



BANNERMAN ENERGY LTD AND CONTROLLED ENTITIES

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2021**

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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ABOUT BANNERMAN ENERGY LTD

About Bannerman - Bannerman Energy Ltd is an ASX, OTCQB 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 the Rössing uranium mine, Paladin's Langer Heinrich uranium mine and CGNPC's Husab uranium mine. A definitive feasibility study and an optimisation study has 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.

In August 2021, Bannerman completed a Pre-Feasibility Study on an 8Mtpa development of Etango (Etango-8 Project). The Study has demonstrated that this accelerated, streamlined project is strongly amenable to development – both technically and economically. A Definitive-Feasibility Study on the Etango-8 Project is underway with targeted completion scheduled for 3Q CY2022.

More information is available on Bannerman's website at www.bannermanenergy.com.

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN

Ronnie Beevor

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Brandon Munro

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Steve Herlihy

NON-EXECUTIVE DIRECTORS

Ian Burvill

Clive Jones

Mike Leech

PRINCIPAL & REGISTERED OFFICE

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Ernst & Young

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PERTH WA 6000

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STOCK EXCHANGE LISTINGS

Australian Securities Exchange (ASX Code: BMN)

Namibian Stock Exchange (NSX Code: BMN)

OTCQB Venture Market (OTCQB Code: BNNLF)

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021
(EXPRESSED IN AUSTRALIAN DOLLARS)

The directors submit the consolidated financial report of Bannerman Energy Ltd ("**Bannerman**" or the "**Company**") and its controlled entities (the "**Group**") for the half year ended 31 December 2021.

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

Steve Herlihy

REVIEW AND RESULTS OF OPERATIONS

Operating Result

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

The Group's net loss before tax of \$1,409,264 for the half-year ended 31 December 2021 (31 December 2020: Net loss before tax of \$1,087,441) was attributable primarily to corporate and administrative expenses and non-cash share-based compensation expenses (exploration and development expenses are capitalised).

Interest income for the half year ended 31 December 2021 was \$26,608 (December 2020: \$12,088).

Cash Position

Cash and cash equivalents were \$9,199,781 as at 31 December 2021 compared with \$12,455,321 as at 30 June 2021.

CORPORATE

Issued Securities

At the date of this report, Bannerman has 1,231,761,603 ordinary shares on issue.

As at 31 December 2021, Bannerman had on issue 35,715,160 performance share rights issued under the shareholder-approved Employee Incentive Plan ("**EIP**") and 11,285,800 unlisted options issued under the Non-Executive Director Share Incentive Plan ("**NEDSIP**"). The EIP performance rights are subject to various performance targets and continuous employment periods. The NEDSIP options are subject to continuous employment periods.

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Cancellation and Issue of Securities

The Company advised during the period that the following securities in Bannerman were cancelled or issued:

- 12,597,400 unlisted options were exercised and a corresponding number of shares were issued. No lapse of options occurred during half year period.
- 2,174,517 unlisted employee performance rights have, pursuant to the terms of the Employee Incentive Plan (EIP), been forfeited and cancelled following non-satisfaction of the relevant performance criteria.
- 14,346,425 fully paid ordinary shares were issued upon vesting of unlisted employee performance rights in accordance with the terms of the EIP and Non-Executive Director Share Incentive Plan (NEDSIP).
- 4,673,500 unlisted performance rights and 1,387,800 unlisted options were granted in accordance with the EIP and NEDSIP as approved by shareholders on 19 November 2021.
- 15,680,000 fully paid ordinary shares with an issue price of \$0.135 p/shares were issued to RCF Funds in consideration for the royalty agreement extinguishment.

Annual General Meeting

Bannerman held its Annual General Meeting on 19 November 2021. As previously announced, all resolutions put to shareholders at the Annual General Meeting were duly carried by poll.

