



# **BANNERMAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

Financial Report  
For the Half-Year Ended  
31 December 2009

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**FINANCIAL REPORT**  
**For the Half-Year Ended 31 December 2009**

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**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**COMPANY DIRECTORY**

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**DIRECTORS**

Geoff Stanley	Non-Executive Chairman
Len Jubber	Chief Executive Officer
Ronnie Beevor	Non-Executive Director
Clive Jones	Non-Executive Director
James McClements	Non-Executive Director
David Tucker	Non-Executive Director
David Smith	Non-Executive Director
Mason Hills	Alternate Non-Executive Director

**COMPANY SECRETARY**

Glen Smith

**REGISTERED OFFICE**

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**AUDITORS**

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**STOCK EXCHANGE LISTINGS**

Australian Securities Exchange  
Code: BMN

Toronto Stock Exchange  
Code: BAN

Namibian Stock Exchange  
Code: BMN

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**  
For the Half-Year Ended 31 December 2009

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Your 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 2009.

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.

Geoff Stanley	Non-Executive Chairman	
Len Jubber	Chief Executive Officer	
Ronnie Beevor	Non-Executive Director	Appointed: 27 July 2009
Clive Jones	Non-Executive Director	
James McClements	Non-Executive Director	
David Tucker	Non-Executive Director	
David Smith	Non-Executive Director	Appointed: 25 November 2009
Mason Hills	Alternate Non-Executive Director	
Alastair Clayton	Non Executive Director	Resigned: 27 July 2009

## **COMPANY SECRETARY**

Darryl Edwards	Resigned: 25 November 2009	
Andrew Steers	Appointed: 25 November 2009	Resigned: 21 January 2010
Glen Smith	Appointed: 21 January 2010	

## **REVIEW AND RESULTS OF OPERATIONS**

### **Operating Result**

The Group incurred a net loss of A\$6,415,908 for the half-year ended 31 December 2009 (December 2008: A\$2,291,381). The result for the half-year was attributable primarily to corporate and administrative expenses, interest costs and non-cash share based compensation expenses.

Interest income for the half year was A\$531,126 (December 2008: A\$325,709).

### **Cash Position**

Cash and cash equivalents were A\$23,242,339 as at 31 December 2009 compared with A\$37,577,728 as at 30 June 2009. The decrease reflects the expenditure incurred on exploration, feasibility and corporate activities.

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

For the Half-Year Ended 31 December 2009

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## Overview

Bannerman is a uranium exploration and development company listed on the Australian, Toronto and Namibian stock exchanges. Bannerman's principal focus is the exploration and development of uranium projects in Namibia, southern Africa. The primary and most significant asset is an 80% interest in the Etango Uranium Project ("**Etango Project**") in Namibia which is at a definitive feasibility study stage of development. Etango is one of the world's largest undeveloped uranium deposits, and Bannerman is focused on the feasibility assessment and development of a large open pit uranium operation at Etango. The Company, through its Namibian subsidiary, also holds title to the Swakop River Exploration Project ("**Swakop River Project**") and in addition directly holds a 100% interest in a number of exploration properties in Botswana.

The Etango Project area forms part of Exclusive Prospecting Licence ("**EPL**") 3345 which was granted to Bannerman's 80% subsidiary, Bannerman Mining Resources (Namibia) (Pty) Ltd, on April 27, 2006 to explore for nuclear fuels, including uranium, expressed as uranium oxide ( $U_3O_8$ ). The title was renewed for a further two year period in May 2009 expiring April 26, 2011. A renewal application for the Company's Swakop River Project (EPL 3346) was lodged in early 2009 in accordance with the required application timeframes and renewal is expected. In accordance with Namibian law, the title remains valid while it is undergoing the statutory renewal process. As of December 31, 2009, Bannerman had spent approximately A\$60 million on its Namibian licences.

To date, Bannerman's exploration activities have defined a mineral resource at the Etango Project, reported at a lower cut-off grade of 100 parts per million ("**ppm**")  $U_3O_8$ , comprising Measured and Indicated Mineral Resources of 205.4 million tonnes ("**Mt**") grading 227ppm  $U_3O_8$  for 102.8 million pounds ("**Mlbs**") of  $U_3O_8$ , and Inferred Mineral Resources of 102.9Mt grading 217ppm  $U_3O_8$  for 49.2Mlbs of  $U_3O_8$ .

This resource estimate was prepared by the Company's consultants, Coffey Mining Pty Ltd (formerly RSG Global). The resource estimate is fully described in the Company's news release dated December 14, 2009, a copy of which is available on the Company's website.

Following the positive results of a Scoping Study completed in September 2007, work commenced at that time on a feasibility study for the development of a uranium mine at the Etango Project in Namibia. The feasibility study is ongoing and is being undertaken in conjunction with various technical consultants including AMEC Minproc Ltd, Independent Metallurgical Operations Pty Ltd and Coffey Mining Pty Ltd. Bannerman completed and released the results of the Preliminary Feasibility Study during the period, and a Definitive Feasibility Study has now commenced. Subject to ultimate completion of a successful Bankable Feasibility Study, Bannerman is targeting to bring the Etango Project into production in late 2013.

## Corporate

### Board and Executive Appointments

Mr Ronnie Beevor was appointed as a non-executive director effective 27 July 2009 and also as Chairman of the Company's Audit Committee. Mr Beevor is an investment banker having been Head of Investment Banking at NM Rothschild & Sons (Australia) Limited between 1997 and 2002. He has had an extensive involvement in the natural resources industry, both in Australia and internationally. He was previously a non-executive director of ASX-listed Oxiana Limited which successfully developed the Sepon gold-copper project in Laos as well as the Prominent Hill copper-gold project in South Australia.

