STOCK EXCHANGE ANNOUNCEMENT

31 October 2014

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

Bannerman Resources Limited (ASX: BMN, TSX: BAN, NSX: BMN) attaches its consolidated Financial Statements and Management's Discussion and Analysis for the period ended 30 September 2014.

The above documents are also filed with the relevant regulatory authorities in Canada.

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About Bannerman *- Bannerman Resources Limited is an exploration and development company with uranium interests in Namibia, a southern African country which is a premier uranium mining jurisdiction. Bannerman's principal asset is its 80%-owned Etango Project situated southwest of Rio Tinto's Rössing uranium mine and CGNPC's Husab Project currently under construction and to the west of Paladin Energy's Langer-Heinrich mine. Etango is one of the world's largest undeveloped uranium deposits. Bannerman is focused on the development of a large open pit uranium operation at Etango. More information is available on Bannerman's website at www.bannermanresources.com.*

October 31, 2014

Notice Pursuant to Part 4.3(3)(a) of National Instrument 51-102

Continuous Disclosure Obligations

The Interim Financial Statements of Bannerman Resources Limited filed for the three months period ended September 30, 2014 have not been reviewed by its auditor, Ernst & Young, in accordance with the standards for a review of interim financial statements as set out in the Handbook published by the Canadian Institute of Chartered Accountants.

Date: October 31, 2014

"*DAVID TUCKER*"

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David Tucker
Chairman, Audit Committee
Bannerman Resources Limited

BANNERMAN RESOURCES LIMITED
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE THREE MONTH PERIOD ENDED
30 SEPTEMBER 2014

The accompanying unaudited interim financial statements for the three months ended 30 September 2014 have been prepared by management and approved by the Audit Committee on behalf of the Board of Directors of the Company. The Company's auditors have not reviewed these financial statements. Readers are cautioned that these financial statements contain forward-looking information as described in the associated Management's Discussion & Analysis.

FINANCIAL REPORT

FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2014

Unaudited Consolidated Statement of Comprehensive Income 3

Unaudited Consolidated Statement of Financial Position 4

Unaudited Consolidated Cash Flow Statement 5

Unaudited Consolidated Statement of Changes in Equity 6

Notes to the Financial Statements 7

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Note	3 Months Ended 30 September 2014 $'000	3 Months Ended 30 September 2013 $'000	Year to date 30 September 2014 $'000	Year to date 30 September 2013 $'000
Other revenue	2	28	22	28	22
Other income	3	-	48	-	48
Employee benefits	4(a)	(394)	(433)	(394)	(433)
Borrowing costs	4(b)	(508)	(366)	(508)	(366)
Compliance and regulatory expenses		(71)	(89)	(71)	(89)
Depreciation expense		(21)	(32)	(21)	(32)
Other expenses	4(c)	(144)	(308)	(144)	(308)
Loss before income tax		**(1,110)**	**(1,158)**	**(1,110)**	**(1,158)**
Income tax benefit	5	500	-	500	-
Net loss for the period		**(610)**	**(1,158)**	**(610)**	**(1,158)**
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation	12(b)	748	(2,187)	748	(2,187)
Other comprehensive income/(loss) for the period (net of tax)		**748**	**(2,187)**	**748**	**(2,187)**
Total comprehensive income/(loss)		**138**	**(3,345)**	**138**	**(3,345)**
Net loss is attributable to:					
Equity holders of Bannerman Resources Limited		(589)	(1,139)	(589)	(1,139)
Non-controlling interest		(21)	(19)	(21)	(19)
		(610)	**(1,158)**	**(610)**	**(1,158)**
Total comprehensive income/(loss) is attributable to:					
Equity holders of Bannerman Resources Limited		154	(3,308)	154	(3,308)
Non-controlling interest		(16)	(37)	(16)	(37)
		138	**(3,345)**	**138**	**(3,345)**
Weighted average number of shares ('000)		**329,198**	**312,435**	**329,198**	**312,435**
Basic and diluted net loss per share to the ordinary equity holders of the Company (cents per share)		**(0.18)**	**(0.36)**	**(0.18)**	**(0.36)**

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Note	30 September 2014 $'000	30 June 2014 $'000
CURRENT ASSETS			
Cash and cash equivalents	6	4,677	5,112
Other receivables	7	50	55
Other		52	37
TOTAL CURRENT ASSETS		4,779	5,204
NON-CURRENT ASSETS			
Other receivables	7	15	15
Property, plant and equipment	8	871	880
Exploration and evaluation expenditure	9	55,837	54,899
TOTAL NON-CURRENT ASSETS		56,723	55,794
TOTAL ASSETS		**61,502**	**60,998**
CURRENT LIABILITIES			
Trade and other payables		358	527
Provisions		153	172
TOTAL CURRENT LIABILITIES		511	699
NON CURRENT LIABILITIES			
Interest bearing liabilities	10	9,462	9,213
TOTAL NON CURRENT LIABILITIES		9,462	9,213
TOTAL LIABILITES		**9,973**	**9,912**
NET ASSETS		**51,529**	**51,086**
EQUITY			
Contributed equity	11	116,893	116,730
Reserves	12	32,965	32,080
Accumulated losses		(97,366)	(96,777)
TOTAL PARENT ENTITY INTEREST		**52,492**	**52,033**
Non-controlling interest		(963)	(947)
TOTAL EQUITY		**51,529**	**51,086**

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

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Note	3 Months Ended 30 September 2014 $'000	3 Months Ended 30 September 2013 $'000	Year to date 30 September 2014 $'000	Year to date 30 September 2013 $'000
CASHFLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(647)	(618)	(647)	(618)
Interest received		26	23	26	23
Other – R&D refund		500	-	500	-
Net cash utilised in operating activities		(121)	(595)	(121)	(595)
CASHFLOWS FROM INVESTING ACTIVITIES					
Payments for exploration and evaluation		(309)	(142)	(309)	(142)
Purchase of plant and equipment		(5)	-	(5)	-
Proceeds from disposal of plant and equipment		-	32	-	32
Net cash utilised in investing activities		(314)	(110)	(314)	(110)
Net decrease in cash and cash equivalents		(435)	(705)	(435)	(705)
Cash and cash equivalents at beginning of period		5,112	3,816	5,112	3,816
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	(5)	-	(5)
Cash and cash equivalents at end of period	6	**4,677**	**3,106**	**4,677**	**3,106**

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2014

(EXPRESSED IN AUSTRALIAN DOLLARS)

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Share Based Payment Reserve	Convertible Note Reserve	Asset Revaluation Reserve	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2014	**116,730**	**(96,777)**	**(25,648)**	**53,523**	**4,038**	**167**	**(947)**	**51,086**
Loss for the period	-	(589)	-	-	-	-	(21)	(610)
Other comprehensive income	-	-	743	-	-	-	5	748
Total comprehensive income/(loss) for the period	-	(589)	743	-	-	-	(16)	138
Shares issued during the period	163	-	-	-	-	-	-	163
Share-based payments	-	-	-	142	-	-	-	142
Total Equity at 30 September 2014	**116,893**	**(97,366)**	**(24,905)**	**53,665**	**4,038**	**167**	**(963)**	**51,529**

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Share Based Payment Reserve	Convertible Note Reserve	Asset Revaluation Reserve	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013	**115,810**	**(94,454)**	**(20,149)**	**54,115**	**2,112**	**78**	**(827)**	**56,685**
Loss for the period	-	(1,139)	-	-	-	-	(19)	(1,158)
Other comprehensive loss	-	-	(2,169)	-	-	-	(18)	(2,187)
Total comprehensive loss for the period	-	(1,139)	(2,169)	-	-	-	(37)	(3,345)
Shares issued during the period	160	-	-	-	-	-	-	160
Share-based payments	-	-	-	165	-	-	-	165
Total Equity at 30 September 2013	**115,970**	**(95,593)**	**(22,318)**	**54,280**	**2,112**	**78**	**(864)**	**53,665**

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Corporate Information

Bannerman is a company incorporated in Australia and limited by shares. Bannerman's 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

This general purpose condensed financial report for the three months ended 30 September 2014 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 2014 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 Australian Securities and Investments Commission (ASIC) Class Order 98/0100. The Company is an entity to which the class orders applies.

