STOCK EXCHANGE ANNOUNCEMENT

2 February 2017

DFS UPDATE COMMENCED

Bannerman Resources Limited (ASX: BMN; NSX: BMN) is pleased to report the commencement of the Etango Definitive Feasibility Study Update following successful conclusion of the Etango Heap Leach Demonstration Plant Program.

The six phase Heap Leach Demonstration Plant Program (Demonstration Plant) demonstrated the strong potential to achieve and exceed the Definitive Feasibility Study (DFS) metallurgical parameters. The Demonstration Plant testwork provides the opportunity to review the processing aspects of the DFS. This will occur in parallel with assessment of other potential operating and capital cost reduction opportunities identified by the Company in conjunction with AMEC Foster Wheeler.

HIGHLIGHTS

- **Etango DFS Update commenced**
  - Targeting substantial capital and operating cost reductions
  - Demonstration Plant provides evidence for improved recovery and reagent assumptions
  - Other key value drivers to be evaluated across mining, processing and infrastructure
- **Etango Demonstration Plant completed with excellent results across the six phases**
  - Valuable process knowledge generated over two year program duration
  - Etango DFS assumptions confirmed as robust; de-risking of key processing aspects
  - Testwork demonstrated exceptional leaching dynamics (93% extraction in 22 days) and lower acid consumption (14.4 kg/tonne), confirming Etango's low technical risk
  - No observed impurities and potential for further reagent optimisation
  - Phase 6 defined optimal particle size, enabling completion of program
- **Etango maintains status as one of the world's most advanced large uranium development projects**

Bannerman's Chief Executive Officer, Brandon Munro, said, *"Our two year commitment to the Etango Demonstration Plant program has been a remarkable success. Not only have we consolidated Etango's position as one of the most advanced large uranium projects globally, but we have also generated substantial opportunities to enhance and further de-risk the Etango project. Combined with the excellent internal engineering our team has undertaken over the last year, and partnering with AMEC Foster Wheeler, we can now evaluate a stream of potential capital and operating cost wins that should collectively deliver a DFS Update which substantially improves Etango's forecast economics."*

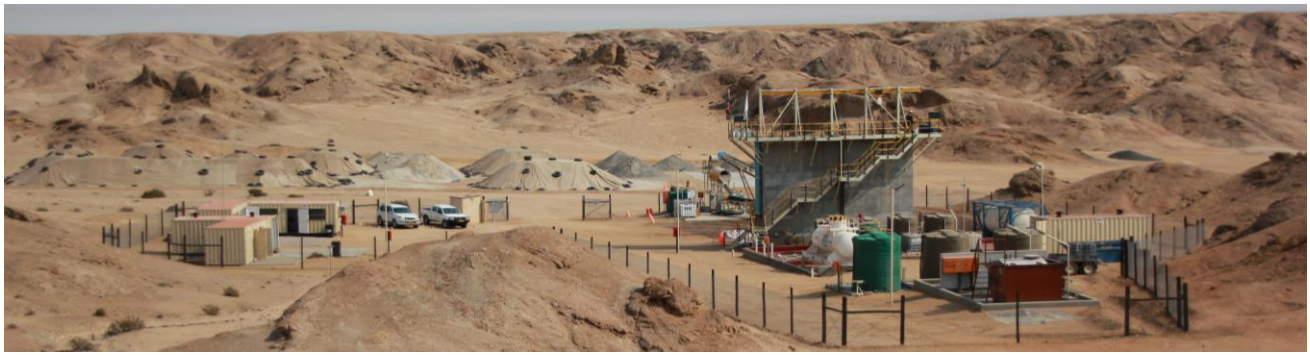


Figure 1 – Etango Project Demonstration Plant

DEFINITIVE FEASIBILITY STUDY 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 communition, heap leaching, processing, infrastructure and mining.

DEMONSTRATION PLANT TESTWORK 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 testwork.

DEMONSTRATION PLANT – KEY RESULTS

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 (DFS projection ~17.6kg/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.