On 24 November 2009, the Company announced the appointment of senior mining executive Dr David Smith to the Board as a Non-Executive Director, with effect from 25 November 2009.

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**DIRECTORS' REPORT**

For the Half-Year Ended 31 December 2009

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Dr Smith has over 30 years' of technical, operational and senior management experience within the Rio Tinto organisation. He was until recently the President of Rio Tinto Atlantic covering the Simondou Project in Guinea, West Africa. Previous to that, he was Managing Director of Rio Tinto's Pilbara iron ore operations in Western Australia comprising Hamersley Iron and Robe River Mining, together the second largest iron ore producing operation in the world. Prior to Dr Smith's appointment to Rio Tinto's iron ore operations in 2001, he was the Chief Executive Officer of Rössing Uranium Limited in Namibia responsible for annual sales of over 5Mlbs of uranium oxide to power utilities worldwide. He also chaired the Rössing Foundation, a key component of Rio Tinto's corporate social responsibility activity in Namibia. Dr Smith is a qualified metallurgist residing in Perth, Western Australia, and his formal qualifications include a Bachelor of Science and Ph.D. in Metallurgy from the University of New South Wales in Australia.

Bannerman's executive team was further aligned with the Company's business strategy through the appointment of Mr John Turney to the role of Project Director with overall responsibility for development of the Etango Project. Mr Turney has 35 years' diversified experience primarily with Homestake Mining Company and Barrick Gold Corporation in mining and milling operations and project development in the US, Canada, South America, Australia and Africa. In addition, his most recent role was that of General Manager Leaching at Bateman Engineering based in Australia. In the past ten years, Mr Turney led the successful development of the Cowal gold project in Australia and the Tulawaka gold project in Tanzania, as well as other development and capital project roles for both Homestake and Barrick. The appointment of Mr Turney has added substantially to Bannerman's capability at this important feasibility assessment stage of the Etango project development program.

#### **Company Secretary Appointment**

Following the end of the half-year, Mr Glen Smith was appointed to the position of Company Secretary effective 21 January 2010 following the resignation of the previous Company Secretary.

#### **Annual General Meeting**

The Company's Annual General Meeting was held on 24 November 2009 in Perth. As reported to the market immediately following the meeting, all resolutions were passed.

#### **Etango Project (Bannerman 80%)**

During the period, Bannerman announced the results of its Preliminary Feasibility Study ("PFS") on the Etango Project and continued to drill aggressively to improve the confidence and size of the Etango mineral resource estimate. Bannerman has progressed to a Definitive Feasibility Study ("DFS"), with the next stage of metallurgical testwork and key mining study and operating cost initiatives currently underway.

The Etango Project is one of the world's largest undeveloped uranium deposits located in a premier uranium mining jurisdiction, offering long term security of supply for end-users within the timeframe in which there is growing consensus that supply will be constrained as the nuclear renaissance gathers momentum. These factors, combined with the significant scale of forecast annual production, low technical and permitting risks, and relatively flat operating cost profile provide the Etango Project with substantial strategic value in a world where nuclear energy and the demand for uranium is projected to grow significantly.

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**Preliminary Feasibility Study**

Since July 2009, Bannerman's PFS activities focused on infill and extensional drilling of the Etango deposit and, in particular, on metallurgical testwork of both heap leaching and tank-based flotation concentrate leaching processing options.

A successful initial testwork program completed on the flotation concentrate leaching option in the second half of 2009 consistently achieved a 5-6% mass pull of over 94% of the contained uranium oxide (expressed as  $U_3O_8$ ) in the ore. This resulted in a high-grade concentrate of approximately 3,500-4,000ppm  $U_3O_8$ . An overall processing recovery of 91% was estimated for the PFS using agitated tank leaching of the flotation concentrate. Accordingly, flotation concentrate leaching is the preferred processing route for development of the Etango Project.

The PFS mining schedule provided for approximately 16 years of production at 5-7Mlbs of  $U_3O_8$  per annum. Substantial additional material is expected to be included in the ultimate open pit mine design based on recent drilling work undertaken in the northern section of the Etango deposit and with further iterations of the mine optimisation and planning process.

Life-of-mine production in the PFS is estimated as 97Mlbs  $U_3O_8$ . Mineable resources of 231Mt at an average grade of 211ppm  $U_3O_8$  represent approximately 75% of the total mineral resource tonnage, providing potential for mine life increases. In particular, opportunities exist for further pit expansions to add significantly to life-of-mine production beyond the current mine design.

Bannerman did not declare an ore reserve estimate in the PFS. This work is scheduled for the DFS. Mineable resources for the PFS comprise 2% Measured, 75% Indicated and 23% Inferred resource material by metal content. Given the proximity of the Inferred resource material to the Measured and Indicated resources, Bannerman expects that drilling undertaken since the resource model was developed will convert a reasonable proportion of the Inferred resource material to Indicated status. This can then be considered for conversion to an ore reserve as part of the DFS<sup>1</sup>.

The estimated capital cost of US\$555 million was based on contract mining. It excludes working capital and financing charges but includes mining establishment, waste pre-stripping and EPCM (engineering, procurement, construction and management) costs.

Estimated operating costs in the PFS were US\$30-35/lb  $U_3O_8$  in the first two years, with an average of US\$38/lb  $U_3O_8$  for the first five years and US\$41/lb  $U_3O_8$  for the life-of-mine. These costs include capital components for contract mining equipment and certain infrastructure. Given the relatively shallow nature of the open pit mining operations, life-of-mine average operating costs are only approximately 7% above the first five-year costs, supporting the long term viability and supply security of the Etango operation.

