineral licence schedule for the Group is tabulated below:

| Licence Type/No. | Grant Date | Expiry Date | Holder | Area (Ha) | Country in which the Licence is held |
|---|---|---|---|---|---|
| EPL 3345 | 27-Apr-2006 | 26-Apr-2017 | Bannerman Mining Resources (Namibia) (Pty) Ltd | 24,326 | Namibia |

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| Name | Number of Shares | Percentage Held % |
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### Mineral Licence Schedule

The mineral licence schedule for the Group is tabulated below:

| Licence Type/No. | Grant Date | Expiry Date | Holder | Area (Ha) | Country in which the Licence is held |
|---|---|---|---|---|---|
| EPL 3345 | 27-Apr-2006 | 26-Apr-2017 | Bannerman Mining Resources (Namibia) (Pty) Ltd | 24,326 | Namibia |

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