



BANNERMAN RESOURCES LIMITED AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2018

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN

Ronnie Beevor

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Brandon Munro

NON-EXECUTIVE DIRECTORS

Ian Burvill

Clive Jones

Mike Leech

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STOCK EXCHANGE LISTINGS

Australian Securities Exchange (ASX Code: BMN)

Namibian Stock Exchange (NSX Code: BMN)

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

(EXPRESSED IN AUSTRALIAN DOLLARS)

The directors submit the consolidated financial report of Bannerman Resources Limited ("**Bannerman**" or the "**Company**") and its controlled entities (the "**Group**") for the half year ended 31 December 2018.

Amounts are expressed in Australian dollars unless otherwise noted.

DIRECTORS

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

Ronnie Beevor	Non-Executive Chairman
Brandon Munro	Chief Executive Officer and Managing Director
Ian Burvill	Non-Executive Director
Clive Jones	Non-Executive Director
Mike Leech	Non-Executive Director

COMPANY SECRETARY

Robert Dalton

REVIEW AND RESULTS OF OPERATIONS

Operating Result

The principal activities of the Group during the period comprised the feasibility assessment of the Group's 95% owned Etango Uranium Project in Namibia.

The Group's net loss of A\$1,261,000 for the half-year ended 31 December 2018 (December 2017: A\$1,153,000 loss) was attributable primarily to corporate and administrative expenses and non-cash share-based compensation expenses.

Interest income for the half year was A\$63,000 (December 2017: A\$18,000).

Cash Position

Cash and cash equivalents were A\$7,357,000 as at 31 December 2018 compared with A\$8,325,000 as at 30 June 2018.

OVERVIEW

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 95% owned Etango Project situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and China General Nuclear Power Corporation's Husab uranium mine. A definitive feasibility study and subsequent optimisation studies have confirmed the viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. From 2015 to 2017, Bannerman conducted a large scale heap leach demonstration program to provide further assurance to financing parties, generate process information for the detailed engineering design phase and build and enhance internal capability.

CORPORATE

Sale of Substantial Shareholding

During the period, Resource Capital Fund IV and Resource Capital Fund VI (together, "RCF") sold the entirety of their holding in the Company. The purchase of RCF's substantial shareholding was led by a group of Australian and offshore institutions, including significant participation by specialist resource and uranium funds, most notably

DIRECTORS' REPORT

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Tribeca Investment Partners. Tribeca Investment Partners has lodged a Substantial Shareholder Notice disclosing a 8.73% shareholding in the Company.

Exercise of Director Options

During the period, the Company's Chairman, Mr Ronnie Beevor, exercised 3,923,000 options at an exercise price of A\$0.044 and their exercise generated a cash inflow of A\$172,612.

Issued Securities

At the date of this report, Bannerman has 1,041,587,214 ordinary shares on issue.

As at 31 December 2018, Bannerman had on issue 40,152,934 performance share rights issued under the shareholder-approved Employee Incentive Plan ("EIP"), 39,926,800 unlisted options issued under the Non-Executive Director Share Incentive Plan ("NEDSIP") and 28,700,000 unlisted options outside of the EIP and NEDSIP. The EIP performance rights are subject to various performance targets and continuous employment periods.

ETANGO PROJECT (Bannerman 95%)

Reconnaissance Drilling

During the period, the Company undertook a reconnaissance drilling program on its Exclusive Prospecting Licence (EPL) 3345, immediately to the north of the Company's Etango uranium project.

The program tested two targets within 10 km of the proposed Etango processing plant with 8 RC drill holes completed for 973 m. Four holes were drilled at the Ombepo target (for 575 m) and four holes at the Rössingberg target (for 398 m). Both targets have coincident radon anomalies and surface mineralisation.

All samples were submitted to laboratories and results from the program are expected to be received in the March quarter. Should the results be favourable, the Company will assess the potential value to be gained from progressing to define further resources within economic trucking distance of the proposed Etango processing plant.

DFS Update

During the period, the Company's ongoing DFS Update work included mine and process schedule optimisation and further refinement of the cost input parameters. Qubeka Mining Consultants, a specialist mining engineering firm with deep experience in deposits similar to Etango, was engaged during the half year to provide specialist input.

Renewal of Environmental Clearance to 2021

During the period, the Company received the renewal of its Etango Project Environmental Clearance from the Namibian Ministry of Environment and Tourism. This clearance is valid until October 2021 and maintains the development-ready status of the Etango Project.