Uranium producers sell the vast majority of production into long-term contracts with end-users, typically nuclear power utilities which require security of supply. Long-term contract prices were US\$62-70/lb  $U_3O_8$  in 2009 and Bannerman has assessed the Project on the basis of a long term contract price of US\$70/lb  $U_3O_8$ . The Etango Project is expected to commence production in late 2013. This timing is in line with generally anticipated tightening uranium demand/supply fundamentals due to significant nuclear reactor build programs in China, India and various other Asian and European countries, and an expected reduction in secondary supplies.

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<sup>1</sup> In accordance with relevant regulations governing the disclosure of mineral projects, it is noted that mineable resources based on Inferred resource material are considered too speculative to enable them to be classified as ore reserves.

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For the Half-Year Ended 31 December 2009

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### **Definitive Feasibility Study**

Bannerman commenced a DFS on the Etango Project with key items including:

- Updating the mineral resource model in the March 2010 quarter to incorporate results of drilling completed since the end of May 2009.
- A detailed mining study in the June 2010 quarter, with the assistance of external mining engineering specialists, to define key mine planning initiatives to reduce mining unit operating costs following receipt of the updated mineral resource model.
- The initial phase of confirmatory metallurgical testwork, including a range of "locked-cycle" laboratory tests, is continuing. Following the end of the period, Bannerman received the results from a range of continuous flotation tests conducted in January and February 2010. While providing further confidence in the application of flotation beneficiation to the Etango ore, variances from the previous testwork have been recorded. Specifically, the continuous tests have indicated average flotation recoveries of 85% compared with +90% recorded in the batch testwork. Further investigations are being undertaken into the metallurgical parameters required to consistently achieve the higher flotation recoveries, prior to progressing to the larger scale pilot plant testwork.
- Selection of the engineering and technical consultant panel is underway and due to be finalised in the March 2010 quarter, with selection of the optimal engineering design and costing of the processing plant and infrastructure to be aggressively pursued.

The DFS is scheduled to be completed by end 2010 or early 2011, in advance of a development decision.

### **Project Enhancements**

A number of opportunities to reduce operating costs and extend the mine life were identified in the PFS, including:

- **Reductions in operating costs** – Moving into the DFS will enable more detailed analysis of opportunities to reduce operating costs and, in particular, Bannerman is focusing on:
  - incorporation of this drilling into the resource model is expected to enable more near-surface and potentially higher grade and lower cost material to be included in the mine plan in the early years;
  - further optimisation of the mine design and mining schedule based on the updated resource model, including considering in-pit dumping and the use of larger equipment and electrically-assisted haul trucks;
  - sourcing of competitively tendered contract mining quotes;
  - detailed analysis of an owner-mining strategy including capital and operating cost trade-off analysis;
  - optimisation of the processing circuit focusing on reducing the consumption of flotation reagents and sulphuric acid;
  - access to third party facilities and infrastructure in the local region for key consumables, including acid; and
  - synergies through employing similar equipment as nearby mines as well as the sharing of local infrastructure.

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- **Expected increases in mine life and total production** – Mine life and total production is expected to increase due to:
  - Drilling completed and reported by Bannerman since mid-2009 is not included in the resource model used for the PFS analysis. This drilling focused on expanding and infilling the northern parts of the Etango deposit.
  - The updated resource model will be re-optimised for the higher processing recoveries that have been achieved with the flotation concentrate leaching process.
  - Opportunities exist for further pit expansions to increase life-of-mine production. The next two optimised open pit shells beyond the PFS mine design contain approximately 35 million tonnes of mineralised material.
- **Potential for satellite pits** – Bannerman recently reported results for drilling activities adjacent to the existing resource area, including the Hyena Prospect. In the two years prior to this activity, the Company concentrated almost entirely on resource definition drilling. The latest results reflect the initial phases of drilling under the desert sand cover and a follow-up drilling plan is being finalised.

### **Heap Leaching Alternative**

The PFS also demonstrated the technical and economic viability of using a heap leaching processing option. While flotation concentrate leaching is the preferred processing option, heap leaching is considered an alternative option for development of the Etango Project.

### **Updated Mineral Resource Estimate**

In August 2009, Bannerman commissioned Coffey Mining Pty Ltd to remodel the Etango deposit and produce a new mineral resource estimate using the widely accepted Uniform Conditioning (“**UC**”) methodology. UC modeling completed in the PFS and now underway in the DFS emulates the selective mining of smaller units than the block sizes used in previous Ordinary Kriging (“**OK**”) models. This approach more closely reflects the mining methods proposed for the Etango Project.

The UC resource estimate, as reported to the market on 14 December 2009, is shown below. Using the UC mineral resource estimate (reported at a cut-off grade of 100ppm  $U_3O_8$ ), the estimated average resource grade increased by 10% and overall resource tonnages and contained metal reduced by 13% and 5% respectively, compared with the previous OK resource model.

Since compilation of the UC resource model, Bannerman has continued to aggressively drill the Etango deposit with a combination of infill and extensional programs being completed. Based on the results of these drilling programs, improvements are expected in both the quantum and level of confidence of the resource model in the DFS. A resource update is expected towards the end of the first quarter 2010.

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For the Half-Year Ended 31 December 2009

**Etango Project - Mineral Resource Estimate - December 2009  
Uniform Conditioning ("UC") Method**

Lower Cut-off (ppm U <sub>3</sub> O <sub>8</sub> )	Measured Resources				Indicated Resources				Inferred Resources			
	Tonnes	Grade	Contained U <sub>3</sub> O <sub>8</sub>		Tonnes	Grade	Contained U <sub>3</sub> O <sub>8</sub>		Tonnes	Grade	Contained U <sub>3</sub> O <sub>8</sub>	
	(Mt)	(ppm U <sub>3</sub> O <sub>8</sub> )	(Tonnes)	(Mlbs)	(Mt)	(ppm U <sub>3</sub> O <sub>8</sub> )	(Tonnes)	(Mlbs)	(Mt)	(ppm U <sub>3</sub> O <sub>8</sub> )	(Tonnes)	(Mlbs)
<b>100</b>	<b>3.6</b>	<b>249</b>	<b>900</b>	<b>2.0</b>	<b>201.8</b>	<b>227</b>	<b>45,800</b>	<b>100.8</b>	<b>102.9</b>	<b>217</b>	<b>22,300</b>	<b>49.2</b>
150	3.0	268	800	1.8	146.9	262	38,500	85.0	73.5	251	18,400	40.7

**Note:** Figures may not add due to rounding; bulk density of 2.63t/m<sup>3</sup>; Uniform Conditioning estimate; Panel dimensions of 25mNS x 25mEW x 10mRL (Anomaly A and Oshiveli) and 50mNS x 50mEW x 10mRL (Onkelo) and SMU dimensions of 12.5mNS x 12.5mEW x 5mRL with Information Effect.