Changes in Accounting Policies

From 1 July 2014, the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on 1 July 2014. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

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

Going Concern

The Group's consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group's cash flow forecast reflects that additional working capital will need to be raised within the current financial year to enable the Group to continue its planned business activities and expenditure levels.

At the date of this financial report, the directors are satisfied there are reasonable grounds to believe that, having regard to the Group's position and its available financing options, the Group will be able to raise additional capital to enable it to meet its obligations as and when they fall due.

Should the Group not achieve the matters set out above, there would be uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report. This financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

	3 Months Ended 30 September		Year to date 30 September	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
2. OTHER REVENUE				
Interest income	28	22	28	22
3. OTHER INCOME				
Profit on disposal of plant and equipment	-	24	-	24
Other	-	24	-	24
	-	48	-	48
4. EXPENSES				
(a) Employee benefits				
Salaries and wages	182	199	182	199
Superannuation	14	14	14	14
Employee share-based payment expense	108	134	108	134
Other	4	2	4	2
Directors' fees	53	53	53	53
Directors' share-based payment expense	33	31	33	31
	394	433	394	433
(b) Borrowing costs				
Interest accreted or payable	508	366	508	366
	508	366	508	366
(c) Other expenses				
Corporate and overheads	45	58	45	58
Consulting - fees	25	103	25	103
Consulting - share based payment expense	1	-	1	-
Legal	20	47	20	47
Travel	12	31	12	31
Occupancy	25	53	25	53
Insurance	12	16	12	16
Loss on disposal of plant and equipment	4	-	4	-
	144	308	144	308

	3 Months Ended 30 September		Year to date 30 September	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000

5. INCOME TAX

Income tax benefit	500	-	500	-

Income tax benefit comprises the receipt of research and development incentive refunds from government authorities.

6. CASH & CASH EQUIVALENTS

	30 September 2014 $'000	30 June 2014 $'000
Cash on hand	4	3
Cash at bank and on call (interest bearing)	822	4,262
Short term cash deposits (interest bearing)	3,851	847
	4,677	5,112

Under the terms of the existing Convertible Note (Note 10), the Company must, unless otherwise approved, maintain a minimum cash and cash equivalents balance of not less than A$1,250,000.

7. OTHER RECEIVABLES

Current		
GST/VAT receivable	48	52
Other receivables	2	3
	50	55
Non Current		
Restricted cash	15	15
	15	15

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

8. PROPERTY, PLANT & EQUIPMENT

	Cost $'000	Accumulated Depreciation $'000	Net Book Value $'000
30 September 2014			
Land and buildings	641	(2)	639
Vehicles	224	(192)	32
Plant and equipment	132	(107)	25
Office furniture and equipment	824	(649)	175
	1,821	(950)	871
30 June 2014			
Land and buildings	632	-	632
Vehicles	221	(187)	34
Plant and equipment	131	(105)	26
Office furniture and equipment	821	(633)	188
	1,805	(925)	880

9. EXPLORATION & EVALUATION EXPENDITURE

	Three months ended 30 September 2014 $'000	Year ended 30 June 2014 $'000
Opening balance	54,899	59,713
Expenditure incurred during the period	193	630
Foreign currency translation movements	745	(5,444)
Write downs	-	-
	55,837	54,899

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

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

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

Canadian securities law requires the following description of the Group's interests in mineral property tenements:

Etango Uranium Project – Bannerman 80%

The Etango Uranium Project is situated southwest of Rio Tinto's Rössing uranium mine and China General Nuclear Power Company's ("**CGNPC**") Husab Project currently under construction and to the west of Paladin Energy's Langer-Heinrich mine. The Etango Project comprises one Exclusive Prospecting Licence ("**EPL**") 3345 which has been renewed to 26 April 2015. Bannerman recently completed a DFS on a 7-9 million pounds U_3O_8 per annum open pit mining and processing operation at Etango.

Exploration & Evaluation Expenditure for the Etango Project

	Three months ended 30 September 2014 $'000	Year ended 30 June 2014 $'000
Opening balance	**54,899**	**59,713**
Assays and freight	-	1
Salaries and wages	111	454
Consultants and contractors	60	68
Legal	2	-
Travel and accommodation	7	12
Other	13	95
Total expenditure for the period	**193**	**630**
Foreign currency translation movements	745	(5,444)
Exploration expenditure written off	-	-
Closing balance	**55,837**	**54,899**

10. INTEREST BEARING LIABILITIES

	30 September 2014 $'000	30 June 2014 $'000
Non Current liabilities		
Secured convertible notes	9,462	9,213

Resource Capital Fund IV L.P. ("**RCFIV**") convertible note

In November 2008, Bannerman entered into a financing agreement with RCFIV for $20 million through a convertible note facility comprising an initial tranche of $10 million ("**First Tranche**") and a standby tranche of $10 million available within 6 months from drawdown of the First Tranche. The First Tranche had a three year term and was drawn down on 16 December 2008.

On 14 December 2011, the face value of the note with RCFIV was reduced to $8 million through the issue of $2 million in new Bannerman shares as part of an institutional share placement, and a longer term refinancing and extension of the note from its maturity date of 31 March 2012 to 31 March 2014. The issue of shares and the reduction in the face value of the note was a non-cash transaction.

On 6 September 2013, the Group reached agreement with RCFIV for the extension and refinancing of the note from its maturity date of 31 March 2014 to 30 September 2016. The key terms of the amended RCFIV note are a conversion price of $0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), an unchanged coupon interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the date of issue or cash in certain circumstances, and the extension fee of $160,000 satisfied through the issue of 2,539,683 new Bannerman shares. The amended convertible note with RCFIV was approved by the Bannerman shareholders at the Annual General Meeting on 22 November 2013. The amendments came into effect after 31 March 2014.

At the refinancing date of 22 November 2013, the existing convertible note was derecognised and the amended RCFIV convertible note was recognised for accounting purposes. At the date of recognition of the amended note, its debt and equity components 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. Accordingly, over the term of the convertible note, the debt component will increase to the face value of $8 million at the maturity date of 30 September 2016. The interest expense recorded on the convertible note reflects an effective interest rate of approximately 20% over the life of the note. Included in trade and other payables is an amount of $160,000 for accrued 8% coupon interest on the RCFIV convertible note to 30 September 2014 (June 2014: $160,000).

Resource Capital Fund VI L.P. ("**RCFVI**") convertible note

In April 2014, Bannerman reached an agreement with its major shareholder Resource Capital Funds ("**RCF**") on a new $4 million convertible note facility with RCFVI with a maturity date of September 30, 2016. The key terms of the new note are a conversion price of $0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), a coupon interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the date of issue or cash in certain circumstances, and the establishment fee of $120,000 satisfied through the issue of 1,714,286 new Bannerman shares. The new convertible note with RCFVI was approved by the Bannerman shareholders at the Extraordinary General Meeting on 19 June 2014. The note was drawn down in full on 26 June 2014.

At the date of recognition of the RCFVI note, its debt and equity components 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. Accordingly, over the term of the convertible note, the debt component will increase to the face value of $4 million at the maturity date of 30 September 2016. The interest expense recorded on the convertible note reflects an

effective interest rate of approximately 26% over the life of the note. Included in trade and other payables is an amount of $80,000 for accrued 8% coupon interest on the RCFVI convertible note to 30 September 2014 (June 2014: $4,000).

Both convertible notes are secured by a fixed and floating charge over the Company's assets and a share mortgage over the Company's shares in its subsidiary entities holding indirect and direct interest in the Etango Project.

Under the terms of both convertible notes, the Company must, unless otherwise approved, maintain a minimum cash and cash equivalents balance of not less than $1,250,000.