URANIUM MARKET

The uranium sector tightened significantly during the period, with the spot U₃O₈ price closing the year at US \$28.50/lb, an increase of 4.4% in the December quarter, and 25.3% since 1 July 2018. However, the observed price appreciation in 2018 is off a low base and the spot U₃O₈ price remains below the production cost curve for a substantial proportion of worldwide uranium production. The term uranium market continues to be muted, as a result of utilities deferring procurement decisions until the resolution of the section 232 trade practices investigation being conducted by the US Department of Commerce.

During the half year, China National Uranium Corporation (an affiliate of Chinese nuclear giant China National Nuclear Corporation (CNNC)) announced the acquisition of a 69% interest in the Rössing Uranium Mine from Rio Tinto. The acquisition of Rössing, an iconic Namibian uranium mine that is located approximately 40km from Etango, has confirmed the strategic intent of Chinese nuclear players to secure uranium supply from premier uranium mining jurisdictions, notably Namibia. CNNC has interests in other Namibian uranium projects and China General Nuclear Corporation is ramping up production at the Husab mine, located 20 km from Etango.

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KazAtomProm completed its Initial Public Offering on AIFC (Astana stock exchange) and London Stock Exchange. Kazakh sovereign wealth fund, Samruk-Kazyna, sold down 15% of its holding for US\$451million, valuing the company at approximately US\$3 billion. The IPO process had the effect of increasing the visibility of the uranium sector amongst the international financial community.

SUBSEQUENT EVENTS

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

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the directors of Bannerman with an Independence Declaration in relation to the half year ended 31 December 2018. The Independence Declaration is attached to and forms part of this Directors' Report.

ROUNDING

Amounts in this report and the accompanying financial report have been rounded to the nearest thousand dollars (A\$'000) unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

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



Brandon Munro
Chief Executive Officer
Perth
12 March 2019

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

As lead auditor for the review of the half-year financial report of Bannerman Resources Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Ernst & Young



Gavin Buckingham
Partner
12 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Note	6 Months Ended 31 December	
		2018 \$'000	2017 \$'000
Other revenue	2	63	18
Employee benefits	3(a)	(825)	(722)
Compliance and regulatory expenses		(126)	(96)
Depreciation expense		(7)	(12)
Other expenses	3(b)	(366)	(341)
Loss before income tax		(1,261)	(1,153)
Income tax benefit	4	-	-
Net loss for the period		(1,261)	(1,153)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	11(b)	84	2,128
Other comprehensive income for the period (net of tax)		84	2,128
Total comprehensive (loss)/income		(1,177)	975
Net loss is attributable to:			
Equity holders of Bannerman Resources Limited		(1,250)	(1,095)
Non-controlling interest		(11)	(58)
		(1,261)	(1,153)
Total comprehensive (loss)/income is attributable to:			
Equity holders of Bannerman Resources Limited		(1,164)	1,033
Non-controlling interest		(13)	(58)
		(1,177)	975
Weighted average number of shares ('000)		1,033,248	850,887
Basic loss per share to the ordinary equity holders of the Company (cents per share)		(0.12)	(0.13)
Diluted loss per share to the ordinary equity holders of the Company (cents per share)		(0.12)	(0.13)

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Note	31 December 2018 \$'000	30 June 2018 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	7,357	8,325
Other receivables	6	117	124
Other		84	43
TOTAL CURRENT ASSETS		7,558	8,492
NON-CURRENT ASSETS			
Other receivables	6	8	8
Property, plant and equipment	7	135	127
Exploration and evaluation expenditure	8	55,365	54,933
TOTAL NON-CURRENT ASSETS		55,508	55,068
TOTAL ASSETS		63,066	63,560
CURRENT LIABILITIES			
Trade and other payables		194	143
Provisions		88	167
TOTAL CURRENT LIABILITIES		282	310
NON CURRENT LIABILITIES			
Provisions	9	494	474
TOTAL NON CURRENT LIABILITIES		494	474
TOTAL LIABILITES		776	784
NET ASSETS		62,290	62,776
EQUITY			
Contributed equity	10	141,156	140,983
Reserves	11	28,684	28,080
Accumulated losses		(107,243)	(105,993)
TOTAL PARENT ENTITY INTEREST		62,597	63,070
Non-controlling interest		(307)	(294)
TOTAL EQUITY		62,290	62,776