### Drilling Programs

At 31 December 2009, Bannerman had completed 283,000 metres of drilling at the Etango Project, of which 223,000 metres has been included in the resource model, with most drilling undertaken in the Anomaly A deposit. Over 96% of the drilling results have been chemically assayed and diamond drilling constitutes about 12% of the drilling completed.

The drilling has provided Bannerman with confidence in its geological understanding of the Etango Project and has extended the known mineralised contiguous strike length to approximately 6km. Drilling has rarely penetrated deeper than 350-400 metres below surface, with the focus being on the delineation of near-surface resources to support an open pit mining decision. The Etango deposit remains open at depth to the west, and potential exists for mine life extensions.

The drilling program for early 2010 involves further infill diamond drilling at Oshiveli, hydrological drilling for ground-water monitoring and sterilisation drilling for the proposed site infrastructure.

### Environmental and Social Impact Assessment ("ESIA")

During the period, Bannerman lodged an ESIA for the Etango Project with the Namibian Ministry of Environment and Tourism. The ESIA was conducted and reviewed by independent environmental consultants. The Environmental Protection Act of Namibia requires a detailed ESIA for all mining projects. The ESIA supports the application for environmental clearance from the Namibian Ministry of Environment and Tourism.

No substantial legislative, environmental or social impediments have been identified for development of the Etango Project. The Erongo region already hosts a number of large uranium mines and projects. Uranium mining and processing is well understood in the local communities and by Government regulatory authorities. The Etango Project enjoys local community support and is expected to have a significant positive impact on the Erongo regional and Namibian national economies, including on local employment and training.

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**DIRECTORS' REPORT**

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**Mining Licence**

On December 21, 2009, Bannerman announced it had lodged a Mining Licence application for the Etango Project with the Namibian Ministry of Mines and Energy.

**Exploration**

***Etango Project (Bannerman 80%)***

The Etango deposit, comprising the Anomaly A, Oshiveli and Onkelo resource areas, covers a mineralised area of approximately 5km<sup>2</sup> and lies wholly within EPL 3345. EPL 3345 covers a total area of approximately 500km<sup>2</sup> within the local geological region often referred to as "alaskite alley" due to the number of identified alaskite granite-hosted uranium deposits in the area.

On October 22, 2009, Bannerman announced the intersection of a new alaskite-hosted mineralised zone named "Hyena" located 1km south of Anomaly A. The identification of this mineralised zone occurred during the initial phases of step-out exploration drilling to the south of the Anomaly A deposit. The Hyena Prospect, comprising two distinct parallel zones, was discovered by the pattern drilling of lines of vertical exploration drillholes across the general strike of the stratigraphy in the area immediately to the south of Anomaly A. A follow-up drilling program is being finalised. The proximity of Hyena to the existing Etango resource area indicates the potential for discovery of additional mineralisation under the desert sand cover in the southern part of the Etango tenement.

***Swakop River Project (Bannerman 80%)***

The Swakop River licence covers an area of approximately 800km<sup>2</sup> and contains extensive paleo-channel targets with uranium mineralisation in calcretised sediments. These calcretised sediments are similar to those hosting uranium mineralisation at the adjacent Langer Heinrich operation. No drilling work was undertaken during the period.

***Botswana Project (Bannerman 100%)***

Bannerman controls three Prospecting Licences (131/2005 to 133/2005) for uranium, precious metals, base metals and platinum group minerals in Botswana. These licences are referred to as the *Serule South*, *Serule North* and *Dukwe* Licences and are located in the Foley and Sua Pan regions in Botswana. The tenements cover an area of 2,308km<sup>2</sup>. Work during the period comprised data compilation and reviews with the objective of finalising the exploration strategy for this project in the current quarter.

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**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 not otherwise disclosed in future financial years.

**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 2009. The Independence Declaration is attached to and forms part of this Directors' Report (page 13).

**Rounding**

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

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



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Len Jubber  
Chief Executive Officer  
Perth  
10 March 2010

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

In relation to our review of the financial report of Bannerman Resources Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

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

Ernst & Young

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

G A Buckingham  
Partner  
Perth

10 March 2010

**BANNERMAN RESOURCES LIMITED  
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**COSOLIDATED INCOME STATEMENT  
(Expressed in Australian dollars)**

