

Bannerman Resources Limited (ASX:BMN, NSX:BMN) is pleased to recap on a successful September quarter.

HIGHLIGHTS

- **Successful Heap Leach Demonstration Plant Program**
 - Phase 5 (Value Engineering) results deliver potential for substantial capital and operating cost savings
 - Consistency of results deliver further affirmation of robustness of DFS process inputs and relatively low technical risk of Etango
 - Commencement of Phase 6 extension to refine crushing and binder cost reduction opportunities
- **Renewal of Exclusive Prospecting Licence 3345**
- **Key adviser appointments**
 - Nuclear Fuels Associates (Mr Dustin Garrow) – strategic and uranium marketing
 - Fivemark Partners – strategic and capital markets
- **Corporate streamlining continued**
 - Implementation of unmarketable parcel share sale facility
 - Sale and lease-back agreement reached for Swakopmund office property, to net in excess of A\$500,000 in the December quarter
- **Cash balance at 30 September 2016 was A\$1.2 million.**
- **Uranium market dynamics continue to tighten, driving improved sentiment**

Details on the above milestones follow below.



Figure 1 - Etango Heap Leach Demonstration Plant

ETANGO PROJECT (Bannerman 100%)

Successful Heap Leach Demonstration Plant Program

Phase 5 (Value Engineering) was directed at optimising the Etango metallurgical process parameters by drawing on the extensive learnings delivered by the Demonstration Plant Program to date. This value engineering exercise has shown clear potential for adoption of coarser grind sizes and further optimisation of reagents, both of which can deliver substantial further reductions in the capital and operating costs of the Etango Project.

The Phase 5 testwork entailed an open circuit heap leach operation of 8 columns stacked to 5 meters. The main objectives of this phase were to test different particle sizes and crushing methods as well as different binder addition rates. This testing was designed to evaluate impacts on the agglomeration process and metallurgical response (extraction and acid consumption).

The Phase 5 testwork delivered strongly positive results, as outlined below.

1. Value engineering upside

- The ore continues to leach quickly and uniformly even with coarser High Pressure Grinding Roll (HPGR) crushed ore and conventionally cone crushed ore, providing evidence for potential capital and operational cost savings.
- Uniform percolation coupled with rapid and high leach extraction once again points towards the potential to further optimise the heap leach configuration.
- The uranium extraction achieved for Phase 5 averaged 93.6%, in-line with preceding phases. Consistently fast leach kinetics have been observed from the Etango ore, achieving over 90% uranium extraction within 20 to 22 days. This compares to the DFS projection for a scaled-up heap of 86.9%.