Royalty Agreement Extinguishment

On 19 August 2021 the Company's private royalty agreement with Resource Capital Fund IV L.P. and Resource Capital Fund VI L.P. (collectively the "RCF Funds") was terminated. The consideration payable to RCF Funds was the aggregate of A\$2 million cash and the issue of 15,680,000 fully paid ordinary shares (with a fair-value of \$2,116,800).

RCF Funds held an aggregate 1.5% private revenue royalty over the Company's 95%-owned Etango Uranium Project. The Company issued the royalty to RCF in 2015 as part consideration for the release from a convertible note arrangement.

COVID-19

The Company has not experienced any significant disruption to its business or operations as a result of measures taken to date in either Namibia or Australia in response to the COVID-19 pandemic. Bannerman continues to implement various measures to protect Bannerman employees, their families and the broader community from transmission of the COVID-19 virus. The Company has considered the potential effect of the COVID-19 pandemic on going concern and has concluded there to be no significant economic impact.

ETANGO URANIUM PROJECT (BANNERMAN 95%)

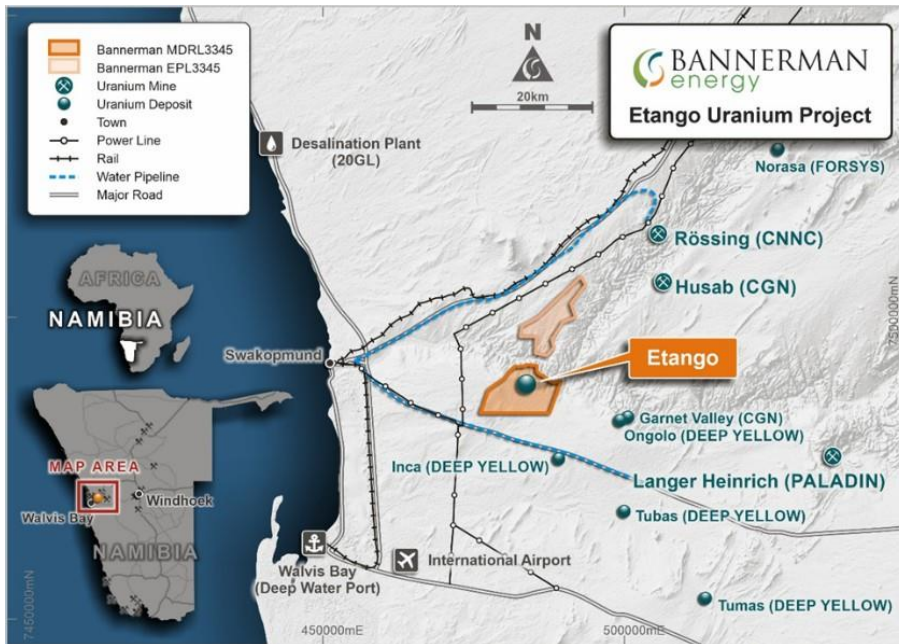


Figure 1 – The Etango Project showing MDRL 3345 and EPL 3345

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, Husab and Langer-Heinrich mines. 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 40 years. Road, rail, electricity and water networks are all located nearby.

Definitive Feasibility Study and DFS Optimisation Study

Bannerman completed a Definitive Feasibility Study and Environmental and Social Impact Assessment ("ESIA") on the Etango project in 2012 ("DFS 2012"). Bannerman further completed a DFS Optimisation Study on the Etango project in 2015 ("OS 2015"). The respective studies, as announced to the market on 10 April 2012 and 11 November 2015, confirmed the technical, economic and environmental viability of the project at historical term uranium prices.

Regulatory Approvals

Exclusive Prospecting Licence 3345 (EPL 3345) was renewed for a further 2 year term, until 25 April 2023. EPL 3345 is situated immediately north of Bannerman's Mineral Deposit Retention Licence 3345 (renewal 6 August 2022), on which the Etango Uranium Project and all proposed mine infrastructure is located.

