

Bannerman Resources Limited (ASX:BMN, NSX:BMN) (“Bannerman” or “the Company”) is pleased to report on a productive quarter in which it undertook reconnaissance drilling to test potential satellite targets whilst continuing the DFS Update work, against a backdrop of improving uranium prices and industry sentiment.

## HIGHLIGHTS

- **Reconnaissance drilling program**
  - Targeting two areas within 10km of the proposed Etango processing plant
  - 8 drill holes for 973 m of RC drilling completed
  - Results expected in March quarter
- **DFS Update continuing**
  - Qubeka Mining Consultants engaged for mining and process schedule optimisation
  - Further refinement of cost input parameters.
- **Uranium prices strengthening**
  - U<sub>3</sub>O<sub>8</sub> spot price closed 2018 at US\$28.50
  - Uranium price increased 25% since 1 July 2018
  - Strong outlook driven by supply reductions and secondary buying
- **Strong cash balance of A\$7.4m at quarter end**
  - Includes cash inflow of A\$172,612 after Chairman exercised 3.9m options
  - Financial strength maintained

Bannerman’s Chief Executive Officer, Mr Brandon Munro, said, “*We have maintained our fiscal discipline whilst undertaking high value-add activities at the Etango Project, such as testing targets with the potential to be satellite deposits and the ongoing work associated with the DFS Update. The uranium market has tightened substantially and we are well positioned for further price improvement with an advanced asset and a healthy balance sheet.*”

## **ETANGO PROJECT (Bannerman 95%)**

### **Reconnaissance Drilling**

During the quarter, the Company undertook a reconnaissance drilling program on its Exclusive Prospecting Licence (EPL) 3345, immediately to the north of the Company's Etango uranium project.

The program tested two targets within 10 km of the proposed Etango processing plant with 8 RC drill holes completed for 973 m. Four holes were drilled at the Ombepo target (for 575 m) and four holes at the Rössingberg target (for 398 m). Both targets have coincident radon anomalies and surface mineralisation.

All samples were submitted to laboratories and results from the program are expected to be received in the March quarter. Should the results be favourable, the Company will assess the potential value to be gained from progressing to define further resources within economic trucking distance of the proposed Etango processing plant.

There were no other 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.

### **DFS Update**

During the quarter, the Company's ongoing DFS Update work included mine and process schedule optimisation and further refinement of the cost input parameters. Qubeka Mining Consultants, a specialist mining engineering firm with deep experience in deposits similar to Etango, was engaged during the Quarter to provide specialist input.

## **URANIUM MARKET**

The uranium sector tightened significantly during the December quarter, with the spot U<sub>3</sub>O<sub>8</sub> price closing the year at US \$28.50/lb, an increase of 4.4% for the December quarter, and 25.3% since 1 July 2018. However, the observed price appreciation in 2018 is off a low base and the spot U<sub>3</sub>O<sub>8</sub> price remains below the production cost curve for a substantial proportion of worldwide uranium production. The term uranium market continues to be muted, as a result of utilities deferring procurement decisions until the resolution of the section 232 trade practices investigation being conducted by the US Department of Commerce.

During the quarter, China National Uranium Corporation (an affiliate of Chinese nuclear giant China National Nuclear Corporation (CNNC)) announced the acquisition of a 69% interest in the Rössing Uranium Mine from Rio Tinto. The acquisition of Rössing, an iconic Namibian uranium mine that is located approximately 40km from Etango, has confirmed the strategic intent of Chinese nuclear players to secure uranium supply from premier uranium mining jurisdictions, notably Namibia. CNNC has interests in other Namibian uranium projects and China General Nuclear Corporation is ramping up production at the Husab mine, located 20 km from Etango.

KazAtomProm completed its Initial Public Offering on AIFC (Astana stock exchange) and London Stock Exchange. Kazakh sovereign wealth fund, Samruk-Kazyna, sold down 15% of its holding for US\$451million, valuing the company at approximately US\$3 billion. The IPO process had the effect of increasing the visibility of the uranium sector amongst the international financial community.

We anticipate continued improvement in the uranium sector during 2019, driven by several co-incident factors including:

- (a) Continued acquisition of uranium by financial investors, such as Yellow Cake plc, Uranium Participation Corp and Uranium Trading Corp, and direct acquisition of uranium by other investors utilising trader accounts;
- (b) Producer purchases of uranium to meet delivery obligations, most notably Cameco Inc;
- (c) The resumption of procurement activities once the s232 trade practices investigation is resolved;

- (d) Contraction of available/mobile uranium inventory, through the absorption of producer inventories, continued draw-down of commercial inventories by utilities, reduction in secondary supply sources and reassessment of risk-management policies (ie minimum inventory holdings) as the uranium price recovers;
- (e) Policy improvements for the nuclear industry as governments heighten their appreciation for the urgency of climate change action, leading to reactor life extensions in the short term and accelerated reactor build out in the medium term; and
- (f) Increasing demand growth, in particular from China, Russia, South Korea and the Middle East promoting further strategic inventory builds, across the nuclear fuel cycle and mine development pathway.

## **CORPORATE**

### **Exercise of Director Options**

During the quarter, the Company's Chairman, Mr Ronnie Beevor, exercised 3,923,000 options at an exercise price of A\$0.044 and their exercise generated a cash inflow of A\$172,612.

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

Cash reserves at 31 December 2018 totaled A\$7.4 million (30 September 2018: A\$7.7 million).

Net operating cash outflow during the quarter totaled A\$0.511 million.

### **Issued Securities**

At the date of this report, the Company has on issue 1,041,587,214 ordinary shares, 40,154,033 performance and share rights and 68,626,800 unlisted share options. The share rights and share options are subject to various performance targets and continuous employment periods.

Brandon Munro  
**Chief Executive Officer**  
30 January 2019

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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 viability of a large open pit and heap leach operation at one of the world's largest undeveloped uranium deposits. From 2015 to 2017, Bannerman 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).