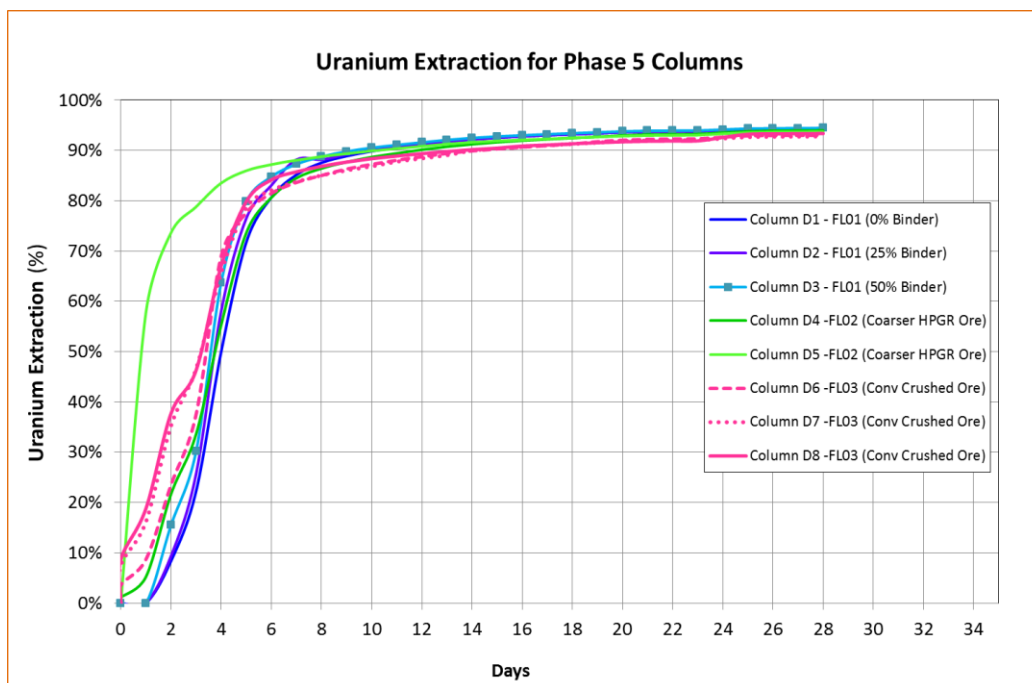


Figure 2 – Phase 5 extraction results

- Average sulphuric acid consumption maintained the linear relationship with time as previously observed and averaged 14.4 kg/tonne (compared to the DFS projection for a scaled-up heap of 17.6kg/tonne).

- The columns treated with reduced or no binder addition (relative to DFS parameters) all showed similar percolation and leaching results. Although further geotechnical work would be required before binder addition is changed, the results are highly encouraging and point to the potential for further reagent optimisation.

2. Further enhancing project knowledge

- The metallurgical database continues to grow dramatically with the total ore sample tested in Phase 1 through to Phase 5 now amounting to approximately 275 tonnes.

Phase 6 – Demonstration Program extended

The Phase 5 test work indicates further potential for optimising the particle size distribution and establishing optimal binder addition taking into account all geotechnical and heap stability aspects.

As such the team has formulated an additional testwork program (Phase 6) in conjunction with AMEC Foster Wheeler that will further test and confirm:

- (a) Use of a conventional tertiary crushing circuit (cone crushers) as compared to the current DFS design utilising High Pressure Grinding Rolls (HPGRs);
- (b) Coarser particle size distribution of the material going onto the heap; and
- (c) Reduction in binder addition without compromising the heap stability.

URANIUM MARKET

Uranium supply continued to tighten during the quarter. Moreover, a further decline in uranium prices during the quarter is expected to accelerate additional supply disruption. On the demand front, a number of important milestones were achieved in China, Russia, India, United Kingdom and elsewhere.

The Canadian Government has agreed with a 2015 recommendation by the Nanavut Impact Review Board that the Kiggavik uranium project should not proceed at this time. In Russia, President Putin announced cancellation of the 2000 Russia-US Plutonium Management and Disposition Agreement to reduce each country's weapons-grade plutonium by 34 tonnes per annum. According to the World Nuclear Association, the plutonium which was destined to be blended with uranium oxide and then consumed in commercial reactors would have displaced approximately 14,300t U.

The Paris climate agreement struck at the UN Framework Convention on Climate Change has passed its second threshold for entering into force. It has now been ratified by countries responsible for 55% of global greenhouse gas emissions. It will come into force on 4 November 2016. This will continue to be positive for nuclear, particularly in light of the vital role nuclear - a clean base load power source - must play in containing climate change.

Nuclear power plant construction milestones were reached in a number of countries during the September quarter. China's nuclear construction program continues to gain momentum with a further reactor connected to the grid in the September quarter (Fuqing #3). This 1,020 MWe CPR-1000 reactor is the 35th operational nuclear power plant reactor in China.

In addition, Russia connected its Novovoronezh #6 reactor to the grid whilst both India and Pakistan commissioned new reactors. India's Kudankulam #2 is the nation's 22nd reactor whilst Chashma 3 is Pakistan's fourth reactor.

In the UK the government approved the construction of two large (1670 MWe) EPR reactors at the Hinkley Point nuclear plant. Russia announced on 9 August 2016 that it would construct 11 new reactors domestically by 2030. This figure, which does not include reactors currently under construction, was substantially more than expected.