Etango-8 Project

Bannerman has continued an evaluation of various project scaling and scope opportunities under a range of potential development parameters and market conditions. Indicative outcomes of this work highlighted strong potential for a scaled-down initial development of the Etango Project. As a result, Bannerman commenced work on a Scoping Study into such a development. The Etango-8 Scoping Study was completed on 5 August 2020 and provided an early-stage confirmation of the technical and commercial viability for development of the Etango Project at an 8Mtpa throughput rate. Importantly, much of this Scoping Study evaluation was heavily informed by the detailed study work undertaken across all relevant disciplines as part of the DFS 2012 and OS 2015. The Etango-8 Scoping Study development also maintained the real option of modular expansion, up to potentially the 20Mtpa scale envisaged by the DFS 2012 and OS 2015.

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

On 2 August 2021 the Company announced the completion of the Etango-8 Pre-Feasibility Study ("PFS").

Key Outcomes of the Etango-8 Project PFS include:

- Confirms strong technical and economic viability of conventional open pit mining and heap leach processing of the Etango deposit at 8Mtpa throughput.
- Informed by vast body of previous technical work with extensive resource drilling, geotechnical, metallurgical and environmental work already complete.
- Project rigour further bolstered through PFS with inclusion of dual pit ramps in northern and central pits, detailed plant design and higher accuracy estimation.
- Maiden Etango-8 Ore Reserve declaration.
- Further upside potential from future life extension and/or scale-up expansion.
- Bannerman Board has approved commencement of a Definitive Feasibility Study (DFS) with completion targeted for 3Q CY2022; expected cost approx. A\$4M (excl. internal costs).

Bannerman is currently undertaking the Etango-8 Definitive Feasibility Study, with targeted completion scheduled for 3Q CY2022.

Bannerman is not aware of any new information or data that materially affects the information included in the ASX release dated 2 August 2021 "*Etango-8 Pre Feasibility Study*", and Bannerman confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the estimates in this release continue to apply and have not materially changed.

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 and announcements. 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.

The information in this announcement as it relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Mr Marthinus Prinsloo. Mr Prinsloo is a full time employee of Bannerman Energy Ltd and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Prinsloo has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activities, which he is undertaking. This qualifies Mr Prinsloo 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 Prinsloo consents to the inclusion in this announcement in the form and context in which it appears. Mr Prinsloo holds shares and performance rights in Bannerman Energy Ltd.

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

SUBSEQUENT EVENTS

On 24 January 2022 following Mr Robert Orr's resignation, the Company appointed Mr Steve Herlihy as Chief Financial Officer and Company Secretary.

On 1 February 2022 the Company issued 2,739,588 fully paid ordinary shares upon vesting of performance rights in accordance with the terms of the Company's Employee Incentive Plan.

Other than the event noted above 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

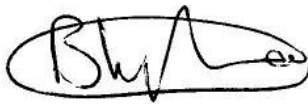
Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the directors of Bannerman with an Independence Declaration in relation to the half year ended 31 December 2021. The Independence Declaration is attached to and forms part of this Directors' Report.

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

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
10 March 2022



**Building a better
working world**

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Auditor's independence declaration to the directors of Bannerman Energy Limited

As lead auditor for the review of the half-year financial report of Bannerman Energy Limited for the half-year ended 31 December 2021, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

