

Bannerman Resources Limited (ASX:BMN, NSX:BMN) (“Bannerman” or “the Company”) is pleased to report on a successful December quarter that positions the Company well within an environment of improving uranium sector sentiment.

HIGHLIGHTS

- **Successful capital raising results in A\$5 million pro-forma cash balance at quarter end**
 - Strongly supported A\$4 million placement to institutional and sophisticated investors
 - Shareholders approved the residual A\$0.5 million from RCF VI L.P. post quarter end
 - Use of funds includes update of the Etango Definitive Feasibility Study (2012), including incorporation of strong results from the Heap Leach Demonstration Plant
- **Appointment of Ms Twapewa Kadhikwa to the Subsidiary Board**
- **Corporate streamlining continued**
 - Completion of unmarketable parcel share sale facility
 - Sale and lease-back completed for Swakopmund office property
- **Uranium market dynamics continue to tighten, driving improved sentiment**
 - 10 reactors commissioned in 2016
 - Kazatomprom announced 2017 production cut of 10%; coupled with establishment of a Swiss trading arm, demonstrates supply discipline from world’s largest producer
 - U₃O₈ spot price reached a 12 year low, with subsequent 25% increase to US\$22.75/lb

Bannerman’s Chief Executive Officer, Mr Brandon Munro, said, “I am delighted with Bannerman’s progress over another successful quarter. Uranium sector sentiment is improving, supply and demand dynamics are tightening and we can foresee a number of catalysts potentially coming into play in 2017.”



Figure 1 - The Etango Heap Leach Demonstration Plant, above, has provided improved recovery and reagent results that can be incorporated into a revised Definitive Feasibility Study.

CORPORATE

Successful A\$4 million Capital Raising

In October 2016, Bannerman successfully raised A\$4 million via a private placement to institutional and sophisticated investors, including A\$0.5 million from Resource Capital Fund VI L.P. (RCFVI), through the issue of 133,333,333 new Bannerman shares at A\$0.03 per share. Shareholders subsequently approved the placement, including RCFVI's participation, at an Extraordinary General Meeting on 10 January 2017.

Cash Position and Operating Expenditure

Cash reserves at 31 December 2016 totalled A\$4.5 million (30 September 2016: A\$1.2 million), which excludes the A\$0.5 million to be received from RCFVI.

Net operating cash outflow during the quarter totalled A\$0.6 million.

Bannerman completed the sale and lease back of its office premises in Swakopmund, Namibia. The sale generated proceeds of approximately A\$675,000, net of sale costs.

Issued Securities

At the date of this report, the Company has 832,210,955 ordinary shares on issue, with a further 16,666,667 ordinary shares to be issued to RCFVI.

At the date of this report, the Company has on issue 38,656,093 performance and share rights and 56,608,600 unlisted share options. The share rights and share options are subject to various performance targets and continuous employment periods.

Unmarketable Parcel Share Sale Facility

Bannerman closed the facility in November 2016 and therefore was able to reduce the share registry by 1,951 holders. This has enabled Bannerman to further reduce administration costs, whilst introducing new institutional and sophisticated investors onto its register.

Appointment of Ms Twapewa Kadhikwa to Subsidiary Board

In December 2016, Ms Kadhikwa was appointed as a Non-Executive Director of Bannerman's 100%-owned Namibian subsidiary, Bannerman Mining Resources (Namibia) (Pty) Ltd. Ms Kadhikwa's appointment coincided with the resignation of Ms Monica Kalondo after serving the company as a director since 2010.

Ms Kadhikwa is a successful Namibian businesswoman and a role model for young entrepreneurs. In addition to her impressive business track record, Ms Kadhikwa brings to the company a highly respected passion for SME development. Her industry profile and insights will be invaluable in guiding the development of the Etango uranium project.

ETANGO PROJECT (Bannerman 100%)

Heap Leach Demonstration Plant Program: Phase 6 Completed

The highly successful Phase 5 (Value Engineering) testwork completed in the September 2016 quarter delivered clear potential for substantial capital and operating cost savings at the Etango Project.

The extended Phase 6 testwork program was formulated in conjunction with AMEC Foster Wheeler to further test:

- (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.

This Phase 6 testwork was undertaken during the quarter and results will be available in Q1 2017.

Schedule of Mining Tenements

Bannerman currently holds Exclusive Prospecting Licence 3345 (EPL 3345) in Namibia. The Company has applied for a Mineral Deposit Retention Licence over the portion of EPL 3345 that would be required for the proposed Etango mine.

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.

URANIUM MARKET

Sentiment in the uranium market started to turn towards the end of the quarter and into January 2017. The spot price reached a 12 year low of \$17.75/lb U₃O₈ in November 2016 and has subsequently increased by approximately 25% to \$22.75/lb U₃O₈ (as at 24 January 2017). In a significant move Kazatomprom recently announced that it would cut uranium oxide production by 10% in 2017. This equates to approximately 3% of total global uranium production, representing approximately 5 Mlbs U₃O₈ per annum.

The Paris Agreement (GOP21) came into force on 4 November 2016. However, the United Nations Environment Programme (UNEP) released a report on 3 November 2016 which found the pledges made in Paris were not enough to avert dangerous climate change. In its Emissions Gap Report it found that emissions need to be cut by a further 25% by 2030 compared with the targets ratified in the Paris Agreement. Further, 2016 has been declared to be the hottest year on record (previously 2015).

In the United States of America, Donald Trump was elected as President in November 2016. This event is generally seen as positive for the nuclear energy industry and President Trump has also made statements which are likely to impact on the availability of secondary supplies in the future.

A number of new reactors milestones were reached during the quarter. In Pakistan, Chashma unit 3 was connected to the country's power grid on 15 October 2016. The USA's first new nuclear power reactor in 20 years - Watts Bar 2 - entered commercial operation on 19 October 2016. In another significant development, Unit 4 of the Beloyarsk nuclear power plant in Russia has started commercial operation. The BN-800 fast neutron reactor started operating at 100% power for the first time on 17 August 2016.

In total, ten new reactors were commissioned in 2016. This includes five in China, whilst South Korea, USA, India, Pakistan and Russia each commissioned one reactor. Three reactors were retired during the year. In terms of capacity, 9,579 MWe came on line (much the same as 2015), plus at least 104 MWe net in uprates, balanced by 1,402 MWe net finally shut down as three reactors were retired. At the end of the year there were 447 reactors operable totaling 391.4 GWe net, and 60 under construction (64.5 GWe gross). The International Atomic Energy Agency notes that 16,966 reactor years of civil operation had been accumulated to the end of 2016.

Brandon Munro
Chief Executive Officer
24 January 2017

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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 2017, 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.