For the Half-Year Ended 31 December 2009

	Note	3 months 31 December 2009 \$'000	3 months 31 December 2008 \$'000	6 months 31 December 2009 \$'000	6 months 31 December 2008 \$'000
<b>Continuing Operations</b>					
Other revenue	2	280	101	534	328
Administration and other expenses	3	(854)	(848)	(1,713)	(1,551)
Directors' fees		(108)	(71)	(186)	(112)
Stock based compensation expense		(1,380)	(387)	(2,780)	(387)
Employee expenses		(627)	(305)	(1,066)	(583)
Shareholder and listing costs		(193)	(100)	(304)	(191)
Depreciation expense		(70)	(127)	(141)	(142)
Interest expense		(435)	(53)	(760)	(56)
Loss from continuing operations before income tax		(3,387)	(1,790)	(6,416)	(2,694)
Income tax expense		-	403	-	403
<b>Net loss for period</b>		<b>(3,387)</b>	<b>(1,387)</b>	<b>(6,416)</b>	<b>(2,291)</b>
Loss is attributed to:					
Equity holders of the parent company		(3,329)	(1,323)	(6,301)	(2,198)
Minority interest		(58)	(64)	(115)	(93)
		(3,387)	(1,387)	(6,416)	(2,291)
<b>Loss per share</b>					
Basic and diluted loss per share (cents per share)		(1.7)	(0.9)	(3.1)	(1.5)

The accompanying notes are an integral part of these consolidated financial statements

**BANNERMAN RESOURCES LIMITED  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(Expressed in Australian dollars)  
As at 31 December 2009**

	Note	31 December 2009 \$'000	30 June 2009 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	23,242	37,578
Trade and other receivables	5	1,843	865
Other		128	78
<b>TOTAL CURRENT ASSETS</b>		<u>25,213</u>	<u>38,521</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables		26	26
Property, plant and equipment	7	1,692	1,633
Exploration and evaluation expenditure	6	60,338	52,558
<b>TOTAL NON-CURRENT ASSETS</b>		<u>62,056</u>	<u>54,217</u>
<b>TOTAL ASSETS</b>		<u>87,269</u>	<u>92,738</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,293	2,873
Interest bearing liabilities		5	9
Provisions		215	127
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,513</u>	<u>3,009</u>
<b>NON CURRENT LIABILITIES</b>			
Interest bearing liabilities	8	8,336	7,978
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>8,336</u>	<u>7,978</u>
<b>TOTAL LIABILITES</b>		<u>9,849</u>	<u>10,986</u>
<b>NET ASSETS</b>		<u>77,420</u>	<u>81,751</u>
<b>EQUITY</b>			
Issued capital	9	86,077	86,106
Reserves		54,604	52,464
Accumulated losses		(63,993)	(57,692)
<b>TOTAL PARENT ENTITY INTEREST</b>		<u>76,688</u>	<u>80,878</u>
Minority Interest		732	873
<b>TOTAL EQUITY</b>		<u>77,420</u>	<u>81,751</u>

The accompanying notes are an integral part of these consolidated financial statements.

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**CONSOLIDATED CASH FLOW STATEMENT**  
**(Expressed in Australian dollars)**  
For the Half Year Ended 31 December 2009

	Note	31 December 2009 \$'000	31 December 2008 \$'000
<b>CASHFLOWS (USED IN) OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(3,817)	(2,289)
Net cash used in operating activities		(3,817)	(2,289)
<b>CASHFLOWS USED IN INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation		(10,315)	(9,345)
Purchase of plant and equipment		(237)	(1,015)
Interest received		471	405
Net cash used in investing activities		(10,081)	(9,955)
<b>CASHFLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>			
Proceeds from equity and note issues		-	11,920
Interest paid		(390)	-
Cost of equity and note issues		(29)	(661)
Net cash (used in)/ from financing activities		(419)	11,259
Net decrease in cash held		(14,317)	(985)
Cash and cash equivalents at beginning of period		37,578	13,640
Effects of exchange rate changes on the balance of cash held in foreign currencies		(19)	542
Cash and cash equivalents at end of period	4	23,242	13,197

The accompanying notes are an integral part of these consolidated financial statements.

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(Expressed in Australian dollars)**  
For the Half-Year Ended 31 December 2009

	<b>3 months 31 December 2009 \$'000</b>	<b>3 months 31 December 2008 \$'000</b>	<b>6 months 31 December 2009 \$'000</b>	<b>6 months 31 December 2008 \$'000</b>
Net loss after tax	(3,387)	(1,387)	(6,416)	(2,291)
Other comprehensive income:				
Foreign currency translation	(946)	(1,230)	(666)	4,122
<b>Total comprehensive (loss)/profit</b>	<b>(4,333)</b>	<b>(2,617)</b>	<b>(7,082)</b>	<b>1,831</b>
Total comprehensive (loss)/profit is attributable to:				
Equity holders of the parent company	(4,248)	(2,430)	(6,941)	1,777
Minority interest	(85)	(187)	(141)	54
	<b>(4,333)</b>	<b>(2,617)</b>	<b>(7,082)</b>	<b>1,831</b>

The accompanying notes are an integral part of these consolidated financial statements

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(Expressed in Australian dollars)  
For the Half-Year Ended 31 December 2009**

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Reserve	Convertible Note Reserve	Minority Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2009</b>	86,106	(57,692)	48,957	2,567	940	873	81,751
<i>Equity Transactions:</i>							
Share issue costs	(29)	-	-	-	-	-	(29)
Share based payments	-	-	2,780	-	-	-	2,780
<i>Total comprehensive profit/(loss)</i>	-	(6,301)	-	(640)	-	(141)	(7,082)
<b>Total Equity at 31 December 2009</b>	<b>86,077</b>	<b>(63,993)</b>	<b>51,737</b>	<b>1,927</b>	<b>940</b>	<b>732</b>	<b>77,420</b>

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Reserve	Convertible Note Reserve	Minority Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2008</b>	41,798	(48,009)	46,215	(4,468)	-	861	36,397
<i>Equity Transactions:</i>							
Shares issued during the period	6,480	-	-	-	-	-	6,480
Share based payments	-	-	387	-	-	-	387
Equity component of convertible note	-	-	-	-	1,342	-	1,342
Deferred tax on convertible note	-	-	-	-	(403)	-	(403)
<i>Total comprehensive profit/(loss)</i>	-	(2,198)	-	3,975	-	54	1,831
<b>Total Equity 31 December 2008</b>	<b>48,278</b>	<b>(50,207)</b>	<b>46,602</b>	<b>(493)</b>	<b>939</b>	<b>915</b>	<b>46,034</b>

The accompanying notes are an integral part of these consolidated financial statements

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Australian dollars)**  
For the Half-Year Ended 31 December 2009

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**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**Corporate Information**

The financial report of Bannerman Resources Limited (“**Bannerman**” or the “**Company**”) for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the Directors on 10 March 2010.