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

Ernst & Young

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

Gavin Buckingham
Partner
10 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	6 Months Ended 31 December	
		2021 \$'000	2020 \$'000
Other revenue	2	27	50
Administration and corporate expense	3(a)	(531)	(349)
Depreciation expense		(18)	(17)
Finance expense		(3)	(2)
Staff expense	3(b)	(885)	(769)
Loss before income tax		(1,410)	(1,087)
Income tax benefit		-	-
Net loss for the half-year		(1,410)	(1,087)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	12(b)	(3,933)	2,416
Other comprehensive (loss)/income for the half-year, net of tax		(3,933)	2,416
Total comprehensive (loss)/income, net of tax		(5,343)	1,329
Net loss is attributable to:			
Equity holders of Bannerman Energy Ltd		(1,397)	(1,076)
Non-controlling interest		(13)	(11)
		(1,410)	(1,087)
Total comprehensive (loss)/income attributable to:			
Equity holders of Bannerman Energy Ltd		(5,301)	1,319
Non-controlling interest		(42)	10
		(5,343)	1,329
Weighted average number of shares ('000)		1,208,787	1,062,101
Loss per share (cents) for loss attributable to the ordinary equity holders of the company:			
Basic loss per share to the ordinary equity holders of the Company (cents per share)		(0.12)	(0.10)
Diluted loss per share to the ordinary equity holders of the Company (cents per share)		(0.12)	(0.10)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 \$'000	30 June 2021 \$'000
CURRENT ASSETS			
Cash and cash equivalents	4	9,200	12,455
Other receivables	5	110	31
Other		35	31
TOTAL CURRENT ASSETS		9,345	12,517
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	6	55,787	54,360
Property, plant and equipment	7	60	65
Right of use assets	8	-	16
TOTAL NON-CURRENT ASSETS		55,847	54,441
TOTAL ASSETS		65,192	66,958
CURRENT LIABILITIES			
Trade and other payables	9	472	193
Lease liabilities	8	-	16
Provisions	10	90	95
TOTAL CURRENT LIABILITIES		562	304
NON-CURRENT LIABILITIES			
Provisions	10	282	295
TOTAL NON-CURRENT LIABILITIES		282	295
TOTAL LIABILITIES		844	599
NET ASSETS		64,348	66,359
EQUITY			
Contributed equity	11	155,388	152,434
Reserves	12	23,006	26,724
Accumulated losses		(114,149)	(112,752)
TOTAL PARENT ENTITY INTEREST		64,245	66,406
Non-controlling interest		103	(47)
TOTAL EQUITY		64,348	66,359

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 2021

	6 Months Ended 31 December	
	2021	2020
	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,096)	(740)
Government grants and incentives	-	50
Interest received	19	12
	<hr/>	<hr/>
<i>Net cash utilised in operating activities</i>	(1,077)	(678)
CASHFLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(982)	(452)
Payments for royalty acquisition	(2,000)	-
Purchase of plant and equipment	-	(2)
	<hr/>	<hr/>
<i>Net cash utilised in investing activities</i>	(2,982)	(454)
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	837	-
Payments for lease liabilities	-	(16)
	<hr/>	<hr/>
<i>Net cash provided by financing activities</i>	837	(16)
Net decrease in cash and cash equivalents	(3,222)	(1,148)
Cash and cash equivalents at beginning of period	12,455	4,174
Effects of exchange rate changes on the balance of cash held in foreign currencies	(33)	(2)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	9,200	3,024

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 2021

	Issued Capital	Share Based Payment Reserve	Foreign Currency Reserve	Equity Reserve	Accumulated Losses	Non- controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	152,434	58,465	(30,364)	(1,377)	(112,752)	(47)	66,359
Loss for the period	-	-	-	-	(1,397)	(13)	(1,410)
Other comprehensive loss	-	-	(3,904)	-	-	(29)	(3,933)
<i>Total comprehensive loss for the period</i>	-	-	(3,904)	-	(1,397)	(42)	(5,343)
Share issued during the period	837	-	-	-	-	-	837
Shares issued to RCF funds for royalty acquisition	2,117	-	-	-	-	-	2,117
Share-based payments	-	363	-	-	-	-	363
Capital contributions (Bannerman Namibia)	-	-	-	(177)	-	192	15
Total equity at 31 December 2021	155,388	58,828	(34,268)	(1,554)	(114,149)	103	64,348