In accordance with the terms of both convertible notes, a review event arises upon a change in control of the Company, defined to be where a third party acquires a relevant interest in 50% or more of the securities in the Company. In this circumstance, RCF may decide at its absolute discretion to require the Company to repay the convertible note (including all accrued interest thereon) or to convert the convertible note (including all accrued interest thereon) to shares in Bannerman.

11. CONTRIBUTED EQUITY

(a) Issued and outstanding:

	30 September		30 September	
	2014	2013	2014	2013
	Number of Shares		Amount	
	'000	'000	$'000	$'000
Ordinary shares				
Issued and fully paid	329,745	312,581	116,893	115,970

Movements in ordinary shares on issue	No. of Shares '000	Amount $'000
Balance 1 July 2013	309,393	115,810
- Issue of shares (i)	529	-
- Issue of shares (ii)	2,659	160
Balance 30 September 2013	**312,581**	**115,970**
Balance 1 July 2014	326,653	116,730
- Issue of shares (iii)	750	-
- Issue of shares (iv)	2,342	163
Balance 30 September 2014	**329,745**	**116,893**

(i) The following shares were issued upon vesting of performance rights:
   a. On 1 July 2013, 441,548 ordinary shares were issued upon vesting of performance rights.
   b. On 3 September 2013, 87,440 ordinary shares were issued upon vesting of performance rights.

(ii) On 4 July 2013, 2,659,361 shares were issued in satisfaction of the A$159,562 interest payable on the convertible note with RCFIV for the period 1 April 2013 to 30 June 2013.

(iii) On 9 August 2014, 750,000 ordinary shares were issued upon vesting of performance rights.

(iv) The following shares were issued in satisfaction of the interest payable on the convertible notes in accordance with the respective convertible note terms:
   a. On 10 July 2014, 2,279,452 shares were issued in satisfaction of the A$159,562 interest payable on the convertible note with RCFIV for the period 1 April 2014 to 30 June 2014.
   b. On 10 July 2014, 62,622 shares were issued in satisfaction of the A$4,384 interest payable on the convertible note with RCFVI for the period 1 April 2014 to 30 June 2014.

(b) Share options on issue:

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

Expiry Dates	Exercise Price	Balance 1 Jul 14	Granted	Exercised	Expired / Cancelled	Balance 30 Sept 14	Vested 30 Sept 14
November 17, 2014	A$0.678	1,500,000	-	-	-	1,500,000	-
November 17, 2014	A$0.36	114,500	-	-	-	114,500	114,500
November 17, 2014	A$0.36	788,000	-	-	-	788,000	788,000
November 21, 2015	A$0.12	427,600	-	-	-	427,600	427,600
November 21, 2015	A$0.12	1,367,600	-	-	-	1,367,600	1,367,600
November 22, 2016	A$0.072	4,504,000	-	-	-	4,504,000	-
		8,701,700	-	-	-	8,701,700	2,697,700
Weighted average exercise price ($)		0.22	-	-	-	0.22	0.20
Average life to expiry (years)		1.29	-	-	-	1.04	0.6

Certain of the share options above have performance hurdles linked to business targets and minimum service periods.

Directors held 8,159,600 share options as at 30 September 2014 with an average exercise price of A$0.22 per share and an average life to expiry of 1.1 years.

(c) Performance share rights on issue

The performance share rights on issue as at 30 September 2014 were as follows:

Vesting Dates	Balance 1 Jul 14	Granted	Vested	Cancelled	Balance 30 Sept 14
July 31, 2014	750,000	-	(750,000)	-	-
November 17, 2014	1,631,722	-	-	-	1,631,722
November 21, 2014	842,987	-	-	-	842,987
November 22, 2014	682,000	-	-	-	682,000
January 31, 2015	1,000,000	-	-	-	1,000,000
November 11, 2015	-	170,000	-	-	170,000
November 21, 2015	3,502,674	-	-	-	3,502,674
November 22, 2015	1,476,500	-	-	-	1,476,500
November 22, 2016	5,637,300	-	-	-	5,637,300
	15,523,183	170,000	(750,000)	-	14,943,183
Average life to vesting (years)	0.67	1.36	-	-	0.65

Note: Performance share rights have no exercise price.

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

Directors held 8,483,136 performance share rights as at 30 September 2014 with an average life to vesting of 0.89 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.

12. RESERVES

		30 September 2014 $'000	30 June 2014 $'000
Share-based payment reserve	(a)	53,665	53,523
Foreign currency translation reserve	(b)	(24,905)	(25,648)
Asset revaluation reserve	(c)	167	167
Convertible note reserve	(d)	4,038	4,038
TOTAL RESERVES		**32,965**	**32,080**

(a) Share-based payment reserve

	Three months ended 30 September 2014 $'000	Year ended 30 June 2014 $'000
Balance at the beginning of the reporting period	**53,523**	**54,115**
Share-based payment vesting expense during the period	142	(592)
Balance at the end of the reporting period	**53,665**	**53,523**

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

(b) Foreign currency translation reserve

Reserves at the beginning of the reporting period	**(25,648)**	**(20,149)**
Currency translation differences arising during the period	743	(5,499)
Balance at the end of the reporting period	**(24,905)**	**(25,648)**

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

Over the three month period ended 30 September 2014, the Namibian dollar strengthened against the Australian dollar, with a movement of approximately 1.5% from the rate as at 30 June 2014 (A$1.00: N$9.96) to the rate as at 30 September 2014 (A$1.00: N$9.83). As per the Statement of Comprehensive Income, the consequential foreign currency translation difference arising for the period ended 30 September 2014 amounted to $748,000 allocated between non-controlling interests $5,000 and the Group $743,000.

(c) Asset revaluation reserve

Reserves at the beginning of the reporting period	**167**	**167**
Revaluation of land and buildings during the year	-	-
Balance at the end of the reporting period	**167**	**167**

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

(d) Convertible note reserve

Balance at the beginning of the reporting period	**4,038**	**4,038**
Balance at the end of the reporting period	**4,038**	**4,038**

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

13. 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.

14. 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 A$3.5 million cash and 9.5 million fully paid ordinary shares in Bannerman. The first tranche payment of A$3.0 million and 5.5 million shares was made in early 2009. The second and final tranche payment of A$500,000 and 4.0 million ordinary shares is due to Savanna upon receipt of the Etango Project mining licence. The mining licence application was lodged in December 2009, and further supplementary information has since been lodged in support of the application. As at 30 September 2014, the probability and timing of the grant of the mining licence is uncertain. Due to this uncertainty, the second tranche payment has been disclosed as a contingent liability and not as a provision as at 30 September 2014.

15. COMMITMENTS

(a) Exploration and evaluation expenditure

Statutory two-year renewal of the Etango (EPL 3345) Exclusive Prospecting Licence has been received to 26 April 2015. Further extensions may be applied for under applicable Namibian minerals legislation.

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

	30 September 2014 $'000	**30 June 2014 $'000**
Not longer than one year	246	349
Longer than one year, but not longer than five years	-	-
Longer than five years	-	-
	246	349

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

In addition to the above, on 22 September 2014 the Group announced the award of major contracts to construct and operate the Etango Heap Leach Demonstration Plant. Activities at the site commenced in early October and construction is scheduled for completion by early 2015. The capital cost is estimated at A$1.4 million. If the Group

terminates these contracts before completion then the Group is obliged to pay for works carried out to the date of termination.

(b) Operating lease commitments

The Group has entered into leases for office premises and photocopier. These leases have an initial term of 3 years:

	30 September 2014 $'000	30 June 2014 $'000
Not longer than one year	83	83
Longer than one year, but not longer than five years	36	57
Longer than five years	-	-
	119	140

16. 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.