CORPORATE

Appointment of Key Advisers

Bannerman has appointed key advisers, Nuclear Fuel Associates LLC and Fivemark Partners, to strengthen its strategic, uranium marketing and project financing capabilities.

The engagement of these advisers is directed at ensuring Bannerman advances product marketing and project financing initiatives for its 100%-owned Etango Uranium Project through the current trough in uranium market conditions. The Company considers this critical in maintaining and capitalising on its advanced project status and early mover advantage in the global uranium development sector.

Nuclear Fuel Associates has through its Managing Principal, Dustin Garrow, extensive industry relationships and sector insights, which will enable Bannerman to position itself with global uranium buyers as a large scale, independent uranium supplier ahead of an anticipated tightening in global uranium market conditions.

Fivemark Partners' specialist commercial advice and global capital markets access will support Bannerman's corporate strategic initiatives, evaluation of various project financing options and investor relations activities.

Cash Position and Operating Expenditure

Cash reserves at 30 September 2016 totalled A\$1.2 million (30 June 2016: A\$1.6 million) which included receipt during the quarter of an R&D tax refund of A\$0.26 million after expenses. Net operating cash outflow during the quarter totalled A\$0.42 million. Bannerman has reached agreement to sell and lease back its office premises in Swakopmund, Namibia. The sale will generate net cash (after deducting future lease obligations) in excess of A\$0.5 million. Payment is expected in the December quarter.

Issued Securities

At the date of this report, the Company has 711,974,393 ordinary shares on issue.

At the date of this report, the Company has on issue 20,585,658 performance and share rights and 40,014,400 unlisted share options. The share rights and share options are subject to various performance targets and continuous employment periods.

Schedule of Mining Tenements

Bannerman currently holds Exclusive Prospecting Licence 3345 (EPL 3345) in Namibia. On 4 July 2016, the Company announced that the Ministry of Mines and Energy (MME) had endorsed the renewal of EPL 3345. The licence has been renewed until 25 April 2017 in accordance with its original term. In addition to standard renewal terms and conditions, the MME required the Company to submit a proposal for local Namibian ownership (5% equity ownership), employment of historically disadvantaged Namibians and a broader corporate social responsibility plan. The Company understands that this proposal was required of all EPL renewal applicants. During the quarter the Company engaged Rand Merchant Bank to undertake a process to identify local investors and broad-based beneficiaries to meet the 5% Namibian equity ownership requirement. The Company complies with all other MME requirements.

The Company also announced on 4 July 2016 that correspondence had been received from the MME stating that the Honourable Minister intends to refuse the application for the Etango project Mining Licence, which was applied for in December 2009, citing the current low uranium price. The Honourable Minister's decision was not unexpected and Bannerman retains the right to re-apply for a mining licence when the uranium market recovers. Accordingly, during the quarter the Company applied for a Mineral Deposit Retention Licence over the portion of EPL3345 that would be required for the proposed Etango mine.

The Ministry of Environment and Tourism first granted Bannerman Environmental Clearances for the Etango Project in 2010 and for the project's Linear Infrastructure in 2012, both of which are important pre-requisites for a Mining Licence. The Environmental Clearances were renewed and remain valid.

There were no interests in other mining tenements or any beneficial interests in farm-in or farm-out agreements which were acquired or disposed of during the quarter.

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About Bannerman - Bannerman Resources Limited is an ASX and NSX listed exploration and development company with uranium interests in Namibia, a southern African country which is a premier uranium mining jurisdiction. Bannerman's principal asset is its 100%-owned Etango Project situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and CGNPC's Husab uranium mine currently under construction. A definitive feasibility study and an optimisation study has confirmed the technical, environmental and financial (at consensus long term uranium prices) viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. In 2016, Bannerman is continuing a large scale heap leach demonstration program to provide further assurance to financing parties, generate process information for the detailed engineering design phase and build and enhance internal capability. More information is available on Bannerman's website at www.bannermanresources.com.

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. 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 or the Company) 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) is 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 Leon Fouché. Mr Fouché is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Fouché is employed by Bannerman Resources. Mr Fouché has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and a Qualified Person as defined by Canadian National Instrument 43-101.