Bannerman (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (“**ASX**”) with additional listings on the Toronto Stock Exchange and the Namibian Stock Exchange.

**Basis of Preparation and Accounting Policies**

This general purpose condensed financial report for the half-year ended 31 December 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year 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 half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Bannerman during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

**Changes in Accounting Policies**

On 1 July 2009 the Group adopted all Australian Accounting Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009, including:

- *AASB 8 Operating Segments*

This standard requires the disclosure of information about the Group’s operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The operations of the Group present one operating segment under the standard. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the interim financial report.

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Australian dollars)**  
For the Half-Year Ended 31 December 2009

**Changes in Accounting Policies (continued)**

- AASB 101 Revised *Presentation of Financial Statements*

The revised standard separates owner and non-owner changes in equity and requires a statement of comprehensive income to be prepared with discloses all changes in equity during a period resulting from non-owner transactions. The Consolidated Entity has elected to present comprehensive income using the two statement approach.

- AASB 123 Revised *Borrowing Costs*

The standard has been revised to require capitalisation of borrowing costs on qualifying assets. The Consolidated Entity's existing policy is consistent with the revised standard hence no change in accounting policy has been made.

The Group has not elected to early adopt any new standards or amendments.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

**Going Concern**

The Group has sufficient cash on hand as at 31 December 2009 to enable it to continue to meet its committed capital and operating expenditure beyond March 2011. If the Group chooses to maintain its planned levels of expenditure, it will be required to raise additional capital within the next 12 months.

	<b>3 months 31 December 2009 \$'000</b>	<b>3 months 31 December 2008 \$'000</b>	<b>6 months 31 December 2009 \$'000</b>	<b>6 months 31 December 2008 \$'000</b>
<b>2. OTHER REVENUE</b>				
Interest income	280	99	531	326
Sundry income	-	2	3	2
	280	101	534	328

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)  
(Expressed in Australian dollars)  
For the Half-Year Ended 31 December 2009**

<b>3. ADMINISTRATION &amp; OTHER EXPENSES</b>	<b>3 months 31 December 2009 \$'000</b>	<b>3 months 31 December 2008 \$'000</b>	<b>6 months 31 December 2009 \$'000</b>	<b>6 months 31 December 2008 \$'000</b>
Administration	545	431	1,007	902
Consulting	200	265	472	419
Occupancy	85	66	186	114
Insurance	24	42	48	72
Impairment of available-for-sale financial assets	-	44	-	44
	<u>854</u>	<u>848</u>	<u>1,713</u>	<u>1,551</u>

<b>4. CASH &amp; CASH EQUIVALENTS</b>	<b>31 December 2009 \$'000</b>	<b>30 June 2009 \$'000</b>
Cash on hand	5	1
Cash at bank and on call	1,662	18,577
Short term deposits	21,575	19,000
	<u>23,242</u>	<u>37,578</u>

Under the terms of the Convertible Note (Note 8), the Company must, unless otherwise approved, maintain a minimum working capital (net cash) balance of not less than \$3,000,000.

**5. TRADE & OTHER RECEIVABLES**

GST/VAT receivable	1,738	802
Other receivables	8	25
Accrued interest receivable	97	38
	<u>1,843</u>	<u>865</u>

**6. EXPLORATION & EVALUATION EXPENDITURE**

Opening balance	52,558	21,975
Expenditure incurred during the period	8,736	25,584
Foreign currency translation movements	(956)	5,840
Impairment adjustments	-	(842)
	<u>60,338</u>	<u>52,558</u>

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

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

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

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)  
(Expressed in Australian dollars)  
For the Half-Year Ended 31 December 2009**

**7. PROPERTY, PLANT & EQUIPMENT**

	Cost \$'000	Accumulated Depreciation \$'000	Net Book Value \$'000
<b>31 December 2009</b>			
Land and buildings	762	-	762
Vehicles	455	(143)	312
Plant and equipment	363	(161)	202
Office furniture and equipment	662	(246)	416
	2,242	(550)	1,692
<b>30 June 2009</b>			
Land and buildings	775	-	775
Vehicles	348	(109)	239
Plant and equipment	337	(113)	224
Office furniture and equipment	594	(199)	395
	2,054	(421)	1,633

**8. INTEREST BEARING LIABILITIES**

	31 December 2009 \$'000	30 June 2009 \$'000
<u>Non Current Liabilities</u>		
Secured convertible note	8,327	7,968
Finance lease	9	9
	8,336	7,978

In November 2008, Bannerman entered into a financing agreement with Resource Capital Fund IV L.P. ("RCF") for \$20 million through a convertible note facility comprising an initial tranche of \$10 million ("First Tranche") and a standby tranche of \$10 million ("Standby Tranche") available within 6 months from drawdown of the First Tranche. The First Tranche was drawn down on 16 December 2008 and shareholders at a general meeting held on 16 April 2009 approved the convertible note facility thereby enabling the Company to draw down on the Standby Tranche by 16 June 2009. Bannerman subsequently elected not to draw down the Standby Tranche and, pursuant to the terms of the convertible note facility agreement, Bannerman subsequently paid a break fee.

At the date of issue, the debt and equity components of the convertible note were separated according to their fair values. Total proceeds of the issue were allocated to the respective fair values of the equity and debt components with the effect that the discount on the debt component is being amortised into earnings as interest expense such that, over the term of the convertible note, the debt component will increase to the face value of \$10 million at maturity.