17. RELATED PARTY INFORMATION

Subsidiaries

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

Name	Country of incorporation	% Equity Interest	
		30 September 2014	30 June 2014
Bannerman Mining Resources (Namibia) (Pty) Ltd	Namibia	80	80
Bannerman Resources Nominees (UK) Limited	United Kingdom	100	100
Elfort Nominees Pty Ltd	Australia	100	100

Ultimate Parent

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

Transactions with related entities:

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

Under the terms of the Share Sale Agreement dated May 12, 2005, by which Bannerman acquired its 80% interest in Bannerman Mining Resources (Namibia) (Pty) Ltd ("**BMRN**"), the 20% non-controlling interest is sole funded by Bannerman to completion of a bankable feasibility study on one of BMRN's projects. After this time, should the 20% shareholder elect not to contribute the 20% share of post-bankable feasibility study expenditure but instead elect to dilute the interest in accordance with the Share Sale Agreement then, upon the interest being diluted to less than a

5% shareholding, it automatically converts into a 2% net revenue royalty on future production from the Etango Project. The registered holder of the 20% non-controlling interest in BMRN is Mr Jones, a director of Bannerman, who holds this interest for his associates and business partner.

Non-Executive Director Ian Burvill is a senior vice president of Resource Capital Funds Management Pty Ltd ("**RCFM**"). RCFIV and RCFVI, which have management agreements with RCFM's parent company, hold convertible notes with face values of A$8 million and A$4 million respectively, together with 52,918,815 Bannerman shares representing 15.88% of the voting capital in Bannerman as at the date of this report.

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

18. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 30 September 2014.

	30 September 2014 $'000 Loans and receivables	30 June 2014 $'000 Loans and receivables
Financial assets		
Trade and other receivables	15	15
Total non-current	**15**	**15**
Trade and other receivables	50	55
Total current	**50**	**55**
Total	**65**	**70**
Financial liabilities		
Interest bearing liabilities	9,462	9,213
Total non-current	**9,462**	**9,213**
Trade and other payables	358	527
Total current	**358**	**527**
Total	**9,820**	**9,740**

Foreign Currency Risk

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

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

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

Net Fair Values

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

	30 September 2014		30 June 2014	
	Carrying Amount $'000	Net fair Value $'000	Carrying Amount $'000	Net fair Value $'000
Financial assets				
Trade and other receivables	15	15	15	15
Total non-current	**15**	**15**	**15**	**15**
Trade and other receivables	50	50	55	55
Total current	**50**	**50**	**55**	**55**
Total	**65**	**65**	**70**	**70**
Financial liabilities				
Interest bearing liabilities	9,462	9,462	9,213	9,213
Total non-current	**9,462**	**9,462**	**9,213**	**9,213**
Trade and other payables	358	358	527	527
Total current	**358**	**358**	**527**	**527**
Total	**9,820**	**9,820**	**9,740**	**9,740**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

This Management's Discussion and Analysis ("**MD&A**") of Bannerman Resources Limited ("**Bannerman**" or the "**Company**") is dated October 31, 2014 and provides an analysis of the Company's performance and financial position for the three months ended September 30, 2014 (the "**Quarter**"). This MD&A should be read in conjunction with the Company's June 30, 2014 audited annual financial statements and notes thereto and the reviewed December 31, 2013 half year financial statements and notes thereto. The financial statements (and the financial information contained in this MD&A) comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. These documents, along with others published by the Company, including the Company's Annual Information Form ("**AIF**"), are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

This MD&A may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out in this MD&A under "*Risk Factors*". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements. Readers are also referred to the "*Cautionary Note Regarding Forward Looking Statements*" in this MD&A.

References to "A$", "C$" and "US$" are to Australian, Canadian and United States dollars.

OVERVIEW

Bannerman is a uranium mine 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 the 80%-owned Etango Uranium Project ("**Etango Project**") in Namibia. Bannerman is focused on the development of a large open pit uranium mining and processing operation at Etango, one of the world's largest undeveloped uranium deposits.

The Etango Project is located in the Erongo uranium mining region of Namibia which hosts the Rössing and Langer-Heinrich mines and the Husab project which is currently under construction by Chinese state-owned nuclear power entity China General Nuclear Power Company ("**CGNPC**"). Etango is 73km by road from one of the region's busiest deep-water ports through which uranium has been exported for over 35 years. Road, rail, electricity and water networks are all located nearby.

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 ("**BMRN**"), on April 27, 2006 to explore for nuclear fuels, including uranium, expressed as uranium oxide (U_3O_8). The title was renewed for a two year period from April 26, 2013 to April 26, 2015.

Bannerman completed a Definitive Feasibility Study ("**DFS**") on the Etango Project in April 2012.

HIGHLIGHTS OF THE QUARTER

- Award of major contracts to construct and operate the Etango Heap Leach Demonstration Plant.
- Commencement of construction activities at the demonstration plant site post quarter end.
- Uranium price increased by approximately 30%.
- Bannerman's cash balance as at September 30, 2014 was A$4.7 million.

ETANGO PROJECT (BANNERMAN 80%)

BACKGROUND

Bannerman completed a DFS and Environmental and Social Impact Assessment ("**ESIA**") on the Etango Project in 2012. The respective studies confirmed the technical, economic and environmental viability of the project at historical term uranium prices. In 2012 Bannerman also received environmental approval for the Etango Project

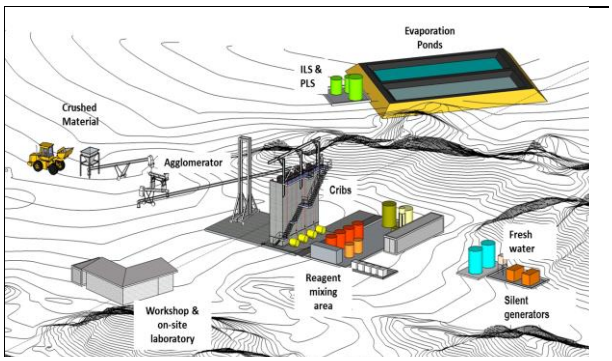
The progression to a heap leach demonstration program, as an integral step of the project's detailed engineering and financing phases, is specifically aimed at:

- demonstrating the design and projected performance reflected in the DFS;
- maintaining and building project knowledge,
- conducting meaningful in-country activities, and
- pursuing value engineering.

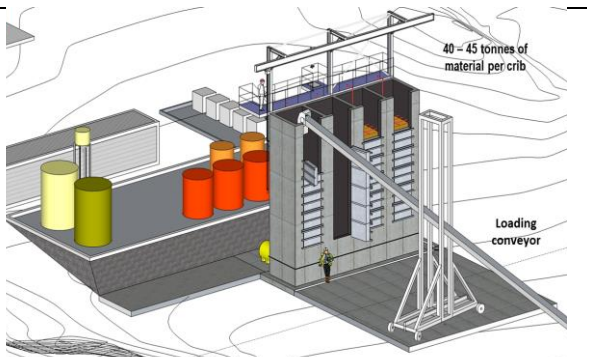
HEAP LEACH DEMONSTRATION PLANT PROGRAM

On September 22, 2014 Bannerman announced the award of major contracts to construct and operate the Etango Heap Leach Demonstration Plant. The key features of the program were contained in the announcement dated 8 April 2014 which is available on the Bannerman website.

Heap Leach Demonstration Plant Layout



Heap Leach Cribs - four 2m x 2m x 6m columns



Preparation of the plant site



Drilling of test sample site



Activities at the site commenced in early October and construction is scheduled for completion by early 2015. The award of the major contracts followed completion of a competitive tendering process as well as receipt of the Environmental Clearance from the Ministry of Environment and Tourism. The capital cost is estimated at A$1.4 million.