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



CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

(EXPRESSED IN AUSTRALIAN DOLLARS)

	6 Months Ended 31 December	
Note	2018 \$'000	2017 \$'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(834)	(777)
Interest received	59	18
<i>Net cash utilised in operating activities</i>	<u>(775)</u>	<u>(759)</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(365)	(646)
Purchase of plant and equipment	(3)	-
<i>Net cash utilised in investing activities</i>	<u>(368)</u>	<u>(646)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	173	-
<i>Net cash provided by financing activities</i>	<u>173</u>	<u>-</u>
Net decrease in cash and cash equivalents	(970)	(1,405)
Cash and cash equivalents at beginning of period	8,325	3,420
Effects of exchange rate changes on the balance of cash held in foreign currencies	2	(1)
Cash and cash equivalents at end of period	5 <u>7,357</u>	<u>2,014</u>

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(EXPRESSED IN AUSTRALIAN DOLLARS)

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Share Based Payment Reserve	Convertible Note Reserve	Equity Reserve	Non- controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	140,983	(105,993)	(27,142)	56,152	4,038	(4,968)	(294)	62,776
Loss for the period	-	(1,250)	-	-	-	-	(11)	(1,261)
Other comprehensive income	-	-	86	-	-	-	(2)	84
<i>Total comprehensive income / (loss) for the period</i>	-	(1,250)	86	-	-	-	(13)	(1,177)
Share issued during the period	173	-	-	-	-	-	-	173
Share-based payments	-	-	-	518	-	-	-	518
Total Equity at 31 December 2018	141,156	(107,243)	(27,056)	56,670	4,038	(4,968)	(307)	62,290

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Share Based Payment Reserve	Convertible Note Reserve	Equity Reserve	Non- controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	133,475	(103,547)	(26,274)	55,383	4,038	(4,968)	(260)	57,847
Loss for the period	-	(1,095)	-	-	-	-	(58)	(1,153)
Other comprehensive income	-	-	2,128	-	-	-	-	2,128
<i>Total comprehensive income / (loss) for the period</i>	-	(1,095)	2,128	-	-	-	(58)	975
Share-based payments	-	-	-	282	-	-	-	282
Total Equity at 31 December 2017	133,475	(104,642)	(24,146)	55,665	4,038	(4,968)	(318)	59,104

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

(EXPRESSED IN AUSTRALIAN DOLLARS)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Corporate Information

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

Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2018 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2018 and considered together with any public announcements made by Bannerman since that time in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial report is presented in Australian dollars and, unless otherwise stated, all values are rounded to the nearest thousand dollars (A\$1,000) in accordance with the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class orders applies.

Changes in Accounting Policies

New and amended accounting standards and interpretations

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective 1 July 2018, including:

AASB 9 Financial Instruments (AASB 9)

AASB 9 Financial Instruments (**AASB 9**) replaces AASB 139 Financial Instruments: Recognition and Measurement (**AASB 139**) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 prospectively, with the initial application date of 1 July 2018.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Company has adopted AASB 9 retrospectively in accordance with the standard; changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the Company's consolidated financial statements.

AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities, however, it eliminates the previous AASB 139 categories for financial assets held to maturity, receivables and available for sale. Under AASB 9, on initial recognition a financial asset is classified as measured at:

- Amortised cost;
- Fair Value through Other Comprehensive Income (**FVOCI**) – debt investment;
- FVOCI – equity investment; or
- Fair Value through Profit or Loss (**FVTPL**)

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The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

As of 1 July 2018, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables.

Cash and cash equivalents and trade and other receivables previously designated as receivables under AASB 139 are now classified as amortised cost under AASB 9. The trade and other payables are designated as other financial liabilities, which are measured at amortised cost.

The cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair value due to their short-term nature.

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

The three levels of the fair value hierarchy are:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 July 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the directors concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises lifetime ECL. The result of the assessment is as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost

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Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial Liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustment at 1 July 2018.

AASB 15 Revenue from Contracts with Customers (AASB 15)

The Group has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach.

AASB 15 supersedes AASB 118 Revenue, AASB 111 Construction Contracts and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

At 1 July 2018 it was determined that the adoption of AASB 15 had no impact on the Group.