The interest expense recorded on the convertible note reflects an effective interest rate of approximately 18.3% over the life of the convertible note. Interest payable on the convertible note is at a coupon rate of 8% per annum and is paid quarterly in arrears in cash or shares, at Bannerman's election.

Included in creditors and accruals is an amount of \$201,644 for accrued interest on the convertible note to 31 December 2009 (June 2009: \$199,452).

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**

**(Expressed in Australian dollars)**

For the Half-Year Ended 31 December 2009

**8. INTEREST BEARING LIABILITIES (continued)**

The convertible note is secured by a fixed and floating charge over the Company's assets and a share mortgage over the Company's shares in Bannerman Mining Resources (Namibia) (Pty) Ltd. RCF is entitled at any time after drawdown until maturity to convert the principal and any accrued interest into Bannerman ordinary shares at a conversion price of \$0.612 per share. On maturity (15 December 2011), if RCF has not elected to convert the principal into equity, the initial principal amount invested and any interest accrued thereon will be repayable in cash.

**9. ISSUED CAPITAL**

(a) Issued and outstanding:

	Number of shares '000	Amount \$'000
<b>Issued</b>		
Balance, 1 July, 2008	145,975	41,798
Exercise of options	4,800	1,920
Issue to RCF (i)	500	380
Savanna settlement (ii)	5,500	4,180
<b>Balance 31 December 2008</b>	<b>156,775</b>	<b>48,278</b>
Issue to RCF (iii)	223	197
Issue to RCF (iv)	600	798
Placement (v)	30,000	29,763
Share Purchase Plan (vi)	7,500	7,495
Exercise of vendor options (vii)	6,613	1,322
Share issue costs	-	(1,747)
<b>Balance 30 June 2009</b>	<b>201,711</b>	<b>86,106</b>
Share issue costs	-	(29)
<b>Balance 31 December 2009</b>	<b>201,711</b>	<b>86,077</b>

- (i) On 17 December 2008, the Company issued RCF 500,000 fully paid ordinary shares as part of the RCF convertible note facility agreement (refer Note 8).
- (ii) 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 the proceedings, Savanna was entitled to receive \$3.5 million cash and 9.5 million fully paid ordinary shares in Bannerman. The initial payment comprising \$3 million cash (made on 8 January 2009) and 5.5 million shares (issued on 14 January 2009) were recorded as at 31 December 2008.
- (iii) On 28 April 2009, the Company issued RCF 223,398 fully paid ordinary shares in consideration for the payment of quarterly interest on the convertible note.
- (iv) On 12 June 2009, the Company issued RCF 600,000 fully paid ordinary shares as part of the break fee contained in the RCF convertible note facility agreement (refer Note 8).
- (v) On 12 June 2009, the Company completed an institutional capital raising of 30,000,000 fully paid ordinary shares at A\$1.00 (C\$0.875) per share.
- (vi) On 29 June 2009, the Company completed a share purchase plan for 7,500,000 fully paid ordinary shares to eligible existing shareholders at A\$1.00 per share.
- (vii) During May and June 2009, 6,612,500 vendor options were exercised at A\$0.20 per share.

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)  
(Expressed in Australian dollars)  
For the Half-Year Ended 31 December 2009**

**9. ISSUED CAPITAL (continued)**

(b) Options on issue:

The outstanding share options as at 31 December 2009 were as follows:

Expiry Dates	Exercise Price	Balance 1 Jul 2009	Granted	Exercised	Expired Cancelled	Balance 31 Dec 2009	Vested 31 Dec 2009
November 30, 2010	A\$6.50	2,250,000	-	-	-	2,250,000	2,250,000
December 13, 2010	A\$0.20	2,725,000	-	-	-	2,725,000	2,725,000
September 1, 2011	A\$2.51	1,000,000	-	-	-	1,000,000	1,000,000
September 1, 2011	A\$2.44	250,000	-	-	-	250,000	250,000
December 27, 2011	A\$2.40	200,000	-	-	-	200,000	200,000
November 30, 2011	A\$7.50	2,250,000	-	-	-	2,250,000	2,250,000
June 21, 2012	A\$3.70	75,000	-	-	75,000	-	-
July 27, 2012	A\$1.40	-	200,000	-	-	200,000	200,000
September 1, 2012	A\$3.00	1,000,000	-	-	-	1,000,000	1,000,000
September 1, 2012	A\$4.00	250,000	-	-	-	250,000	250,000
November 1, 2012	C\$4.12	100,000	-	-	-	100,000	-
November 17, 2012	A\$0.434	2,500,000	-	-	-	2,500,000	2,500,000
November 25, 2012	A\$1.45	-	602,100	-	-	602,100	602,100
January 28, 2013	A\$3.64	350,000	-	-	150,000	200,000	-
February 2, 2013	A\$0.91	600,000	-	-	-	600,000	-
February 16, 2013	A\$0.83	600,000	-	-	-	600,000	-
June 3, 2013	A\$2.80	250,000	-	-	-	250,000	-
August 31, 2013	A\$1.46	-	600,000	-	-	600,000	-
August 31, 2013	A\$1.82	-	600,000	-	-	600,000	-
November 17, 2013	A\$0.543	1,500,000	-	-	-	1,500,000	-
November 25, 2013	A\$1.45	-	500,000	-	-	500,000	-
February 2, 2014	A\$1.140	600,000	-	-	-	600,000	-
August 20, 2014	A\$1.510	-	250,000	-	-	250,000	-
November 17, 2014	A\$0.678	1,500,000	-	-	-	1,500,000	-
November 25, 2014	A\$1.81	-	500,000	-	-	500,000	-
February 2, 2015	A\$1.43	600,000	-	-	-	600,000	-
August 20, 2015	A\$1.89	-	250,000	-	-	250,000	-
August 31, 2015	A\$2.28	-	600,000	-	-	600,000	-
November 25, 2015	A\$2.26	-	500,000	-	-	500,000	-
		18,600,000	4,602,100	-	225,000	22,977,100	13,227,100
Weighted average exercise price (A\$)		2.57	1.76	-	3.66	2.40	3.17
Average life to expiry (years)		2.5	4.5	-	-	2.9	1.8

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)  
(Expressed in Australian dollars)  
For the Half-Year Ended 31 December 2009**

**9. ISSUED CAPITAL (continued)**

(b) Options on issue (continued):

Directors held 9,802,100 options as at 31 December 2009 with an average exercise price of A\$2.90 per share and an average life to expiry of 2.9 years.