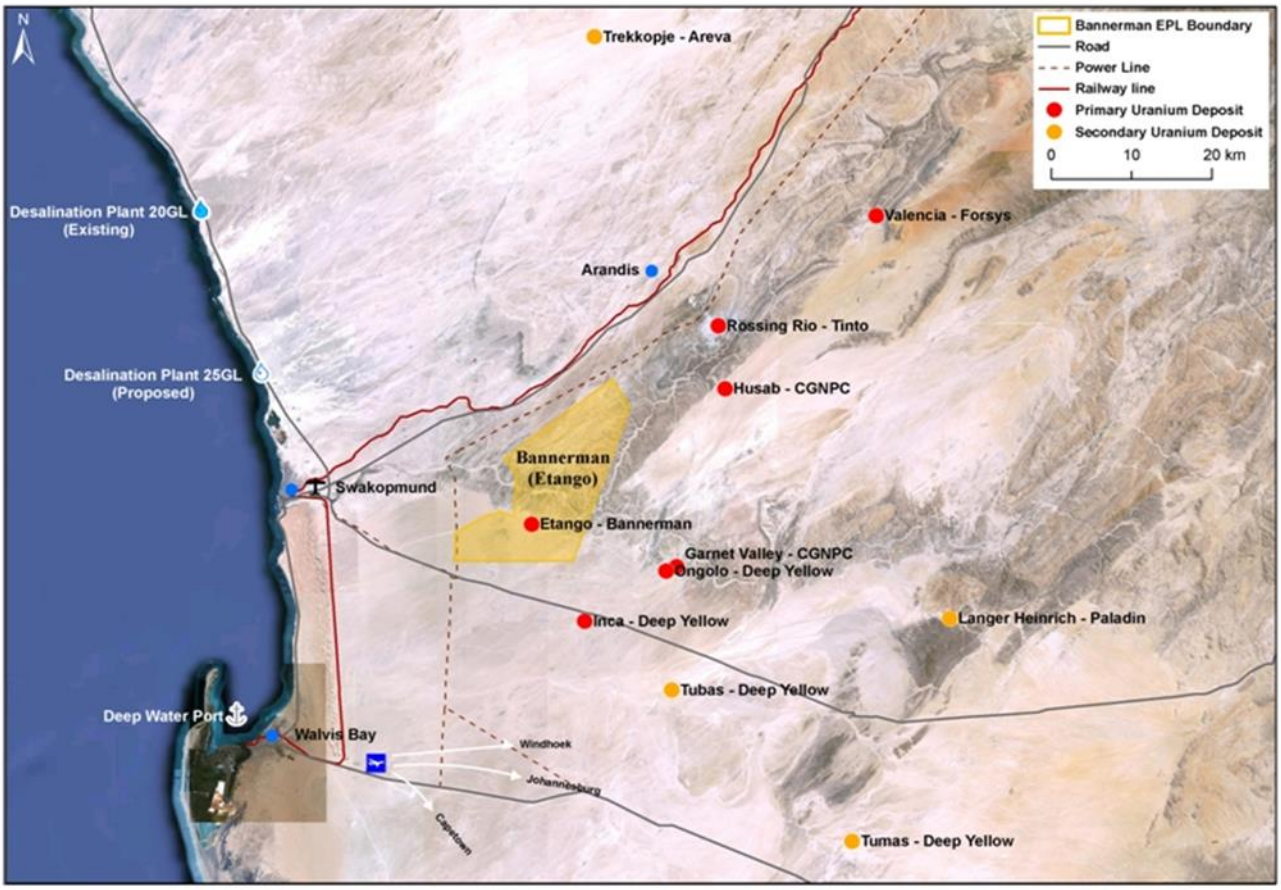
Operation of the plant for at least 12 months will enable demonstration of the heap leach design at a larger scale, as well as provide input data for detailed engineering of the processing plant. First results are expected in the June quarter, 2015.

PROJECT OPTIMISATION

The project optimisation work focussed on the review of the mine planning aspects of the DFS, including taking into consideration the potential to increase the ore feed grade. This work will continue in the December quarter. A decision on updating the mineral resource and ore reserve models will be deferred to post completion of this work.

DEFINITIVE FEASIBILITY STUDY

The Etango Project is one of the world's largest undeveloped uranium deposits, located in the Erongo uranium mining region of Namibia which hosts the Rössing and Langer-Heinrich mines and the Husab Project which is currently under construction by the Chinese state owned enterprise, CGNPC. Etango is 73km by road from Walvis Bay, one of southern Africa's busiest deep-water ports through which uranium has been exported for over 35 years. Road, rail, electricity and water networks are all located nearby.



Key outcomes from the DFS, as announced to the market on April 10, 2012, are as follows:

- 2004 JORC Code and NI 43-101 compliant Ore Reserves totalling 279.6 million tonnes at an average grade of 194ppm U_3O_8 for 119.3 Mlbs of contained U_3O_8;
- Production of 7-9 Mlbs U_3O_8 per year for the first five years and 6-8 Mlbs U_3O_8 per year thereafter, based on an average processing throughput of 20 Mt per annum and an average recovery rate of 86.9%, which would rank Etango as a global top 10 uranium only mine;
- Cash operating costs of US$41/lb U_3O_8 in the first 5 years and US$46/lb U_3O_8 over the life of mine;

- At a uranium price of US$75/lb U_3O_8, the Etango Project generates operating cashflow of US$2.7 billion before capital and tax, and free cashflow of US$923 million after capital and tax, based on 104Mlbs U_3O_8 life of mine production;
- Pre-production capital cost of US$870 million; and
- Minimum mine life of 16 years, with further extensions possible through the inclusion of measured and indicated resources below the designed pit, and the conversion of existing inferred resources.

All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS (as previously announced on April 10, 2012 and reported on January 30, 2014 in compliance with Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.

MINING LICENCE

The Ministry of Environment and Tourism granted formal environmental approval for development of the Etango Project to Bannerman in the September 2012 quarter. Bannerman also lodged the DFS with the Ministry of Mines and Energy in the same quarter, in support of the existing Etango Mining Licence application.

CORPORATE

PROJECT FINANCING

The continued support of Resource Capital Funds ("**RCF**") as a strategic cornerstone investor in Bannerman, through the existing investment of Resource Capital Fund IV L.P. ("**RCFIV**") and the new investment by Resource Capital Fund VI L.P. ("**RCFVI**") is a beneficial and positive progression of its investment in Bannerman. RCFVI is expected to still be in the early stages of its life cycle when the financing of the future development of the Etango Project is required.

The opportunity to progress the heap leach demonstration plant program, stemming from prior completion of the DFS, is a potential competitive advantage with respect to favourably positioning the Etango Project for fast track development in a rising uranium price environment.

KEY ECONOMIC TRENDS IN THE URANIUM INDUSTRY

The uranium market continues to be characterized by limited longer term transactions and the UxC term price remained steady at US$45 per lb U_3O_8 during the quarter. The UxC spot price increased approximately 30% to a high of US$36.50 per lb U_3O_8 in late September from an eight year low of US$28.25 per lb U_3O_8 in July. The increase was largely driven by concerns regarding economic sanctions on Russia and increased trading activity in the tight spot market.

Continued overhang in supply resulting from the redirection of supply previously destined for Japan and the greater efficiency of the underfed global enrichment plants is however still creating downward pressure on the uranium price.

The much anticipated restart of reactors in Japan took a number of important steps forward during and post the quarter. Firstly on 15 July 2014 the Nuclear Regulatory Authority ("**NRA**") granted preliminary approval of the upgraded design and safety features of the Sendai Reactors 1 & 2. On 27 October 2014, the local authority concerned voted overwhelmingly in favour of restarting the reactors. It is expected that the restarts will commence in early 2015 and that the successful completion of the first two applications will set a precedent for the other 18 applications already in the approvals pipeline.

Curtailment of supply into the spot market continues to increase following the conclusion of the sale of 25% of Langer Heinrich to CNNC, while Rössing and in-situ-leach producers in the USA have restricted production to match their contracted sales.

Globally, there are currently 436 nuclear reactors operable and 71 under construction. In China, 21 reactors are currently in operation and construction of 27 reactors continues with numerous construction progress reports released during the quarter.

RESULTS OF OPERATIONS

The Company incurred a net loss of A$0.6 million for the Quarter compared with the net loss of A$1.2 million for the prior corresponding quarter ended September 30, 2013. The result for the Quarter was attributable primarily to administrative and corporate expenses, employee costs, borrowing costs, non-cash share-based compensation expenses and a R&D tax refund.

