

Bannerman Resources Limited (ASX:BMN, OTCQB:BNNLF, NSX:BMN) (“Bannerman” or “the Company”) is pleased to report on a productive quarter in which Bannerman has further advanced key optimisation opportunities at its Etango Uranium Project in Namibia, during a period of supply disruption in the uranium market.

HIGHLIGHTS

- **Etango Uranium Project scaling opportunities advanced**
 - Etango Project optimisation continued during the quarter with focus on the evaluation of project scaling and scope opportunities under various development parameters and market conditions
- **Membrane Study Testwork was successfully completed during the quarter**
 - Confirms substantial economic and operational advantages, including over 80% acid recovery from the concentrated eluate stream of the Ion Exchange (“IX”) plant
 - Excellent results confirm optimised flowsheet consists of IX followed by iron reduction before Nano-Filtration (“NF”)
 - Design of NF plant now complete to definitive level
- **COVID-19 continued to impact 2020 uranium production**
 - Kazatomprom suspended non-essential operations, including well-head development, at all uranium mines in Kazakhstan, the world’s largest uranium producer. Kazatomprom advised that the disruption continued beyond the initially announced three month period. Activities are planned to resume in the September quarter at a staged and gradual pace.
 - The Cigar Lake uranium mine remained in care and maintenance after Cameco advised during the quarter that an initial four week shut-down would continue for an “indeterminate period”. Mining is planned to resume in September.
 - Lock-downs and other COVID-19 control measures have continued to present operational challenges at other uranium mines.
- **Strong cash balance of A\$4.2m at quarter end**

Bannerman’s Chief Executive Officer, Mr Brandon Munro, said, *“The deepening of the uranium supply deficit from ongoing COVID-19 disruptions continues to position the sector for a significant and sustained recovery. With nuclear fuel buyers focusing on their own operational challenges during the pandemic, the price response has been modest thus far, emphasising the underlying rationale for Bannerman’s fiscal discipline and strong cash balance. We continue to add real value to Bannerman’s advanced Etango uranium project as we observe the progressive improvement in market fundamentals.”*

ETANGO URANIUM PROJECT (Bannerman 95%)

Membrane Study completed

Bannerman released positive results from the Membrane Study testwork on 9 April 2020,.

In 2017 Bannerman commenced the Membrane Study, a process to test the potential application of Nano-Filtration (“NF”) in combination with an Ion Exchange (“IX”) recovery circuit, as part of its value improvement work. The preliminary results of this testwork were positive, as announced to the ASX on 11 April 2018.

In late 2019 Bannerman recommissioned the Etango Heap Leach Demonstration Plant to prepare pregnant liquor solution to use in follow up testwork to advance the Membrane Study testwork to a definitive level, in conjunction with the Company’s specialist technical advisers.

Two aspects of the Membrane Study testwork required further analysis to advance the findings to a definitive level:

- The preferred process for removing iron from the finished uranium product (converter specifications for U_3O_8 have very low tolerances for Fe); and
- Selection of the preferred type of membrane units and definitive-level design work to incorporate NF into the process circuit.

Iron removal testwork completed

Confirmatory testwork regarding the iron removal process was completed during the quarter. Two alternative processes for iron removal were considered and tested:

1. **Precipitation after the NF process.** Following the IX process the Concentrated Eluate (“CE”) solution passes through the NF plant upgrading the uranium and recovering the acid. Iron is then preferentially precipitated prior to the precipitation of uranium.
2. **Rinsing prior to elution in the IX process.** Prior to the elution during the IX process, the resin is rinsed with a weak acid solution to remove any excess iron.

The confirmatory testwork successfully demonstrated and confirmed that the second iron removal process is the most favourable of the two methods being considered and the preferred process route. Rinsing the loaded IX column prior to elution demonstrated that over 99% of the iron can be removed using a weak acid solution. The removed iron can also be re-used in the leaching circuit, reducing reagent costs.

The elution process can then present the CE solution with minimal iron content to the NF plant, where the uranium solution upgrades by almost ten-fold while 80% of the sulphuric acid is recovered for the processing circuit. The IX/NF process route is expected to provide both economic and operational advantages, and has been adopted as the preferred flowsheet for the Etango Project moving forward.