The following table provides the assumptions used in determining the fair value of the options granted during the period:

Grant Date	Number of Options	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life	Option Exercise Price	Share Price at Grant Date	Fair Value per Option
20 Aug 2009	250,000	Nil	85%	5.0%	5 years	\$1.51	\$1.08	\$0.70
20 Aug 2009	250,000	Nil	85%	5.0%	6 years	\$1.89	\$1.08	\$0.72
31 Aug 2009	600,000	Nil	85%	5.0%	4 years	\$1.46	\$1.13	\$0.67
31 Aug 2009	600,000	Nil	85%	5.0%	5 years	\$1.82	\$1.13	\$0.70
31 Aug 2009	600,000	Nil	85%	5.0%	6 years	\$2.28	\$1.13	\$0.73
25 Nov 2009	500,000	Nil	85%	4.92%	4 years	\$1.45	\$1.25	\$0.77
25 Nov 2009	500,000	Nil	85%	4.92%	5 years	\$1.81	\$1.25	\$0.80
25 Nov 2009	500,000	Nil	85%	4.92%	6 years	\$2.26	\$1.25	\$0.82
25 Nov 2009	200,000	Nil	85%	4.92%	2.7 years	\$1.40	\$1.25	\$0.65
25 Nov 2009	602,100	Nil	85%	4.92%	3 years	\$1.45	\$1.25	\$0.65

***Terms of Ordinary Shares***

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares.

At shareholders' meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

***Capital Management***

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to obtain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure which assists to ensure an optimal cost of capital available to the Company.

Under the terms of the convertible note (Note 8), the Company must, unless approved otherwise, maintain a minimum working capital (net cash) balance of not less than \$3,000,000.

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Australian dollars)**  
For the Half-Year Ended 31 December 2009

**10. 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 not otherwise disclosed in future financial years.

**11. COMMITMENTS & CONTINGENCIES**

As part of the settlement agreement as outlined in Note 9(a)(ii), a further cash payment of \$0.5 million and the issue of 4.0 million ordinary shares is due to Savanna. These payments are contingent upon the grant of the Etango Project mining licence. Due to the uncertainty regarding the timing and conditions of the grant of the mining licence, no accrual has yet been made in the accounts for the payments detailed above.

In order to maintain current rights of tenure to mining tenements, the Group has exploration and evaluation expenditure obligations up until the expiry of its exploration licences.

The following stated obligations, which are subject to renegotiation upon expiry of the current leases, are not provided for in the financial statements and represent a commitment of the Group:

<u>Exploration and evaluation expenditure</u>	<b>31 December 2009</b>	<b>30 June 2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Not longer than one year	4,450	6,620
Longer than one year, but not longer than five years	7,100	7,494
Longer than five years	-	-
	<u>11,550</u>	<u>14,114</u>

Applications for statutory two-year renewals of the Etango (EPL 3345) and Swakop River (EPL 3346) exclusive prospecting licences, both of which were due to expire subject to renewal on 26 April 2009, were filed with the Namibian Ministry of Mines & Energy in January 2009 in accordance with the stipulated renewal application timeframes. The Etango Project title was renewed for a two year period and currently expires on 26 April 2011. The Swakop River Project title continues to undergo the renewal process. In accordance with Namibian legislation, the title remains valid while undergoing the renewal process.

Formal approvals of the renewal applications for the project tenements in Botswana were received in early March 2009.

The figures represented above reflect the Company's intended exploration and evaluation plans for the next licence period. If the Group decides to relinquish certain leases and/or does not meet the expenditure obligations or obtain appropriate waivers, assets recognised in the balance sheet 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.

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)  
(Expressed in Australian dollars)  
For the Half-Year Ended 31 December 2009**

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**12. SEGMENT REPORTING**

The Group is undertaking a feasibility assessment of and exploring for uranium resources in southern Africa. The operations of the Group present one operating segment under AASB 8 *Operating Segments*. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the interim report.

**13. CONTROLLED ENTITIES**

**Parent Entity**

Bannerman Resources Limited

**Controlled Entities**

Elfort Nominees Pty Ltd

Bannerman Mining Resources (Namibia) (Pty) Ltd

	<b>% Equity Interest</b>	
	<b>31 December 2009</b>	<b>30 June 2009</b>
	100	100
	80	80

**BANNERMAN RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

For the Half-Year Ended 31 December 2009

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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 2009 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.



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Len Jubber  
Chief Executive Officer

PERTH  
10 March 2010

To the members of Bannerman Resources Limited

## Report on the Condensed Half Year Financial Report

We have reviewed the accompanying half year financial report of Bannerman Resources Limited which comprises the statement of financial position as at 31 December 2009, and the income statement, statement of changes in equity, statement of comprehensive income and cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

### Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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. As the auditor of Bannerman Resources Limited and the entities it controlled during the half year, 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. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

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

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half year ended on that date; and
- ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

Ernst & Young

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

G A Buckingham  
Partner  
Perth

10 March 2010