Operating expenses for the Quarter totalled A$1.1 million versus A$1.2 million for the prior corresponding period, with the key items including administrative costs of A$0.1 million (A$0.1 million in the prior period), employee costs of A$0.4 million (A$0.4 million) and interest expenses of A$0.5 million (A$0.4 million).

A research and development incentive refund was received during the Quarter of $0.5 million versus $nil for the prior corresponding period.

Interest income for the Quarter was A$0.03 million, versus A$0.02 million in the prior corresponding period.

Total capitalised exploration and evaluation expenditure for the Quarter decreased by A$0.9 million compared to the prior Quarter. Costs of A$0.2 million related to feasibility study activities and project personnel costs and a foreign exchange translation gain of A$0.7 million was recognised.

SUMMARY OF QUARTERLY RESULTS

	Sept 2014	Jun 2014	Mar 2014	Dec 2013	Sept 2013	Jun 2013	Mar 2013	Dec 2012
Interest income (A$'000)	28	9	13	24	22	65	37	55
Net loss (A$'000)	(610)	557	(1,199)	(621)	(1,158)	(640)	(1,376)	(1,681)
Basic/Diluted loss per share (A$)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Cash and cash equivalents (A$'000)	4,677	5,112	1,857	2,590	3,106	3,816	4,759	5,865
Total assets (A$'000)	61,502	60,998	58,538	61,853	61,857	64,687	63,231	67,863
Total liabilities (A$'000)	9,973	9,912	6,860	6,649	8,192	8,002	7,728	7,702
Net assets (A$'000)	51,529	51,086	51,678	55,204	53,665	56,685	55,503	60,161

The changes in net assets across the last eight quarters reflect various activities of the Company, including:

- the Company's activities in exploring and evaluating its properties, in particular, the feasibility and drilling activities undertaken on the Etango Project in Namibia;
- the impact of foreign currency fluctuations and the movement of the A$ to the N$; and
- administrative and corporate expenses incurred by the Company and recognised through the income statement.

The loss incurred in each quarter reflects the general and administrative costs of the Company and, in particular, non-cash stock-based compensation expenses.

Cash balances reflect the movements related to expenditure and the various capital raising programs undertaken by the Company.

DISCUSSION OF QUARTERLY CASH FLOWS

Cash Flows A$'000	September Quarter 2014	September Quarter 2013
Operating activities	(121)	(595)
Investing activities	(314)	(110)
Financing activities	-	-

Cash outflow from operating activities during the Quarter was A$0.1 million compared with A$0.6 million for the prior corresponding period.

Cash outflow from investing activities during the Quarter was A$0.3 million compared with A$0.1 million in the prior corresponding period. The outflow related to exploration and feasibility study activities.

Cash outflow from financing activities for the Quarter was A$nil. Interest in the current Quarter was settled through issue of shares and therefore had no cash flow impact.

DISCUSSION OF FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

Cash and cash equivalents totalled A$4.7 million as at September 30, 2014 versus A$5.1 million as at June 30, 2014. The decrease reflects the expenditure incurred on exploration, feasibility and corporate activities.

TRADE AND OTHER RECEIVABLES

Trade and other receivables were A$0.1 million as at September 30, 2014 (June 30, 2014: A$0.1 million) with the balance primarily reflecting GST and VAT receivables.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment was A$0.9 million as at September 30, 2014 (June 30, 2014: A$0.9 million) reflecting the depreciated book value of various site and office equipment, including vehicles.

EXPLORATION AND EVALUATION EXPENDITURE

Capitalised exploration and evaluation expenditure was A$55.8 million as at September 30, 2014 (June 30, 2014: A$54.9 million) reflecting the capitalisation of costs relating to the Etango Project feasibility study, resource definition drilling and assaying, and other exploration costs, net of foreign currency translation movements. Significant items for the Quarter included salaries and wages (A$0.1 million) and feasibility study contractors and other consultants (A$0.06 million). A foreign exchange translation adjustment of A$0.7 million resulting in an increase in carrying value, was also recorded for the Quarter. This adjustment reflects the weakening of the A$ against the N$ over the period.

TRADE AND OTHER PAYABLES

Trade and other payables were A$0.5 million as at September 30, 2014 (June 30, 2014: A$0.7 million).

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as at September 30, 2014 totalled A$9.5 million (June 30, 2014: A$9.2 million) primarily attributable to the convertible notes.

RCFIV A$8 million convertible note

On September 6, 2013, the Group reached agreement with RCFIV for the extension and refinancing of the note from its maturity date of March 31, 2014 to September 30, 2016. The key terms of the amended RCFIV note are a conversion price of $0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), an unchanged coupon interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the date of issue or cash in certain circumstances, and the extension fee of $160,000 satisfied through the issue of 2,539,683 new Bannerman shares. The amended convertible note with RCFIV was approved by the Bannerman shareholders at the Annual General Meeting on November 22, 2013. The amendments came into effect after March 31, 2014.

At the refinancing date of November 22, 2013, the existing convertible note was derecognised and the amended RCFIV convertible note was recognised for accounting purposes. At the date of recognition of the amended note, its debt and equity components 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. Accordingly, over the term of the convertible note, the debt component will increase to the face value of $8 million at the maturity date of September 30, 2016. The interest expense recorded on the convertible note reflects an effective interest rate of approximately 20% over the

life of the note. Included in trade and other payables is an amount of $160,000 for accrued 8% coupon interest on the RCFIV convertible note to September 30, 2014 (June 2014: $160,000).

RCFVI A$4 million convertible note

In April 2014, Bannerman reached an agreement with its major shareholder RCF on a new $4 million convertible note facility with RCFVI with a maturity date of September 30, 2016. The key terms of the new note are a conversion price of $0.095 per share (subject to adjustment for certain transactions that have a dilution impact on the conversion price), a coupon interest rate of 8% per annum with interest payable quarterly through the issue of new Bannerman shares at a price equal to the 5-day VWAP of Bannerman's shares prior to the date of issue or cash in certain circumstances, and the establishment fee of $120,000 satisfied through the issue of 1,714,286 new Bannerman shares. The new convertible note with RCFVI was approved by the Bannerman shareholders at the Extraordinary General Meeting on June 19, 2014. The note was drawn down in full on June 26, 2014.

At the date of recognition of the RCFVI note, its debt and equity components 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. Accordingly, over the term of the convertible note, the debt component will increase to the face value of $4 million at the maturity date of September 30, 2016. The interest expense recorded on the convertible note reflects an effective interest rate of approximately 26% over the life of the note. Included in trade and other payables is an amount of $80,000 for accrued 8% coupon interest on the RCFVI convertible note to September 30, 2014 (June 2014: $4,000).

Both convertible notes are secured by a fixed and floating charge over the Company's assets and a share mortgage over the Company's shares in its subsidiary entities holding indirect and direct interest in the Etango Project.

Under the terms of both convertible notes, the Company must, unless otherwise approved, maintain a minimum cash and cash equivalents balance of not less than $1,250,000.

In accordance with the terms of both convertible notes, a review event arises upon a change in control of the Company, defined to be where a third party acquires a relevant interest in 50% or more of the securities in the Company. In this circumstance, RCF may decide at its absolute discretion to require the Company to repay the convertible note (including all accrued interest thereon) or to convert the convertible note (including all accrued interest thereon) to shares in Bannerman.

EQUITY

Issued capital was A$116.9 million as at September 30, 2014 (June 30, 2014: A$116.7 million). The increase reflects the following transactions:

- The issue of 2,279,452 shares were issued in satisfaction of the A$159,562 interest payable on the convertible note with RCFIV for the period April 1, 2014 to June 30, 2014.
- The issue of 62,622 shares were issued in satisfaction of the A$4,384 interest payable on the convertible note with RCFVI for the period April 1, 2014 to June 30, 2014.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The Company's cash reserves as at September 30, 2014 totalled A$4.7 million.