	Issued Capital	Share Based Payment Reserve	Foreign Currency Reserve	Equity Reserve	Accumulated Losses	Non- controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	141,198	57,691	(35,274)	(1,441)	(110,498)	52	51,728
Loss for the period	-	-	-	-	(1,076)	(11)	(1,087)
Other comprehensive income	-	-	2,395	-	-	21	2,416
<i>Total comprehensive income/(loss) for the period</i>	-	-	2,395	-	(1,076)	10	1,329
Share issued during the period	-	-	-	-	-	-	-
Share-based payments	-	360	-	-	-	-	360
Capital contributions (Bannerman Namibia)	-	-	-	26	-	(41)	(15)
Total equity at 31 December 2020	141,198	58,051	(32,879)	(1,415)	(111,574)	21	53,402

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 2021

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 and the OTCQB Venture Market.

Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2021 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 2021 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

From 1 July 2021, the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on 1 July 2021. Adoption of these Standards and Interpretations did not have any material effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new Standards or Interpretations. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021.

Impact of the COVID-19 pandemic

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the Company. The scale and duration of these developments remain uncertain as at the date of this report. The Company has considered the potential impact of the COVID-19 pandemic in the significant accounting judgements, estimates and assumptions at reporting date and has concluded there to be no significant economic impact.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FOR THE HALF YEAR ENDED 31 DECEMBER 2021

2. OTHER REVENUE

	31 December 2021 \$'000	31 December 2020 \$'000
Interest income	27	12
Government grants and tax incentives	-	38
	27	50

3. EXPENSES

	31 December 2021 \$'000	31 December 2020 \$'000
<u>Administration and corporate expenses</u>		
Administrative expense	48	35
Compliance and regulatory	267	152
Insurance expense	19	44
Occupancy expense	47	22
Stakeholder relations	149	95
Travel expenses	1	1
	531	349
<u>Staff expenses</u>		
Staff remuneration *	1,156	984
Other staff expenses	19	17
(Less staff expenses capitalised as exploration and evaluation)	(258)	(216)
(Less staff expenses classified as compliance and regulatory)	(32)	(16)
	885	769

*Reconciliation of staff remuneration is provided below:

	Salaries & fees \$'000	Share based payments \$'000	Superannuation \$'000	Leave accrued \$'000	Other \$'000	Total \$'000
31 December 2021	763	342	44	(3)	10	1,156
31 December 2020	637	302	36	-	9	984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FOR THE HALF YEAR ENDED 31 DECEMBER 2021

4. CASH & CASH EQUIVALENTS

	31 December 2021 \$'000	30 June 2021 \$'000
Cash at bank and on call (interest bearing)	803	1,367
Short term cash deposits (interest bearing)	8,397	11,088
	9,200	12,455

5. OTHER RECEIVABLES

	31 December 2021 \$'000	30 June 2021 \$'000
Current		
GST/VAT receivable	108	28
Interest receivable	2	3
	110	31

6. EXPLORATION & EVALUATION EXPENDITURE

	31 December 2021 \$'000	30 June 2021 \$'000
Opening balance	54,360	47,906
Expenditure incurred during the period (a)	1,218	1,509
Extinguishment of RCF Funds revenue royalty (b)	4,117	-
Foreign currency translation movements	(3,908)	4,945
	55,787	54,360

a) Exploration & Evaluation Expenditure for the Etango Project

	31 December 2021 \$'000	30 June 2021 \$'000
General project expenses	45	82
Consultants and other project services	24	20
Environmental expenses	2	3
Human resources	260	430
Studies (Etango-8 PFS)	872	945
Demonstration plant costs	15	29
Total expenditure for the period	1,218	1,509

Expenditure incurred during the period comprises expenditure on geological, study 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FOR THE HALF YEAR ENDED 31 DECEMBER 2021

6. EXPLORATION & EVALUATION EXPENDITURE (CONTD.)

b) Extinguishment of RCF Funds revenue royalty

On 19 August 2021 the Company's private royalty agreement with Resource Capital Fund IV L.P. and Resource Capital Fund VI L.P. (collectively the "RCF Funds") was terminated. The consideration payable to RCF Funds was the aggregate of A\$2 million cash and the issue of 15,680,000 fully paid ordinary shares (with a fair-value of \$2,116,800).