DEMONSTRATION PLANT – SPECIFIC PHASES AND OUTCOMES

The objectives of the Demonstration Plant were secured through a phased test program. Five phases were completed between March 2015 and June 2016 and favorable findings from these phases have been previously reported.

Phase 1 and **Phase 2** entailed an open circuit heap leach operation under conditions specified in the DFS design criteria for the planned full scale heap leach operation. A total of four cribs stacked to 5 metres were operated during Phase 1 and two cribs for Phase 2, with two columns running parallel to each respective crib. Phase 1 was regarded as the commissioning phase while Phase 2 was regarded as the reproducibility phase, taking into account all operational and Health, Safety and Environmental improvements identified during Phase 1 and implemented to optimise operations.

Phase 3 entailed a closed circuit heap leach operation of three cribs each with two columns running in parallel.

Phase 4 was separate from the heap leach operations and focused on investigating the effect of possible deleterious elements in the pregnant leach solution on solvent extraction efficiency.

Phase 5 entailed an open circuit acid heap leach operation of 8 columns stacked to 5 metres. This phase was regarded as the value engineering phase and was directed at optimising the Etango process parameters by drawing on the extensive learnings delivered by the preceding phases of the Demonstration Plant. Results obtained from Phase 5 showed potential for adoption of a coarser grind size for the heap leach and therefore possible capital and operating cost savings for the Etango Project.

The conventional crushed ore results tested during Phase 5 were observed to be in-line with the HPGR crushed ore results, shifting the focus during Phase 6 to testing the upper size limits of conventional crushed ore. Twelve 5 metre columns with significantly coarser conventional crushed ore were commissioned as the **Phase 6** test program.

Good extractions were observed from the coarser conventional crushed ore in twelve different columns ranging in head grade from 148ppm U_3O_8 to 230ppm U_3O_8, although the results were lower relative to the finer crush size extractions from the preceding phases, thereby defining the optimal particle size. The overall results of Phase 6 are comparable to the DFS parameters, including for grades significantly lower than expected average Etango head grade. The Demonstration Plant Phase 6 testwork findings have defined an upper economic limit with regard to the impact of crush size and crushing circuit options on leach performance.

Table 1 provides an overall summary of the Demonstration Plant.

Table 1: Leach Performance of the Demonstration Plant Program

	DFS	PHASE 1	PHASE 2	PHASE 3	PHASE 5			PHASE 6
Crushing Circuit	*HPGR*	HPGR crushed ore			HPGR crushed ore	Coarser HPGR crushed ore	Conventional Cone Crushed Ore	Conventional Cone Crushed Ore
PSD	*P_{80} = 5.3 mm*	P_{80} = 3.5 mm			P_{80} = 3.5 mm	P_{80} = 6.0 mm	P_{80} = 5.5 mm	P_{80} = 9.04 - 10.63 mm
Head Grade (ppm)	*~200*	197.50	172.28	193.26	202.03	210.05	198.27	148.1 - 230.1
Uranium Extracted (%)	*86.90%*	93.46%	91.75%	92.96%	94.33%	93.85%	92.70%	86.38%*
Acid Consumption (kg/t)	*17.6*	16.76	15.43	13.96	14.33	15.35	13.83	15.33*
Leach Duration (days)	*32*	20	20	22	20	20	20	22*

* Average results from 12 columns

For further information please contact:

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

Spyros Karellas
Investor Relations
Toronto, Ontario, Canada
Tel: +1 416 433 5696
spyros@pinnaclecapitalmarkets.ca

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 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 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.*

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, including its Annual Information Form available on the SEDAR website, sedar.com. 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") 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.

The information in this report that relates to Mineral Resources or Ore Reserves was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported. All material assumptions and technical parameters underpinning the estimates of mineral resources continue to apply and have not materially changed.

All material assumptions detailed in this report and underpinning the production target and forecast financial information in the DFS (as previously announced on 10 April 2012 and reported on 30 January 2014 in compliance with Listing Rule 5.16 and 5.17) continue to apply and have not materially changed.