

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

### HIGHLIGHTS

- **DFS Update Commenced**
  - Targeting substantial capital and operating cost improvements
  - Incorporating results from Demonstration Plant Program
- **Appointment of Mr Mike Leech to the Board**
  - NED of Bannerman and Chairman of Namibian subsidiary board
  - Uranium industry veteran
  - Respected statesman of the Namibian mining industry
- **Namibian Partner Transaction Signed**
  - One Economy Foundation to become a 5% loan-carried shareholder in Subsidiary
- **Uranium market dynamics continue to tighten, driving improved sentiment**
  - Key Japanese court cases and rulings concluding *favourably* for nuclear
  - Kazatomprom announced 10% production cut in January

Bannerman’s Chief Executive Officer, Mr Brandon Munro, said, “Bannerman has continued its solid progress over another successful quarter, culminating in commencement of our DFS Update. Uranium sector sentiment is improving, supply and demand dynamics are tightening and we can foresee a number of catalysts potentially coming into play in the short term.”



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

## **CORPORATE**

### **Appointment of Mr Mike Leech to the Board**

In April 2017, Mr Mike Leech was appointed as a Non-Executive Director of Bannerman and Chairman of Bannerman's 100%-owned Namibian subsidiary, Bannerman Mining Resources (Namibia) (Pty) Ltd.

Mr Leech is a uranium industry veteran and respected statesman of the Namibian mining industry. Most recently, he was Managing Director of the Rössing Uranium Mine in Namibia for 6 years until retiring in 2011. Prior to that he served as Rössing's Chief Financial Officer and in other executive positions within the Rio Tinto Group. Mr Leech's many other roles in the sector have included President of the Namibian Chamber of Mines, Chairman of the Namibian Uranium Association and Trustee of the Rössing Foundation for 18 years. He was recognised for his singular contribution to Namibia's uranium mining industry by being awarded honorary life membership of the Namibian Uranium Association.

As Chairman of the Company's subsidiary, Bannerman Mining Resources (Namibia) (Pty) Ltd, Mr Leech will deliver a wealth of experience across the operational, geo-political and community aspects of the Company's business. Furthermore, Mr Leech will support Bannerman's engineering team as it refines a number of feasibility parameters under the current DFS Update work program.

### **Namibian Partner Transaction Signed**

During the quarter, Bannerman entered into a Subscription Agreement with the One Economy Foundation to become a 5% loan-carried shareholder in the Etango Project. This Namibian ownership complies with the Etango project licence conditions and cements a key pillar of Bannerman's corporate social responsibility in Namibia.

The One Economy Foundation is a prominent Namibian not-for-profit organization with programs that directly support government's flagship Harambee Prosperity Plan for poverty alleviation.

As part of the Subscription Agreement, Bannerman Mining Resources (Namibia) (Pty) Ltd (**BMRN**) will issue 5% of its ordinary share capital to the One Economy Foundation for par (nominal) value. The One Economy Foundation will be loan carried for all future project expenditure including pre-construction and development expenditure, with the loan capital and accrued interest repayable from future dividends. The agreement is subject to typical conditions precedent including due diligence and formal documentation, expected to be completed in the June quarter.

Bannerman announced the renewal of its Exclusive Prospecting Licence 3345 in July 2016, which was granted with an industry-wide requirement that BMRN propose 5% Namibian ownership, plus other broad requirements that have been met. In August 2016, BMRN engaged RMB Namibia to undertake a process to identify Namibian investors and other broad-based beneficiaries to meet the 5% Namibian ownership requirement.

### **Cash Position and Operating Expenditure**

Cash reserves at 31 March 2017 totalled A\$4.2 million (31 December 2016: A\$4.5 million).

Net operating cash outflow during the quarter totalled A\$0.9 million with A\$0.5 million inflows from second tranche of November 2016 capital raising.

### **Issued Securities**

At the date of this report, the Company has 849,627,622 ordinary shares on issue.

At the date of this report, the Company has on issue 37,906,093 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.

## ETANGO PROJECT (Bannerman 100%)

### DFS Update Commenced

Bannerman completed a Definitive Feasibility Study (DFS) on the Etango Project in 2012, in conjunction with an Environmental and Social Impact Assessment. The respective studies (and grant of environmental approval from the Namibian Ministry of Environment and Tourism), confirmed the technical, economic and environmental viability of the project at historical term uranium prices. During 2015 Bannerman undertook a DFS Optimisation Study, which predominantly focussed on project enhancements generated by optimised mining methods and design, but did not consider changes to the processing flowsheet. These results substantially improved the economics of the Etango project, as announced to the market on 11 November 2015.

Bannerman has now commenced a DFS Update in conjunction with our key consultants, AMEC Foster Wheeler. This process will target substantial capital and operating cost improvements through incorporating the results from the Etango Demonstration Plant and evaluating other value accretive opportunities in processing, mining and infrastructure that have been developed through internal engineering undertaken by the Bannerman team.