RCF Funds held an aggregate 1.5% private revenue royalty over the Company's 95%-owned Etango Uranium Project. The Company issued the royalty to RCF in 2015 as part consideration for the release from a convertible note arrangement.

Etango Uranium Project – Bannerman 95%

The Etango Uranium Project is situated near China National Uranium Corporation's (CNUC) Rössing uranium mine, Paladin's Langer Heinrich uranium mine and China General Nuclear Corp'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.

Bannerman announced to the ASX on 5 August 2020 the completion of a Scoping Study for an 8Mtpa development of its flagship Etango Uranium Project in Namibia (**Etango-8 Project**). The Scoping Study on the Etango-8 Project provides an alternate, streamlined development model to the 20Mtpa development assessed to DFS level in 2015. The Study demonstrates the strong technical and economic viability of conventional open pit mining and heap leach processing of the world class Etango deposit at 8Mtpa throughput. Bannerman Board has approved commencement of a Pre-Feasibility Study (**PFS**) on Etango-8 Project.

Bannerman currently holds Exclusive Prospecting Licence 3345 (**EPL 3345**) in Namibia, which is valid until 26 April 2023 and thereafter subject to renewal by the Namibian Ministry of Mines and Energy. Bannerman also holds a Mineral Deposit Retention Licence 3345 (**MDRL 3345**) in Namibia, which is valid until 6 August 2022 and thereafter subject to renewal by the Namibian Ministry of Mines and Energy.

7. PROPERTY, PLANT & EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value
	\$'000	\$'000	\$'000
31 December 2021			
Vehicles	175	(152)	23
Office furniture and equipment	26	(21)	5
Lab and field equipment	59	(47)	12
Sundry	178	(158)	20
	<u>438</u>	<u>(379)</u>	<u>60</u>
30 June 2021			
Vehicles	188	(164)	24
Office furniture and equipment	26	(20)	6
Lab and field equipment	64	(51)	13
Sundry	184	(162)	22
	<u>462</u>	<u>(397)</u>	<u>65</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FOR THE HALF YEAR ENDED 31 DECEMBER 2021

8. RIGHT OF USE ASSETS

	31 December 2021 \$'000	30 June 2021 \$'000
Right of use assets		
Opening balance	16	49
Additions	-	-
Depreciation	(16)	(33)
Closing balance net of accumulated depreciation	<u>-</u>	<u>16</u>
Lease liability		
Opening balance	16	46
Additions	-	-
Amortisation of principle	(16)	(30)
Interest on lease	-	-
Closing balance	<u>-</u>	<u>16</u>

Amounts recognised in statement of profit or loss and other comprehensive income relating to:

Depreciation charge of right-of-use assets	16	17
Interest expense (included in finance costs)	-	-
Short term lease payments	-	-

The Company's current office lease agreement expired at 31 January 2022, but has been renewed.

9. TRADE AND OTHER PAYABLES

	31 December 2021 \$'000	30 June 2021 \$'000
Current		
Trade payables	307	45
Other payables and accruals	165	148
	<u>472</u>	<u>193</u>

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.

10. PROVISIONS

	31 December 2021 \$'000	30 June 2021 \$'000
Current		
Annual leave provision	75	81
Long service leave provision	15	14
	<u>90</u>	<u>95</u>
Non-current		
Rehabilitation provision	282	295
	<u>282</u>	<u>295</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FOR THE HALF YEAR ENDED 31 DECEMBER 2021

11. CONTRIBUTED EQUITY

(a) Issued and outstanding:

	31 December 2021		30 June 2021	
	Number '000	\$'000	Number '000	\$'000
<u>Ordinary shares</u>				
Issued and fully paid	1,231,762	155,388	1,189,138	159,434
<u>Movements in ordinary shares on issue</u>				
Opening balance	1,189,138	152,434	1,058,782	141,198
Issue of shares on vesting under employee performance rights plan (i & vi)	14,347	-	16,070	-
Issue of shares on exercise of option under employee incentive plan (iv & v)	12,597	837	-	-
Issue of shares pursuant to Placement (ii)	-	-	114,286	12,000
Issue of shares in consideration for RCF royalty extinguishment (iii)	15,680	2,117	-	-
Costs of issuing shares	-	-	-	(764)
Closing balance	1,231,762	155,388	1,189,138	152,434

- (i) On 24 November 2020, 16,070,366 fully paid ordinary shares were issued upon vesting of share and performance rights in accordance with the terms of the Employee Incentive Plan.
- (ii) On 19 February 2021 the Company issued 114,284,716 fully paid ordinary shares at an issue price of \$0.105 p/share to sophisticated and institutional investors through a placement to raise \$12 million.
- (iii) On 21 July 2021 the Company issued 15,680,000 fully paid ordinary shares with an issue price of \$0.135 p/shares (aggregate valuation \$2,116,1800) to RCF Funds in consideration for the royalty agreement extinguishment. Please refer to the note 6 (b) for further information.
- (iv) On 26 October 2021 the Company issued 10,597,400 fully paid ordinary shares following the exercise of options (the options had a weighted average exercise price of \$0.07, raising \$737,013 in equity funding).
- (v) On 17 November 2021 the Company issued a further allotment of 2,000,000 fully paid ordinary shares following the exercise of options, the options had an exercise price of \$0.05, raising \$100,000 in equity funding.
- (vi) On 15 December 2021 the Company issued as per the terms of the Company's Employee Incentive Plan ("EIP") 14,346,425 fully paid ordinary shares following the conversion of performance rights into shares on vesting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FOR THE HALF YEAR ENDED 31 DECEMBER 2021

(b) Share options on issue:

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

Expiry Dates	Exercise Price	Balance 1 Jul 20	Granted	Exercised	Expired / Cancelled	Balance 31 Dec 21	Vested 31 Dec 21
15 November 2021	A\$0.072	8,597,400		(8,597,400)	-	-	-
15 November 2022	A\$0.059	4,338,800		(2,000,000)	-	2,338,800	2,338,800
15 November 2023	A\$0.050	9,559,200		(2,000,000)	-	7,559,200	7,559,200
15 November 2024	\$0.45		1,387,800	-	-	1,387,800	-
		22,495,40	1,387,800	(12,597,400)	-	11,285,80	9,898,000
Weighted average exercise price (\$)		0.060	0.45	0.066	-	0.101	0.052
Average life to expiry (years)		0.96	2.88	0.44	-	1.79	1.64

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

Key management held 10,785,800 share options as at 31 December 2021 with an average exercise price of A\$0.08 per share and an average life to expiry of 0.07 years.

(c) Share rights on issue

The share rights on issue as at 31 December 2021 were as follows:

Vesting Dates	Balance 1 Jul 20	Granted	Vested	Cancelled	Balance 31 Dec 21
15 November 2021	14,870,853	-	(14,346,425)	(524,428)	-
1 March 2022	-	203,500	-	-	203,500
15 November 2022	15,823,448	575,600	-	(1,093,019)	15,306,030
15 November 2023	16,868,300	988,600	-	(557,070)	17,299,830
15 November 2024	-	2,905,800	-	-	2,905,800
	47,562,601	4,673,500	(14,346,425)	(2,174,517)	35,715,160
Average life to vesting (years)	0.96	2.29	-		1.52

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.