The Group's consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group's cash flow forecast reflects that additional working capital will need to be raised within the current financial year to enable the Group to continue its planned business activities and expenditure levels.

At the date of this financial report, the directors are satisfied there are reasonable grounds to believe that, having regard to the Group's position and its available financing options, the Group will be able to raise additional capital to enable it to meet its obligations as and when they fall due.

Should the Group not achieve the matters set out above, there would be uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal

course of business and at the amounts stated in this financial report. This financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Project Financing

Assuming Bannerman commits to the development of the Etango Project, funding will comprise a combination of equity and debt. The Company is presently seeking to secure a development partner to provide financial support for future debt and equity requirements. Key matters which will require funding include the purchase of equipment, the construction of plant and other infrastructure, mining pre-stripping and working capital. The success and pricing of any such capital raising and debt financing will be dependent upon the prevailing market conditions.

The Company has development capital requirements in excess of its currently available capital resources. To date, the Company has been successful in raising its required funds through the exercise of outstanding share options and from equity and debt offerings. However, there can be no assurance that the Company will have sufficient funds to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company is exposed to commodity price risk and foreign exchange risk in the normal course of its business operations. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and approach.

(a) Fair Value

The fair value of financial instruments represents the amounts that would have been received from or paid to counterparties to settle these instruments. The carrying amounts of all financial instruments (except the convertible notes) classified as current approximates their fair values because of the short term maturities and normal trade term of these instruments. With regards to the convertible notes, at the date of issue, the debt and equity components were separated according to their fair values. The discount on the debt component is being amortised progressively into earnings as interest expense over the life of the convertible notes, such that the debt component will increase to the face value of A$8 million and A$4 million at maturity date of the respective convertible notes.

(b) Liquidity Risk

The Company has in place a planning process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short term business requirements taking into account the anticipated cash inflows and its holding of cash and cash equivalents.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table provides a summary of the type and maturities of the Company's contractual liabilities as at September 30, 2014:

Contractual Obligations	Total A$'000	Less than 1 Year A$'000	1-3 Years A$'000	4-5 Years A$'000	After 5 Years A$'000
Debt (convertible)	12,000	-	12,000	-	-
Debt interest *	2,162	960	1,202	-	-
Litigation settlement**	780	780	-	-	-
Tenement expenditure	246	246	-	-	-
Operating and office leases	119	83	36	-	-
Total Contractual Obligations	15,307	2,069	13,238	-	-

* The Company must settle the interest obligation via the issue of new shares, or in cash in certain limited circumstances.

** Upon receipt of the Etango mining licence, the Company is obligated to pay A$0.5 million cash and issue 4.0 million shares (calculated for the purposes of the above table at a notional price of A$0.07 per share, being the Company's last traded share price on the ASX at the end of the Quarter).

Debt comprises the A$8 million and $4 million convertible notes which, unless converted into shares, will be repayable by the Company to the holders on September 30, 2016.

The convertible notes accrue interest at a coupon rate of 8.0% per annum and is payable quarterly in arrears in shares, or in cash in certain limited circumstances. The holders of the convertible notes are entitled at any time prior to maturity to convert the principal and any accrued interest into Bannerman ordinary shares at a conversion price of A$0.095 per share up to September 30, 2016.

The litigation settlement relates to the settlement with Savanna Marble CC ("**Savanna**") in December 2008. The Company has already paid the first tranche of the settlement payment and is obligated to pay the second tranche upon receipt of a mining licence for the Etango Project. The Company applied for the Etango Project mining licence in December 2009 and, for illustration purposes, receipt of the mining licence is assumed in the table above to occur within 12 months of balance date. The second tranche payment comprises A$0.5 million in cash and 4.0 million Bannerman shares.

Tenement expenditure represents the minimum stated expenditure covenants on the Company's exploration licences in Namibia. Other contractual obligations represent operating and office leases.

In addition to the above, on September 22, 2014 the Group announced the award of major contracts to construct and operate the Etango Heap Leach Demonstration Plant. Activities at the site commenced in early October and construction is scheduled for completion by early 2015. The capital cost is estimated at A$1.4 million. If the Group terminates these contracts before completion then the Group is obliged to pay for works carried out to the date of termination.

(c) Foreign Exchange Risk

The Company undertakes transactions in foreign currencies and reports the results of its operations in Australian dollars, its functional currency. It is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency and the translation of foreign currency balances to Australian dollars. The Company conducts its exploration and development activities in Namibia and thereby a substantial portion of the Company's assets, liabilities and expenses are denominated in Namibian dollars which is currently pegged on a 1:1 basis to the South African Rand.

The Company does not currently engage in foreign currency hedging, and the exposure of the Company's financial assets and liabilities to foreign exchange risk is minimal. As at September 30, 2014, approximately 0.8% of Bannerman's cash reserves were held in Namibian dollars.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash equivalents are highly liquid and earn interest at market rates in short term fixed and variable term deposits. Due to the short term nature of these financial instruments, fluctuations in market interest rates do not have a significant impact on the fair values of the financial instruments as at September 30, 2014.

(e) Credit Risk

The Company is exposed to credit risk primarily associated with GST/VAT receivables from governments and with cash and cash equivalents. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

OFF-BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at September 30, 2014.

RELATED PARTY TRANSACTIONS

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

Remuneration (including fees and the issue of share options) was paid or is payable to the directors of the Company in the normal course of business. The Company pays its non-executive personnel consulting fees for extra services, if any, performed outside of normally expected non-executive duties.

Under the terms of the Share Sale Agreement dated May 12, 2005, by which Bannerman acquired its 80% interest in BMRN, the 20% non-controlling interest is sole funded by Bannerman to completion of a bankable feasibility study on one of BMRN's projects. After this time, should the 20% shareholder elect not to contribute the 20% share of post-bankable feasibility study expenditure but instead elect to dilute the interest in accordance with the Share Sale Agreement then, upon the interest being diluted to less than a 5% shareholding, it automatically converts into a 2% net revenue royalty on future production from the Etango Project. The registered holder of the 20% non-controlling interest in BMRN is Mr Jones, a director of Bannerman, who holds this interest for his associates and business partner.

Non-Executive Director Ian Burvill is a senior vice president of Resource Capital Funds Management Pty Ltd ("**RCFM**"). RCFIV and RCFVI, which have management agreements with RCFM's parent company, hold two convertible notes with face values of A$8 million and A$4 million respectively, together with 52,918,815 Bannerman shares representing 15.88% of the voting capital in Bannerman as at the date of this report.

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect reported amounts in the financial statements. Management continually evaluates its estimates and assumptions in relation to the Company's assets, liabilities, contingent liabilities, revenue and expenses. Management bases its estimates and assumptions on historical experience and on other various factors it believes to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions, and may materially affect the Company's financial results or financial position in future periods.

Management has identified the following matters for discussion in this MD&A. Further details of the nature of these estimates and assumptions can be found in the relevant notes to the financial statements.

Valuation and impairment of exploration and evaluation expenditure

When funds are expended for exploration on the Company's mineral properties, the Company makes a determination as to the likelihood that the activities conducted will result in the eventual discovery of a mineable deposit. Where the determination is made that the potential for a future mineable deposit exists, from which the future cash flows are expected to exceed the amount expended, the Company capitalises the expenditures to the value of the property. Once in production, the capitalised costs will be amortised on a units of production basis over the property's expected economic life.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related project itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the amount and quality of mineral resources and reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations), political stability, changes to commodity prices, the issue of a mining licence and availability and pricing of project funding. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

The Company reviews the carrying value of each property that is in the exploration/development stage by reference to the work programs and the exploration results experienced by the Company and others, and to estimated project economics arising from any feasibility assessment activities.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with directors, employees and contractors by reference to the fair value of the equity instruments at the date at which they are granted and taking into consideration the likelihood of non-market-based conditions occurring. The Company measures the cost of option-based payments at fair value at the grant date using the market price and/or the Black-Scholes or other appropriate option pricing models, and taking into account the terms and conditions upon which the instruments were granted. Differences in estimated future stock price volatility, interest rates and other factors can have a material effect on the calculation of stock-based compensation expense. As such, the values derived may change significantly from period to period and are subject to significant uncertainty. The Company recorded a total stock based compensation expense of A$0.1 million for the quarter (September 2013 quarter: A$0.2 million).

