

Bannerman Resources Limited (ASX:BMN, NSX:BMN) (“Bannerman” or “the Company”) is pleased to report on an effective quarter that has positioned Bannerman and its Etango uranium project very well for an increase in uranium market activity and associated improvements in sentiment due to a positive resolution of the section 232 trade investigation being undertaken in the United States.

HIGHLIGHTS

- **Positive section 232 decision announced on 12 July**
 - President Trump decided to take no trade action, rejecting quota requiring US utilities to procure 25% of uranium from domestic US sources.
 - Highly positive outcome for uranium sector and non-US uranium companies, as it alleviates concerns that a quota, tariff or other trade action would be imposed.
 - Certainty generated by section 232 resolution is expected to increase uranium market activity, which has been suppressed since January 2018.
 - New US Nuclear Fuel Working Group established as part of s232 decision. Lays the foundation for further positive outcomes as the Working Group is directed to “reinvigorate the entire nuclear fuel supply chain”.
- **Important licence renewals obtained**
 - EPL 3345 renewed for further two years. EPL 3345 adjoins Etango Mineral Deposit Retention Licence and the subject of recent reconnaissance drilling.
 - Environmental clearance for linear infrastructure renewed for further three years. Linear infrastructure includes water, power and transport infrastructure
- **Strong cash balance of A\$6.2m at quarter end**

Bannerman’s Chief Executive Officer, Mr Brandon Munro, said, *“We welcome the strong and decisive resolution of the section 232 trade investigation, which has been a distraction to the uranium sector for 18 months. This No Action outcome maintains open access to the US uranium market and is particularly positive for non-US uranium companies. With a renewed focus on supply diversity and geo-political risk, Bannerman is particularly well positioned with its Etango Project situated in Namibia, a premier uranium development jurisdiction with good bi-lateral relations with all major uranium consumption markets, including the US, China, Russia and France. Bannerman is set to benefit from renewed uranium market activity, with an advanced project of world-class scale in a premier jurisdiction and robust cash balance.”*

URANIUM MARKET

Positive resolution of section 232 trade investigation

On 12 July 2019, President Trump announced the completion of the section 232 trade investigation undertaken by the United States Department of Commerce. This trade investigation was initiated under section 232 of the Trade Expansion Act after two US uranium producers petitioned the Department of Commerce in January 2018, seeking an order that US nuclear utilities be required to purchase 25% of their uranium from US domestic production.

President Trump decided to take no trade action, which has lifted concerns that a quota, tariff or other trade action would be imposed under the broad power delegated to the President under section 232. Instead, President Trump has initiated a review of the domestic nuclear supply chain (uranium production, conversion, enrichment and fabrication) in the context of the 2017 White House initiative to revive, revitalise and expand the nuclear energy sector.

Since January 2018, the breadth of potential outcomes, including the potential to adversely affect term contracting arrangements, had created uncertainty that has resulted in most utility procurement programs being suspended or sharply curtailed. Other market activity was also substantially reduced in the immediate lead-up to a decision, resulting in low spot volumes.

Bannerman regards this no trade action outcome as highly positive for the uranium sector because appropriate levels of market activity may now resume. Moreover, this outcome is particularly positive for non-US uranium companies as it maintains open market access to the US uranium market. Given the partial hiatus in a number of uranium market operations, the Company expects enhanced activity from utilities, traders, producer-buyers and speculators during the remainder of calendar 2019. In particular, Cameco has confirmed its intention to recommence spot purchasing during 2019 in order to meet term contract delivery obligations that it must fill after placing its McArthur River mine onto care and maintenance in July 2018.

Although President Trump did not agree that uranium imports threaten to impair the national security of the United States, he acknowledged that the United States uranium industry faces significant challenges in producing uranium domestically and that this is an issue of national security (because, for instance, the US Navy must use domestically produced uranium for its maritime nuclear power). Accordingly, to address concerns regarding the production of domestic uranium and ensure a comprehensive review of the domestic nuclear supply chain, the President directed that a Nuclear Fuel Working Group be established. The Working Group will include the Secretary of State, Secretary of Energy and Secretary of Defence, amongst other key officials, and will develop recommendations for reviving and expanding domestic nuclear fuel production (that is, uranium, conversion, enrichment and fuel fabrication). Within 90 days the Working Group must submit a report to the President making recommendations to further enable domestic nuclear fuel production.