New accounting standards and interpretations issued but not yet effective

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

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	6 Months Ended	
	31 December	
	2018	2017
	\$'000	\$'000
2. OTHER REVENUE		
Interest income	63	18
	<hr/>	<hr/>
3. EXPENSES		
(a) <u>Employee benefits</u>		
Salaries and wages	265	326
Superannuation	20	23
Employee share-based payment expense	244	146
Other	1	2
Directors' fees	130	89
Directors' share-based payment expense	165	136
	<hr/>	<hr/>
	825	722
	<hr/>	<hr/>
(b) <u>Other expenses</u>		
Corporate and overheads	82	129
Consulting - fees	96	86
Legal	2	24
Travel	4	13
Employer related taxes	3	3
Occupancy	44	62
Insurance	26	24
Share-based payment expense	109	-
	<hr/>	<hr/>
	366	341
	<hr/>	<hr/>
4. INCOME TAX		
Current income tax benefit	-	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

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5. CASH & CASH EQUIVALENTS

	31 December 2018 \$'000	30 June 2018 \$'000
Cash at bank and on call (interest bearing)	1,337	8,305
Short term cash deposits (interest bearing)	6,020	20
	<u>7,357</u>	<u>8,325</u>

6. OTHER RECEIVABLES

Current

GST/VAT receivable	117	124
	<u>117</u>	<u>124</u>

Non Current

Restricted cash	8	8
	<u>8</u>	<u>8</u>

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

7. PROPERTY, PLANT & EQUIPMENT

	Cost \$'000	Accumulated Depreciation \$'000	Net Book Value \$'000
31 December 2018			
Vehicles	199	(170)	29
Plant and equipment	129	(109)	20
Office furniture and equipment	788	(702)	86
	<u>1,116</u>	<u>(981)</u>	<u>135</u>
30 June 2018			
Vehicles	198	(174)	24
Plant and equipment	129	(112)	17
Office furniture and equipment	786	(700)	86
	<u>1,113</u>	<u>(986)</u>	<u>127</u>

8. EXPLORATION & EVALUATION EXPENDITURE

	Six months ended 31 December 2018 \$'000	Year ended 30 June 2018 \$'000
Opening balance	54,933	54,883
Expenditure incurred during the period	314	900
Foreign currency translation movements	118	(850)
	<u>55,365</u>	<u>54,933</u>

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

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

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of pre-development activities; and



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- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

Etango Uranium Project – Bannerman 95%

The Etango Uranium Project is situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and China General Nuclear Power Corporation's Husab uranium mine. Bannerman, in 2012, completed a Definitive Feasibility Study ("DFS") on a 7-9 million pounds U₃O₈ per annum open pit mining and heap leach processing operation at Etango. The DFS confirmed the viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. From 2015-2017, Bannerman conducted 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.

Exploration & Evaluation Expenditure for the Etango Project

	Six months ended 31 December 2018 \$'000	Year ended 30 June 2018 \$'000
Opening balance	54,933	54,883
Drilling and consumables	49	-
Salaries and wages	171	496
Consultants and contractors	12	95
Demonstration plant construction cost	-	10
Demonstration plant change in rehabilitation provision	18	27
Demonstration plant operational cost	20	205
Other	44	67
Total expenditure for the period	314	900
Foreign currency translation movements	118	(850)
Closing balance	55,365	54,933

9. PROVISIONS – NON-CURRENT

	Six months ended 31 December 2018 \$'000	Year ended 30 June 2018 \$'000
Rehabilitation provision	(a) 480	474
Employee benefits provision	(b) 14	-
	<u>494</u>	<u>474</u>
(a) Rehabilitation provision		
Opening balance	474	440
Arising during the year	-	-
Unwinding of discount	15	27
Foreign exchange translation movements	(9)	7
	<u>480</u>	<u>474</u>

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

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future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of the rehabilitation is likely to depend on when the pre-development activities cease.

The discount rate, which is based on the Namibian risk free rate, used in the calculation of the provision as at 31 December 2018 is 8.5% (June 2018: 8.5%).