Membrane selection and definitive-level design

Bannerman also completed a review of the most suitable membrane for the Etango Project. It is considered that acid resistant membranes are generally cheaper and available in a wider variation of rejection and operating pressure ranges. The alternative, acid proof membranes, are generally more expensive, have lower uranium rejections and require higher operating pressures

Each membrane type has different key advantages and requires different plant designs to produce the desired output stream requirements. These different plant designs can result in significantly different capital cost (“CAPEX”) and operating cost (“OPEX”) outcomes. Only once all membrane parameters for a particular feed stream are known can an economic assessment be undertaken to identify the recommended membrane. Based on the estimated CAPEX and OPEX for the different membrane types, Bannerman has now determined the most suitable membrane.

Following completion of the membrane selection process and utilising trial performance data obtained from the Etango Heap Leach Demonstration Plant, Bannerman completed a preliminary design to a definitive level for the NF plant for the Etango Project.

The results of the testwork were released to the ASX on 9 April 2020. Bannerman is not aware of any new information or data that materially affects the information included in this ASX release, and Bannerman confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the estimates in this release continue to apply and have not materially changed.

Etango Project scaling opportunities

During the quarter, Bannerman advanced an evaluation of project scaling and scope opportunities that might exist under various development parameters and market conditions. A viable alternative to the plant throughput identified in the DFS undertaken on the Etango Project in 2012 (ASX announcements dated 10 April 2012 and 15 November 2015), with a corresponding reduction in CAPEX, would provide Bannerman with enhanced development flexibility to respond to current and expected future uranium market conditions.

CORPORATE

Strong cash balance enhanced by remuneration and cost reductions

Bannerman's cash balance at 30 June 2020 was A\$4.17 million (31 March 2020: A\$4.56 million) and the Company has no debt (other than typical creditor balances). Total exploration and development expenditure for the quarter was A\$116,000, which included the Membrane Study Testwork and project scaling work.

The Company's Board and management agreed to reductions and restructuring of remuneration and board fees through to 30 June 2020. This reduced their cash remuneration by between 20-50% and led to aggregate payments reducing by 38% from the previous quarter. These measures ensured the company's already low cost base was reduced further during the quarter, despite meaningful project work being undertaken. For the purpose of item 6.1 of the Appendix 5B, the aggregate payments during the June quarter to related parties (\$92,000) were comprised of directors' fees and salary.

No disruption to Bannerman operations from COVID-19

In order to mitigate the spread of COVID-19, the Namibian government has continued to implement restrictions in the Erongo Region, where Bannerman's Etango Project and office is situated. The Company has not experienced any significant disruption to its business or operations as a result of measures taken to date in either Namibia or Australia in response to the COVID-19 pandemic. Bannerman continues to implement various measures to protect Bannerman employees, their families and the broader community from transmission of the COVID-19 virus.

Issued securities

At the date of this report, the Company has on issue 1,058,781,696 ordinary shares, 41,475,130 performance share rights and 26,667,400 unlisted share options. The share rights and share options are subject to various performance targets and continuous employment periods. The Company's Employee Incentive Plan ("EIP") is based upon the 20 trading day Volume Weighted Average Price to 30 June each year, with the resultant incentives issued following the Company's AGM in November. The baseline price for the 2020 EIP Performance Rights is A\$0.033 per share, being the Volume Weighted Average Price for the 20 trading days ended 30 June 2020.

URANIUM MARKET

The U₃O₈ spot price commenced the quarter at US\$27.50/lb before passing through US\$33/lb in late April 2020. The spot price stabilised in the US\$31-33/lb range and closed the quarter at US\$33.10/lb. There were no significant volumes of term contracting during the quarter.

COVID-19 related production disruption has continued throughout the quarter, deepening the structural supply deficit for forecast 2020 production by an estimated 20 million lbs U₃O₈ thus far. Further, the effects on uranium supply are likely to extend into 2021.

Both the world's largest single uranium mine, Cigar Lake, and the world's largest uranium production centre, Kazakhstan, experienced ongoing supply disruption through the quarter. Cigar Lake was placed into care and maintenance for an "indeterminate period" and all Kazakh mines are on minimal operations, whereby well-head development is suspended and uranium is only produced in diminishing quantities from in-situ recovery (ISR) in ore bodies that were acidified prior to the April suspension. In July, Kazatomprom announced an intention to restart disrupted Kazakh activities on a "staged and gradual" basis from August and Cameco announced that mining at Cigar Lake was planned to recommence in September.