Recommendations from the Working Group are likely to produce positive outcomes for the uranium market as a whole, given the section 232 powers to impose trade actions are now ended and the Working Group is enabled to find more holistic solutions to the challenges facing the US nuclear energy sector. The US nuclear fleet represents a quarter of uranium demand globally, so any steps the US government takes to revitalise and expand this sector is positive for uranium suppliers internationally.

Further, the section 232 process and associated publicity has raised awareness of the importance of supply diversity and geopolitical factors in the uranium sector. These geopolitical factors are likely to be further examined by the Working Group, which is directed to “reinvigorate the entire nuclear supply chain, consistent with United States national security and non-proliferation goals”. African projects in jurisdictions without fixed geo-political allegiances are well positioned for the resulting interest from both US and non-US uranium consumers seeking to reduce supply risk.

Other uranium market news

Other notable uranium market news during the quarter included:

- Reuters reported on 20 June 2019 that up to 30 reactors could be exported by China into the Belt and Road initiative by 2030, according to the former chairman of CNNC, Wang Shoujun, who was addressing the China People's Political Consultative Conference.
- The final hurdle for completion of the acquisition of Rossing Uranium by CNUC was passed with the Namibian Competition Commission granting approval for the sale by Rio Tinto plc of its 69% share in the mine to CNUC, a subsidiary of Chinese nuclear giant CNNC. The sale is now complete.
- The US House Appropriations Committee has approved the continued suspension of the DOE barter into FY2020. The barter program had delivered 3-5Mlbs U₃O₈e per annum into the market.

The spot U3O8 price closed the June quarter at US\$24.60/lb on low volumes. The term uranium market continued to be muted during the quarter.

ETANGO PROJECT (Bannerman 95%)

Licence renewals

Exclusive Prospecting Licence 3345 (EPL 3345) was renewed for a further 2 year term. EPL 3345 is situated immediately north of Bannerman's Mineral Deposit Retention Licence 3345, on which the Etango Uranium Project and all proposed mine infrastructure is located.

The renewal of the Environmental Clearance Certificate for the Linear Infrastructure of the Etango Project was received from the Ministry of Environment & Tourism. This approval includes the external infrastructure for the Etango mine, such as power and water lines and transport infrastructure, and is valid for a further 3 years.

DFS Update

DFS Update work during the quarter included further capital cost optimisation work and continuing mine and process schedule optimisation. The work is being undertaken primarily utilising in-house resources, supported by consultants where appropriate.

Corporate Social Responsibility

Bannerman has continued its commitment to the Namibian community and its Corporate Social Responsibility program. Notable achievements during the quarter included completion of Bannerman's annual Learner Assistance Program, which has seen over 2000 vulnerable Namibian school children benefit since the program was initiated nine years ago.

In a reflection of Bannerman's decade-long partnership with the Namibian tourism industry, Bannerman's Managing Director (Namibia), Mr Werner Ewald, was honoured as Tourism Personality of the Year 2019 by the Hospitality Association of Namibia.

CORPORATE

Cash Position and Operating Expenditure

Cash reserves at 30 June 2019 totaled A\$6.27 million (31 March 2019: A\$6.7 million).

Net operating cash outflow during the quarter totaled A\$0.45 million.

Issued Securities

At the date of this report, the Company has on issue 1,041,587,214 ordinary shares, 41,652,934 performance and share rights and 41,926,800 unlisted share options. The share rights and share options are subject to various performance targets and continuous employment periods.

Employee Incentive Plan

The Company has implemented changes to streamline its Employee Incentive Plan (“EIP”), to optimise the functioning of and reduce the administrative cost of managing the EIP. One of these measures is an alignment of share price performance with the Company’s financial year by setting the 20 trading day Volume Weighted Average Price to 30 June each year, instead of the 20 trading days ending on the day of the Company’s AGM in November.

The baseline price for the 2019 EIP Performance Rights is therefore 4.5 cents per share, being the Volume Weighted Average Price for the 20 trading days ended 28 June 2019 (as there was no trading on 29 or 30 June 2019).

There is no change to the planned timing of issuance of Performance Rights to employees, which remains set for November each year. Shareholder approval is required at the Company’s AGM for any offer of Performance Rights to Bannerman’s Chief Executive Officer.

Brandon Munro
Chief Executive Officer
31 July 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.*