(b) Employee benefits provision

Arising during the year

14	-
14	-

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

10. CONTRIBUTED EQUITY

(a) Issued and outstanding:

	December 2018 Number of Shares '000	December 2017 Number of Shares '000	December 2018 Amount \$'000	December 2017 Amount \$'000
<u>Ordinary shares</u>				
Issued and fully paid	1,041,587	855,358	141,156	133,475
<u>Movements in ordinary shares on issue</u>				
			No. of Shares '000	Amount \$'000
Balance 1 July 2017			849,627	133,475
- Issue of shares (i)			1,000	-
- Issue of shares (ii)			4,731	-
Balance 31 December 2017			855,358	133,475
			No. of Shares '000	Amount \$'000
Balance 1 July 2018			1,029,871	140,983
- Issue of shares (iii)			934	-
- Issue of shares (iv)			3,923	173
- Issue of shares (iv)			6,859	-
Balance 31 December 2018			1,041,587	141,156

- (i) On 10 November 2017, 1,000,000 ordinary shares were issued upon vesting of share and performance rights in accordance with the terms of the Employee Incentive Plan.
- (ii) On 24 November 2017, 4,730,682 ordinary shares were issued upon vesting of share and performance rights in accordance with the terms of the Employee Incentive Plan.
- (iii) On 31 July 2018, 934,358 ordinary shares were issued upon vesting of performance rights in accordance with the terms of the Employee Incentive Plan.
- (iv) On 7 November 2018, 3,923,000 ordinary shares were issued upon exercise of A0.044 share options in accordance with the Non-Executive Director Share Incentive Plan.
- (v) On 24 November 2018, 6,858,509 ordinary shares were issued upon vesting of share and performance rights in accordance with the terms of the Employee Incentive Plan.

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(b) Share options on issue:

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

Expiry Dates	Exercise Price	Balance 1 Jul 18	Granted	Exercised	Expired / Cancelled	Balance 31 Dec 18	Vested 31 Dec 18
15 November 2018	A\$0.044	7,846,000	-	(3,923,000)	(3,923,000)	-	-
25 July 2019	A\$0.045	8,300,000	-	-	-	8,300,000	8,300,000
25 July 2019	A\$0.057	10,200,000	-	-	-	10,200,000	10,200,000
25 July 2019	A\$0.07	10,200,000	-	-	-	10,200,000	10,200,000
15 November 2019	A\$0.042	19,598,200	-	-	-	19,598,200	19,598,200
15 November 2020	A\$0.069	13,731,200	-	-	-	13,731,200	13,731,200
15 November 2021	A\$0.072	-	6,597,400	-	-	6,597,400	-
		69,875,400	-	(3,923,000)	(3,923,000)	68,626,800	62,029,400
Weighted average exercise price (\$)		0.05	0.05	0.04	0.04	0.06	0.06
Average life to expiry (years)		1.42	2.91	-	-	1.25	0.93

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

Directors held 54,459,500 share options as at 31 December 2018 with an average exercise price of A\$0.06 per share and an average life to expiry of 1.67 years.

(c) Share rights on issue

The share rights on issue as at 31 December 2018 were as follows:

Vesting Dates	Balance 1 Jul 18	Granted	Vested	Cancelled	Balance 31 Dec 18
15 November 2018	9,568,315	-	(7,372,767)	(2,195,548)	-
15 November 2019	17,153,318	241,100	(420,100)	(602,471)	16,371,847
15 November 2020	10,587,400	3,224,500	-	(190,213)	13,621,687
15 November 2021	-	10,159,400	-	-	10,159,400
	37,309,033	13,625,000	(7,792,867)	(2,988,232)	40,152,934
Average life to vesting (years)	1.09	1.90	-	-	1.45

Note: Share rights have no exercise price.

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

Directors held 21,045,500 share rights as at 31 December 2018 with an average life to vesting of 1.88 years.

Terms of Ordinary Shares

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

(EXPRESSED IN AUSTRALIAN DOLLARS)

11. RESERVES

		31 December 2018 \$'000	30 June 2018 \$'000
Share-based payment reserve	(a)	56,670	56,152
Foreign currency translation reserve	(b)	(27,056)	(27,142)
Convertible note reserve	(c)	4,038	4,038
Equity reserve	(d)	(4,968)	(4,968)
Total Reserves		28,684	28,080

		Six months ended 31 December 2018 \$'000	Year ended 30 June 2018 \$'000
(a) Share-based payment reserve			
Balance at the beginning of the reporting period		56,152	55,383
Share-based payment vesting expense during the period		518	769
Balance at the end of the reporting period		56,670	56,152

The share-based payment reserve is used to recognise the value of equity-settled share-based payment transactions for the acquisition of project interests, the provision of share-based incentives to directors, employees and consultants and the loan benefit provided to One Economy Foundation as part of the loan funding arrangement completed on 30 June 2017.