The DFS update will focus on the key results obtained from the Demonstration Plant and other work including potential improvements on comminution, heap leaching, processing, infrastructure and mining.

### Heap Leach Demonstration Plant Program: Test work Completed

Bannerman announced on 8 April 2014 the progression to the Demonstration Plant as an integral step towards the Etango project's detailed engineering and financing phases. On 15 July 2015 Bannerman announced the successful commissioning of the Demonstration Plant and the favourable results from Phase 1 of the program. Phase 6 of the program, designed to test the upper economic limit of particle size, was completed in January 2017 and enabled the conclusion of Demonstration Plant test work.

In aggregate, the Etango Demonstration Plant delivered a number of highly positive outcomes. Key results included:

- **Consistently fast leach kinetics** were observed from the Etango ore achieving over 90% uranium extraction within 20 and 22 days of open and closed circuit leach irrigation respectively.
- **Final extraction of approximately 93%** has been observed from both cribs and columns post the drain, rinse and post-rinse drain steps of the heap leach process (compared to the DFS projection for a scaled-up heap of 86.9%).
- **Sulphuric acid consumption** maintained a linear relationship with time, averaging 14.4 kg/tonne.
- **Uniform percolation** through the material with good integrity of the agglomerate.
- **Confirmation of the simple chemistry** and efficient leaching nature of the granite host rock and uranium mineralisation.
- **No observed impurities** and potential for further reagent optimisation.
- **Fast solvent extraction kinetics** of uranium from aqueous to organic (maximum extraction achieved within 30 seconds of contact time).
- **A significant increase in particle size** (doubling the  $P_{80}$ ) via conventional crushing circuit reduces uranium extraction from ~93% to ~86%, confirming an upper economic limit on particle size.
- **A metallurgical database** with 280 tonnes of ore tested, further enhancing project knowledge.

## **Schedule of Mining Tenements**

Bannerman currently holds Exclusive Prospecting Licence 3345 (EPL 3345) in Namibia. An application to renew EPL 3345, which has a two year term ending on 26 April 2017, was lodged in January 2017 and is expected to be renewed in due course. Until the renewal process is completed, the Namibian Minerals (Prospecting and Mining) Act provides for continued tenure of the EPL.

In September 2016 the Company applied for a Mineral Deposit Retention Licence (MDRL) to secure the portion of EPL 3345 that would be required for the proposed Etango mine. Feedback received from the Ministry of Mines and Energy confirms that the application for the MDRL has been processed and is awaiting consideration by the Mineral Rights Committee, which typically meets every 2-3 months.

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**

Following the recent bottom of the uranium market where the spot price reached a 12 year low of \$17.75/lb U<sub>3</sub>O<sub>8</sub> in November 2016, the price has recovered to \$22.85/lb U<sub>3</sub>O<sub>8</sub> (as at 26 April 2017).

In January 2017 Kazatomprom, the world's largest uranium producer, announced a 10% production cut (approximately 5.2Mlbs per annum or 3% of world production).

A number of important court cases and regulatory decisions were concluded in Japan recently, these include;

- The Osaka high court ruled on 28 March 2017 that Kansai Electric Power (Kepco) can proceed with restarting the Takahama #3 and #4 reactors north of Kyoto. The reactors were ordered to suspend operations in March 2016 by a lower court.
- The Hiroshima District Court ruled on 30 of March that the Ikata # 3 reactor can continue to operate, dismissing requests from local residents seeking a halt in operations. Shikoku Electric restarted the reactor in August 2016.
- Japan's Nuclear Regulation Authority has approved the restart of Global Nuclear Fuel – Japan's (GNF-J) fuel fabrication plant in the Kanagawa Prefecture on the 5th of April. GNF-J applied to the regulator in April 2014 for an assessment that the facility met the revised safety standards introduced in December 2013.

China has re-affirmed its significant commitment to its nuclear construction program. In its Energy Work Guidance Opinion for 2017, published on 10 February, the NEA said construction will be completed of the Sanmen 1 and Haiyang 1 AP1000 units, the Taishan 1 EPR and the Fuqing 4 and Yangjiang 4 CPR-1000 units. These, together with "other projects", will add some 6.41 GWe of nuclear generating capacity, it said. Preparatory work is also to be carried out this year on a further eight units. These include units 3 and 4 of Sanmen, Ningde units 5 and 6, and two units each at new plants at Zhangzhou in Fujian province and Huizhou in Guangdong province.

Brandon Munro  
**Chief Executive Officer**  
28 April 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 95%-owned Etango Project situated near Rio Tinto's Rössing uranium mine, Paladin's Langer Heinrich uranium mine and CGNPC's Husab uranium mine. A definitive feasibility 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. Since 2015, Bannerman has conducted a large scale heap leach demonstration program to provide further assurance to financing parties, generate process information for the detailed engineering design phase and build and enhance internal capability. More information is available on Bannerman's website at [www.bannermanresources.com](http://www.bannermanresources.com).

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## 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.