Key management held 31,553,179 share rights as at 31 December 2021 with an average life to vesting of 1.57 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 FOR THE HALF YEAR ENDED 31 DECEMBER 2021

10. RESERVES

		31 December 2021 \$'000	30 June 2021 \$'000
Share-based payment reserve	(a)	58,828	58,465
Foreign currency translation reserve	(b)	(34,268)	(30,364)
Equity reserve	(c)	(1,554)	(1,377)
Total Reserves		<u>23,006</u>	<u>26,724</u>

(a) Share-based payment reserve

Balance at the beginning of the reporting period	58,465	57,691
Share-based payment vesting expense during the period	363	774
Balance at the end of the reporting period	<u>58,828</u>	<u>58,465</u>

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.

(b) Foreign currency translation reserve

Reserves at the beginning of the reporting period	(30,364)	(35,274)
Currency translation differences arising during the period	(3,904)	4,910
Balance at the end of the reporting period	<u>(34,268)</u>	<u>(30,364)</u>

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.

(c) Equity reserve

Balance at the beginning of the reporting period	(1,377)	(1,441)
Movements in equity due to minority interest share of capital contributions provided to subsidiary by Bannerman	(177)	64
Transfer from convertible note reserves	-	-
Balance at the end of the reporting period	<u>(1,554)</u>	<u>(1,377)</u>

The equity reserve relates to the Company's equity in its subsidiary Bannerman Mining Resources (Namibia) Pty Ltd, with current year movements relating to the minority interest share of capital contributions provided to the subsidiary by Bannerman and the transfer of the convertible note reserve relating to the equity portion of the RCFIV convertibles that were extinguished on 31 December 2015.

11. SUBSEQUENT EVENTS

On 24 January 2022 following Mr Robert Orr's resignation, the Company appointed Mr Steve Herlihy as Chief Financial Officer and Company Secretary.

On 1 February 2022 the Company issued 2,739,588 fully paid ordinary shares upon vesting of performance rights in accordance with the terms of the Company's Employee Incentive Plan.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FOR THE HALF YEAR ENDED 31 DECEMBER 2021

12. 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 2021, 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 2021.

13. COMMITMENTS

Bannerman currently holds Exclusive Prospecting Licence 3345 (EPL 3345) in Namibia, which is valid until 26 April 2023 and Mineral Deposit Retention Licence 3345 (MDRL 3345), which is valid until 6 August 2022. Both are subject to renewal by the Namibian Ministry of Mines and Energy thereafter.

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 2021 \$’000	30 June 2021 \$’000
Not longer than one year	82	144
Longer than one year, but not longer than five years	39	107
Longer than five years	-	-
	<u>121</u>	<u>251</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.

14. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FOR THE HALF YEAR ENDED 31 DECEMBER 2021

15. RELATED PARTY INFORMATION

Subsidiaries

The consolidated financial statements include the financial statements of Bannerman Energy Ltd and the subsidiaries listed in the following table:

Name	Country of incorporation	% Equity Interest	
		31 December 2021	30 June 2021
Bannerman Mining Resources (Namibia) (Pty) Ltd	Namibia	95	95
Bannerman Resources Nominees (UK) Limited	United Kingdom	100	100

Ultimate Parent

Bannerman Energy Ltd 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.

16. 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 2021.

	31 December 2021		30 June 2021	
	\$'000 Carrying Amount	\$'000 Net fair value	\$'000 Carrying Amount	\$'000 Net fair value
Financial assets				
Other receivables	110	110	31	31
Total	110	110	31	31
Financial liabilities				
Trade and other payables	472	472	193	193
Lease liability	-	-	16	16
Total	472	472	209	209

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.

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

In accordance with a resolution of the Directors of Bannerman Energy Ltd, 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 2021 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
10 March 2022



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working world**

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Independent auditor's review report to the members of Bannerman Energy Limited

Conclusion

We have reviewed the accompanying half-year financial report of Bannerman Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 2021 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

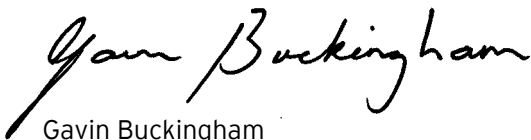
Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.



Ernst & Young



Gavin Buckingham
Partner
Perth
10 March 2022