Income taxes

The determination of the ability of the Company to utilise tax loss carry-forwards to offset future income tax payable requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company would benefit from these prior losses and other future tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realised or the timing of utilising the losses. Currently the Company has not recognized any tax losses in excess of any deferred tax liabilities. When amounts that are considered not likely to be utilised to reduce future tax payable are determined to be likely to be utilised in the future, the valuation allowances against these losses would be removed by recording a future income tax recovery in the income statement.

NEW ACCOUNTING STANDARDS

From July 1, 2014 the Company has adopted all standards and Interpretations mandatory for annual periods beginning on July 1, 2014. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Company. The Company has not elected to early adopt any new Standards or Interpretations.

RISK FACTORS

The Company's operations and results are subject to a number of different risks at any given time. A comprehensive summary of these risk factors is included in the section titled "Risk Factors" in the Company's Annual Information Form for the year ended June 30, 2014, available on the Bannerman website at www.bannermanresources.com or on SEDAR at www.sedar.com.

OUTSTANDING SECURITIES DATA

The Company has on issue ordinary shares, stock options, share rights and two convertible notes. The following is a summary of the Company's capital structure as at the date of this MD&A:

	Number of Securities
Ordinary Shares on issue	333,201,901
Options on issue over Unissued Shares	8,701,700
Performance Rights on issue over Unissued Shares	14,004,300
RCFIV Convertible Note (if converted)	84,210,526
RCFVI Convertible Note (if converted)	42,105,263
Contingent – Shares	4,000,000
Total Fully Diluted	**486,223,690**

The contingent amount comprises 4.0 million shares issuable to Savanna upon receipt of the Etango Project mining licence (refer earlier discussion under *Financial Instruments and Related Risks* above).

OPTIONS

The details of the share options on issue as at the date of this MD&A are tabulated below:

Expiry Dates	Exercise Price	Balance	Vested
November 17, 2014	A$0.678	1,500,000	-
November 17, 2014	A$0.36	902,500	902,500
November 21, 2015	A$0.12	1,795,200	1,795,200
November 22, 2016	A$0.072	4,504,000	-
		8,701,700	2,697,700
Weighted average exercise price (A$)		0.22	0.20
Average life to expiry (years)		0.94	0.5

The above share options have performance hurdles linked to business targets and/or minimum service periods.

As at the date of this MD&A, the Directors hold 8,159,600 options with an average exercise price of A$0.22 per share and an average life to expiry of approximately 1 year.

PERFORMANCE SHARE RIGHTS

The details of the performance share rights on issue as at the date of this MD&A are tabulated below:

Vesting Dates	Balance	Vested
November 17, 2014	1,631,722	-
November 21, 2014	530,854	-
November 22, 2014	682,000	-
January 31, 2015	1,000,000	-
November 11, 2015	170,000	-
November 21, 2015	3,502,674	-
November 22, 2015	849,750	-
November 22, 2016	5,637,300	-
	14,004,300	-
Average life to vesting	0.55	-

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

As at the date of this MD&A, the Directors hold 8,483,136 performance share rights with an average life to vesting of approximately 0.79 years.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The Company is continuing to review and develop appropriate disclosure controls and procedures and internal controls over financial reporting for the nature and size of the Company's business.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures ("**DCP**") are designed to provide reasonable assurance that all relevant information is communicated to the Company's senior management to allow timely decisions regarding disclosure. Access to material information regarding the Company is facilitated by the small size of the Company's senior management team and workforce.

Internal Controls over Financial Reporting

Internal controls over financial reporting ("**ICFR**") are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. The Board is responsible for ensuring that management fulfils its responsibilities in this regard. The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and annual financial statements. As at September 30, 2014, the Chief Executive Officer and the Financial Controller in the capacity of the Chief Financial Officer, with participation of the Company's management, concluded that there were no material weaknesses at the end of the Quarter or changes to the Company's internal controls during the Quarter which have materially affected, or are considered to be reasonably likely to materially affect, the Company's ICFR.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and the Financial Controller in the capacity of the Chief Financial Officer, believe that any DCP or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorised override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain information contained in this MD&A constitutes "forward-looking information", which may include, but is not limited to, statements or information regarding possible events, conditions or results of operations that is based upon assumptions about future economic conditions and courses of action. All information other than matters of historical fact may be forward-looking information. In some cases, forward-looking information can be identified by the use of words such as "seeks", "expects", "is expected", "anticipates", "budget", "plans", "estimates", "continues", "forecast", "projects", "intends", "believes", "predicts", "scheduled", "potential", "targets", "may", "could", "would", "might", "will" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

By its nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to differ materially from those expressed or implied by such forward-looking information. Some of the risks and other factors that could cause actual results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to:

- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations;
- results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations;
- risks relating to possible variations in resources, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined;
- mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development;
- the potential for delays in exploration or development activities or the completion of feasibility studies;

- risks related to the inherent uncertainty of production and operating and capital cost estimates and the potential for unexpected costs and expenses;
- risks related to commodity price and foreign exchange rate fluctuations;
- the uncertainty of profitability based upon the cyclical nature of the industry in which the Company operates;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities;
- risks related to environmental regulation and liability;
- political, fiscal and regulatory risks associated with mining and exploration; and
- other risks and uncertainties related to the Company's prospects, properties and business strategy.

A discussion of these and other factors that may affect the Company's actual results, performance, achievements or financial position is contained in "*Risk Factors*" elsewhere in this MD&A, and in the Company's AIF. Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward-looking information, readers are cautioned that this list is not exhaustive and there may be other factors that we have not identified. Readers are also cautioned not to place undue reliance on forward-looking information contained in this MD&A. Forward-looking information is based upon management's beliefs, estimates and opinions as at the date of this MD&A, and no assurance can be given that these will prove to be correct. Furthermore, the Company undertakes no obligation to update or revise forward-looking information if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

TECHNICAL DISCLOSURES

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

Mineral Resources that are not Ore Reserves do not have demonstrated economic viability.

Bannerman Resources Limited ("Bannerman") manages its drilling and assaying activities in accordance with industry standard quality assurance/quality control (QA/QC) procedures. Samples are collected by Bannerman personnel and prepared in accordance with specified procedures at the relevant assay laboratories. Drill samples were analysed for uranium by the Bureau Veritas Laboratory in Swakopmund, Namibia. Bureau Veritas is an International Laboratory Group with operations in 140 countries, including Ultratrace and Amdel in Australia. Assay QA/QC involves the use of assay standards (sourced from African Mineral Standards (AMIS) in Johannesburg, made from Bannerman pulp rejects and cross-checked through umpire laboratories for which the round robin reports are available), field duplicates, blanks and barren quartz flushes. A third party "umpire" laboratory (Genalysis in Perth) was used to cross-check and validate approximately 5% of the assay results in accordance with standard procedures. Sample coarse rejects are retained and approximately 5% of samples are re-submitted for further assay verification. All sample pulps, half-core and rock-chip samples are retained at Bannerman's Goanikontes Warehouse Facility (GWS) on site.

The information in this report relating to the Ore Reserves of the Etango Project is based on information compiled or reviewed by Mr Harry Warries, a full time employee of Coffey Mining Pty Ltd. Mr Warries is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and is an independent consultant to Bannerman and a Qualified Person as defined by Canadian National Instrument 43-101. Mr Warries consents, and provides corporate consent for Coffey Mining Pty Ltd, to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources or Ore Reserves was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the

information has not materially changed since it was last reported. All material assumptions and technical parameters underpinning the estimates of mineral resources continue to apply and have not materially changed.

All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS (as previously announced on April 10, 2012 and reported on January 30, 2014 in compliance with ASX Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.