		31 December 2018 \$'000	30 June 2018 \$'000
(b) Foreign currency translation reserve			
Reserves at the beginning of the reporting period		(27,142)	(26,274)
Currency translation differences arising during the period		86	(868)
Balance at the end of the reporting period		(27,056)	(27,142)

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

Over the 6 month period ended 31 December 2018, the Namibian dollar strengthened by approximately 0.23% against the Australian dollar, from the rate of A\$1:N\$10.19 as at 30 June 2018 to the rate of A\$1:N\$10.17 as at 31 December 2018. As per the Statement of Comprehensive Income, the consequential foreign currency translation difference arising for the 6 month period ended 31 December 2018 amounted to \$86,000.

(c) Convertible note reserve			
Balance at the beginning of the reporting period		4,038	4,038
Balance at the end of the reporting period		4,038	4,038

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

(d) Equity reserve			
Balance at the beginning of the reporting period		(4,968)	(4,968)
Balance at the end of the reporting period		(4,968)	(4,968)

The equity reserve records the excess in movements in equity for the purchase and disposal of non-controlling interests in prior periods. There have been no transactions in the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

(EXPRESSED IN AUSTRALIAN DOLLARS)

12. SUBSEQUENT EVENTS

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

13. 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 was refused on 3 September 2018. Bannerman retains the right to re-apply for a mining licence when the uranium market recovers. As at 31 December 2018, the probability and timing of the grant of a mining licence is uncertain. Due to this uncertainty, the second tranche payment has been disclosed as a contingent liability and not as a provision as at 31 December 2018.

14. COMMITMENTS

(a) Exploration and evaluation expenditure

Bannerman currently holds Exclusive Prospecting Licence 3345 (EPL 3345) in Namibia, which is valid until 25 April 2019 and Mineral Deposit Retention Licence 3345 (MDRL 3345), which is valid until 25 April 2022. Both are subject to renewal by the Namibian Ministry of Mines and Energy thereafter. An application to renew the EPL was lodged on 23 January 2019 and is expected to be renewed in due course.

In order to maintain current rights of tenure to EPL3345, the Group has exploration and evaluation expenditure obligations up until the expiry of that licence. The following stated obligations, which are subject to renegotiation upon expiry of the current licences, are not provided for in the financial statements and represent a commitment of the Group:

	31 December 2018 \$'000	30 June 2018 \$'000
Not longer than one year	72	171
Longer than one year, but not longer than five years	-	-
Longer than five years	-	-
	<u>72</u>	<u>171</u>

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

(b) Operating lease commitments

The Group has entered into leases for office premises and photocopiers. These leases have an initial term of 2 years:

	31 December 2018 \$'000	30 June 2018 \$'000
Not longer than one year	30	47
Longer than one year, but not longer than five years	5	20
Longer than five years	-	-
	<u>35</u>	<u>67</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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15. 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.

16. RELATED PARTY INFORMATION

Subsidiaries

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

Name	Country of incorporation	% Equity Interest	
		31 December 2018	30 June 2018
Bannerman Mining Resources (Namibia) (Pty) Ltd	Namibia	95	95
Bannerman Resources Nominees (UK) Limited	United Kingdom	100	100
Elfort Nominees Pty Ltd	Australia	100	100

Ultimate Parent

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

Transactions with related entities:

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

17. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 31 December 2018.

	31 December 2018 \$'000	30 June 2018 \$'000
Financial assets		
Trade and other receivables	8	8
Total non-current	8	8
Trade and other receivables	117	124
Total current	117	124
Total	125	132
Financial liabilities		
Trade and other payables	194	143
Total current	194	143
Total	194	143

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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Foreign Currency Risk

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

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

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

Net Fair Values

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

	31 December 2018		30 June 2018	
	Carrying Amount \$'000	Net fair Value \$'000	Carrying Amount \$'000	Net fair Value \$'000
Financial assets				
Trade and other receivables	8	8	8	8
Total non-current	8	8	8	8
Trade and other receivables	117	117	124	124
Total current	117	117	124	124
Total	125	125	132	132
Financial liabilities				
Trade and other payables	194	194	143	143
Total current	194	194	143	143
Total	194	194	143	143

DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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

In the opinion of the directors:

- (a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2018 and the performance for the half year ended on that date of the Group; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Brandon Munro
Chief Executive Officer

PERTH
12 March 2019

Independent auditor's review report to the Members of Bannerman Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Bannerman Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham'.

Gavin Buckingham
Partner
Perth
12 March 2019