Uranium supply remains in a period of significant uncertainty, given both disruptions were extended beyond initial expectations and both restart plans are subject to various factors, primarily the health and safety of workers, their families and communities. COVID-19 continues to be a major challenge in Kazakhstan, with the current government lock down being extended on two occasions to its current end date of 16 August 2020. Despite their own uncertainties, both Cameco and Kazatomprom have stated publicly that they will honour existing supply contracts and purchase uranium from the spot market if required.

Despite an initial jump in the U₃O₈ spot price, the supply disruption has not yet generated increased buying or price discovery. This is largely because utilities are focused on more pressing priorities, such as COVID-19 operational challenges and geopolitical issues, in particular uncertainty in the US surrounding the impending expiry of the Russian Suspension Agreement.

In the short term the reduction in supply of uranium has also been buffered by the following factors:

- Utilities drawing down inventories to enable them to focus on operational challenges.
- Kazakh production reductions having a lag effect, caused by the capacity of ISR mines to continue short-term production from well-head development and ore body acidification undertaken before COVID-19 restrictions.
- Producers reliant on Kazakh production, including Kazatomprom, drawing down producer inventory rather than buying in the spot market to deliver into contractual commitments.
- Financial investors, who may otherwise buy opportunistically in a supply crisis to take advantage of anticipated price appreciation, facing their own challenges caused by broader markets volatility.

However, these factors are unlikely to be sustained, at least at current levels, into the medium term.

Whilst COVID-19 production disruptions are by nature temporary, delays in resumption of full operations in Kazakhstan will impact 2021 forecast production, due to the lag effect mentioned above. Moreover, this period of tightening inventory, supply uncertainty and escalating deficits is likely to continue until utilities focus on long term contracting.

The return of the sector to pre-COVID-19 production capacity should be viewed in the context of an extended period of substantial production depletion, commencing with the closure in 2021 of the Ranger mine in Australia and Cominak mine in Niger. Throughout the 2020s, the demand for nuclear fuel is forecast to increase, led by plans to more than double the Chinese reactor fleet by 2030. The global uranium market is expected to experience a rapid divergence (into significant deficit) between forecast nuclear reactor requirements and expected global uranium supply from 2024, which Bannerman believes will intensify the rationale for risk mitigation via long term contracting from 2021.

Brandon Munro
Chief Executive Officer
30 July 2020

This announcement was authorised to be issued by the Board of Directors
For further information please contact:

Brandon Munro
Chief Executive Officer
Perth, Western Australia
Tel: +61 (8) 9381 1436
info@bannermanresources.com.au

Rob Orr
Company Secretary
Perth, Western Australia
Tel: +61 (8) 9381 1436
info@bannermanresources.com.au

Michael Vaughan (Media)
Fivemark Partners
Perth, Western Australia
Tel: +61 422 602 720
michael.vaughan@fivemark.com.au

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 CNNC'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.

Forward Looking Statements

The information in this announcement is not intended to guide any investment decisions in Bannerman Resources Limited. This material contains certain forecasts and forward-looking information, including possible or assumed future performance, costs, production levels or rates, reserves and resources, prices and valuations and industry growth and other trends. Such forecasts and information are not a guarantee of future performance and involve many risks and uncertainties, as well as other factors. Actual results and developments may differ materially from those implied or expressed by these statements and are dependent on a variety of factors. The Company believes that it has a reasonable basis for making the forward looking statements in the announcement, based on the information contained in this and previous ASX announcements.

Bannerman is not aware of any new information or data that materially affects the information included in this ASX release, and Bannerman confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the estimates in this release continue to apply and have not materially changed.

Competent Person's Statement

The information in this announcement as it relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Mr Marthinus Prinsloo. Mr Prinsloo is a full time employee of Bannerman Resources Limited and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Prinsloo has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activities, which he is undertaking. This qualifies Mr Prinsloo 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. Mr Prinsloo consents to the inclusion in this announcement in the form and context in which it appears. Mr Prinsloo holds shares and performance rights in Bannerman Resources Limited.

Listing Rule 5.3.3 tenement schedule:

BANNERMAN RESOURCES LIMITED CONSOLIDATED BASIS				
SCHEDULE OF INTERESTS IN MINING TENEMENTS				
Project	Mining tenements held	Location of tenements	Beneficial % interest at end of the quarter	Change in the quarter
Etango	Mineral Deposit Retention License (MDRL) 3345	Namibia	95%	-
Etango	Exclusive Prospecting License (EPL) 3345	Namibia	95%	-